AcadeMedia

# Invitation to acquire shares in AcadeMedia AB (publ)

GLOBAL CO-ORDINATOR AND JOINT BOOKRUNNER

Carnegie

JOINT BOOKRUNNERS

Nordea SEB

CO-LEAD MANAGER

DNB MARKETS

## IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the public in Sweden and listing on Nasdaq Stockholm (the "**Offering**") of shares in AcadeMedia AB (publ), Reg. No. 556846-0231, (a Swedish public limited liability company). In the Prospectus, "**AcadeMedia**", the "**Company**" or the "**Group**" refers to AcadeMedia AB (publ), the group in which AcadeMedia AB (publ) is the parent company or a subsidiary of the group, as the context may require. The "**Principal Owner**" refers to Marvin Holding Limited, a company controlled by the EQT V Limited ("**EQT**"), registered number 45197, a limited liability company organized under the laws of the Island of Guernsey, with registered office at Level 4 North, St Julian's Court, St Julian's Avenue, St. Peter Port, Guernsey GY1 1WA, Channel Islands . EQT V Limited is acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (i) general partner of the EQT V (No. 1) Limited Partnership; and EQT V (No. 2) Limited Partnership; EQT Marvin Co-Investment Limited Partnership and EQT Marvin II Co-Investment Limited Partnership; (ii) manager of certain of the assets of Investor Netherlands BV; and (iii) manager of the EQT V Co-Investment Scheme. EQT V Limited is licensed and regulated in the conduct of investment business by the Guernsey Financial Services Commission. The "**Selling Shareholders**" refer to the Principal Owner and such other shareholders of the Company who sell shares in the Offering as set forth in the section "Share capital and ownership structure". Unless otherwise stated, "**shares**" refer to ordinary shares in the Company.

"**Global Co-ordinator**" or "**Carnegie**" refers to Carnegie Investment Bank AB (publ). The "**Managers**" refer to Carnegie, Nordea Bank AB (publ) ("**Nordea**"), Skandinaviska Enskilda Banken AB (publ) ("**SEB**") and DNB Markets, a part of DNB Bank ASA, Sweden branch ("**DNB Markets**").

The figures included in the Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in the Prospectus do not necessarily add up. All financial amounts are in Swedish kronor ("**SEK**"), unless indicated otherwise. Refer to the section "Definitions" for the definitions of other terms in the Prospectus.

Except as expressly stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Prospectus that is not part of the information audited or reviewed by the Company's auditor as outlined herein originates from the Company's internal accounting and reporting systems.

The Offering is not directed to the general public in any country other than Sweden. Except as otherwise set out in this Prospectus, the Offering described in this Prospectus is not being made to investors in the United States, Canada, Australia or Japan. This Prospectus does not constitute or form part of any offer or invitation to sell, or any soliciation of any offer to purchase or subscribe for, the shares to any person in any jurisdiction to whom or in any jurisdiction in which such offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside of Sweden. The distribution of this Prospectus and the offer, sale, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the shares in certain jurisdicitons, including, but not limited to, the United States, may be restricted by law. No actions or measures have been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit any offering of the shares to the public, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession this Prospectus comes are required by the Company, the Selling Shareholders and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company, the Selling Shareholders nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares, of any such restrictions.

The shares in the Offering have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the United States, the shares will be sold only to qualified institutional buyers (the "**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. All offers and sales of shares outside the United States will be made in compliance with Regulation S under the Securities Act ("**Regulation S**") and in accordance with applicable law. There will be no public offering of the shares in the United States. Prospective investors in the United States are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the registration requirements under the Securities Act provided by Rule 144A. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the securities described herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of the Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. The Prospectus is personal to each offeree and does not constitute any offering to any other person or to the general public to acquire shares in the Offering.

The Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**Order**") or (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Prospectus is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:1980) (Sw. *lagen (1991:980) om handel med finansiella instrument*). In the event of discrepancies between the Prospectus and the Swedish prospectus, the Swedish prospectus shall prevail.

Unless otherwise stated, the calculation of the Company ownership shares in the Prospectus has been based on the assumption that all shares in the Offering will be acquired, the over-allotment option, as described in the Prospectus, will be fully utilized.

### Stabilization

In connection with the Offering, the Managers may carry out transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. The Managers are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. Within one week of the end of the stabilization period, the Managers will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

### Forward-looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors which may entail that the actual results, including the Company's cash flow, financial position and earnings, may differ materially from the results which, expressly or implicitly, form the basis for, or are described in those statements or that the expectations which, expressly or implicitly, form the basis for, or are described in those statements are not met or turn out to be less favourable compared to the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements in the Prospectus, and are strongly advised to read the Prospectus, including the following sections: "Summary", "Risk factors", "Market overview", "Description of operations" and "Operating and financial review", which include more detailed descriptions of factors that might have an impact on the Company's business and the market in which it operates.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation, the factors described in the section "Risk factors".

Following the date of the Prospectus, none of the Company, the Principal Owner or any of the Managers assume any obligation, except as required by law or Nasdaq Stockholm's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

### Business and market data

This Prospectus includes industry and market data pertaining to the Company's business and markets on which the Company operates. Such information is based on the Company's analysis of multiple sources, including industry publications and reports.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of services and transactions should be included in the relevant market.

Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Enforcement of civil liabilities

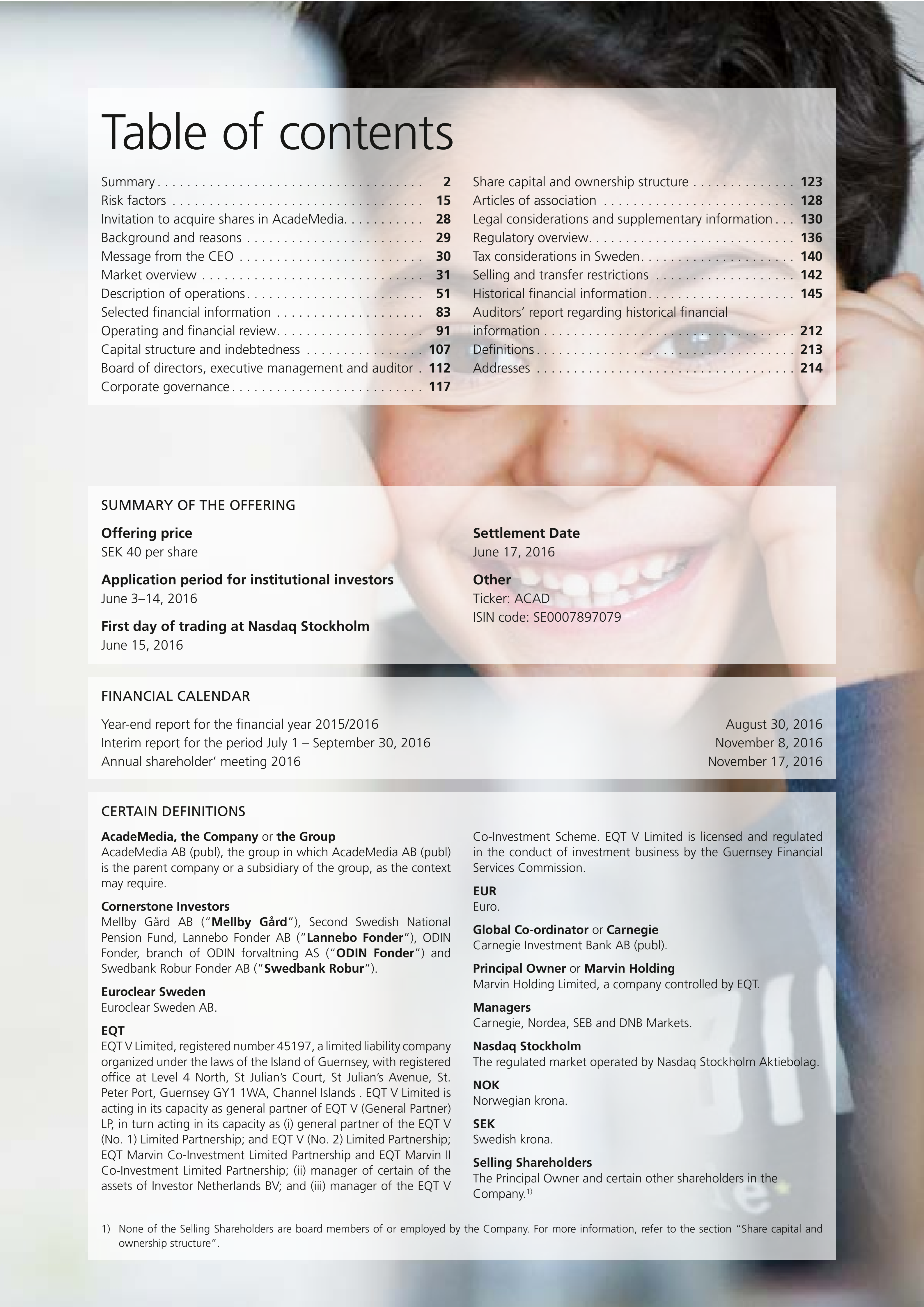
The Company is a Swedish public limited liability company, and its assets are located entirely outside the United States. In addition, the members of the Company's board of directors and its officers and other executives are non-residents and non-citizens of the United States whose assets are located primarily or entirely outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Sweden. However, if the party in whose favour such final judgment is rendered brings a new suit in a competent court in Sweden, such party may submit to the Swedish court the final judgment rendered in the United States. Such judgment will only be regarded by a Swedish court as evidence of the outcome of the dispute to which such judgment relates, and a Swedish court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are under all circumstances unenforceable in Sweden.

### Available information

For so long as any of the shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a share, or to any prospective purchaser of a share designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

## IMPORTANT INFORMATION ABOUT THE SELLING OF SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on June 15, 2016. Institutional investors are expected to receive notification of allotment on or about June 15, 2016 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in the Company means that these acquirers will not have shares available in the specified securities depository account or the securities account until June 17, 2016, at the earliest. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on or around June 15, 2016. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until June 17, 2016 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.



# Table of contents



## SUMMARY OF THE OFFERING

**Offering price**
SEK 40 per share

**Application period for institutional investors**
June 3–14, 2016

**First day of trading at Nasdaq Stockholm**
June 15, 2016

**Settlement Date**
June 17, 2016

**Other**
Ticker: ACAD
ISIN code: SE0007897079

## FINANCIAL CALENDAR

| | |
|---|---|
| Year-end report for the financial year 2015/2016 | August 30, 2016 |
| Interim report for the period July 1 – September 30, 2016 | November 8, 2016 |
| Annual shareholder' meeting 2016 | November 17, 2016 |

## CERTAIN DEFINITIONS

**AcadeMedia, the Company** or **the Group**
AcadeMedia AB (publ), the group in which AcadeMedia AB (publ) is the parent company or a subsidiary of the group, as the context may require.

**Cornerstone Investors**
Mellby Gård AB ("**Mellby Gård**"), Second Swedish National Pension Fund, Lannebo Fonder AB ("**Lannebo Fonder**"), ODIN Fonder, branch of ODIN forvaltning AS ("**ODIN Fonder**") and Swedbank Robur Fonder AB ("**Swedbank Robur**").

**Euroclear Sweden**
Euroclear Sweden AB.

**EQT**
EQT V Limited, registered number 45197, a limited liability company organized under the laws of the Island of Guernsey, with registered office at Level 4 North, St Julian's Court, St Julian's Avenue, St. Peter Port, Guernsey GY1 1WA, Channel Islands . EQT V Limited is acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (i) general partner of the EQT V (No. 1) Limited Partnership; and EQT V (No. 2) Limited Partnership; EQT Marvin Co-Investment Limited Partnership and EQT Marvin II Co-Investment Limited Partnership; (ii) manager of certain of the assets of Investor Netherlands BV; and (iii) manager of the EQT V Co-Investment Scheme. EQT V Limited is licensed and regulated in the conduct of investment business by the Guernsey Financial Services Commission.

**EUR**
Euro.

**Global Co-ordinator** or **Carnegie**
Carnegie Investment Bank AB (publ).

**Principal Owner** or **Marvin Holding**
Marvin Holding Limited, a company controlled by EQT.

**Managers**
Carnegie, Nordea, SEB and DNB Markets.

**Nasdaq Stockholm**
The regulated market operated by Nasdaq Stockholm Aktiebolag.

**NOK**
Norwegian krona.

**SEK**
Swedish krona.

**Selling Shareholders**
The Principal Owner and certain other shareholders in the Company.[1)]

1) None of the Selling Shareholders are board members of or employed by the Company. For more information, refer to the section "Share capital and ownership structure".

# Summary

*The summary is drawn up in accordance with information requirements in the form of a number of "paragraphs" which shall include certain information. The paragraphs are numbered in sections A–E (A.1–E.7). This summary contains all the paragraphs required in a summary for the relevant type of security and issuer. However, as certain paragraphs are not required, there may be gaps in paragraph numbering sequences. Even if it is necessary to include a paragraph in the summary for the security and issuer in question, it is possible that no relevant information can be provided for that paragraph. In such instances, the information has been replaced by a brief description of the paragraph, along with the specification "not applicable".*

| SECTION A – INSTRUCTION AND WARNINGS | | |
|---|---|---|
| **A.1** | *Introduction and warnings* | This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor. Where statements in respect of information contained in a prospectus are challenged in a court of law, the plaintiff investor may, in accordance with member states' national legislation, be forced to pay the costs of translating the prospectus before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be held liable, but only if the summary is misleading, incorrect or inconsistent with the other parts of the prospectus or if it does not, together with other parts of the prospectus, provide key information to help investors when considering whether to invest in the securities offered. |
| **A.2** | *Consent for use of the prospectus by financial inter-mediaries* | Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent trading or final placement of securities. |

| SECTION B – ISSUER AND ANY GUARANTOR | | |
|---|---|---|
| **B.1** | *Company and trading name* | AcadeMedia AB (publ), reg. no. 556846-0231. The short name (ticker) for the Company's shares on Nasdaq Stockholm will be ACAD. |
| **B.2** | *Issuer's registered office and corporate form* | The Company's registered office is in Stockholm. The Company is a public limited liability company founded in Sweden under Swedish law and operating under Swedish law.<br>The Company's form of association is governed by the Swedish Companies Act (2005:551). |
| **B.3** | *Description of the issuer's operations* | AcadeMedia is Northern Europe's leading and largest individual independent education provider. In 2014/15 approximately 62,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. A further approximately 80,000 people participated in AcadeMedia's adult education operations. In total, in 2014/15 AcadeMedia had approximately 400 preschools, compulsory schools and upper secondary schools in Sweden and Norway as well as approximately 150 adult education units in Sweden. In February 2016, AcadeMedia also took its first step in the Company's expansion outside Scandinavia through the acquisition of Joki, operating seven preschools in the Munich area in Germany.<br>AcadeMedia has operations throughout the education chain (preschools, compulsory schools, upper secondary schools and adult education) and is organized into five business segments: *Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway* and *Preschool Germany*. In the Company's financial reports, the segments Preschool Norway and Preschool Germany are accounted for under the name, "Preschool International", due to the limited size of the Preschool Germany segment.<br>As of the end of the third quarter of the 2015/16 financial year AcadeMedia was operating 222 pre- and compulsory schools, of which 145 were preschools and 77 were compulsory schools, with approximately 30,000 children and students in various locations around Sweden. Around a quarter of AcadeMedia's preschools are integrated into various compulsory schools, while the rest are independent units of varying sizes. The compulsory schools have different structures, depending on the size and geographical location of the school in question, where the most common structure comprises preschool to ninth grade. |

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|---|---|---|
| **B.3** | *Description of the issuer's operations, cont.* | During the third quarter of the 2015/16 academic year, AcadeMedia's upper secondary school operations comprised 106 upper secondary schools in which an average of around 25,000 students attended during the period.<br>AcadeMedia's Adult education is divided into four areas: *language and integration, municipal adult education, labor market services* and *higher vocational education*. During the third quarter of 2015/16, AcadeMedia had approximately 150 adult education units around Sweden and reached a total of approximately 80,000 participants in various programs.<br>Within AcadeMedia's Norwegian preschool operations there were 84 preschools with approximately 8,000 children in total at the end of the third quarter of the 2015/16 financial year. During the same period, AcadeMedia was operating seven preschools with approximately 450 children in Germany. |
| **B.4a** | *Trends* | The market for education in Sweden, Norway and Germany is expected to grow in line with positive demographic trends. In Sweden, the number of children and young people of school age (1 to 18 years) is expected to grow at an average rate of approximately 2.1 percent annually between 2015 and 2020, corresponding to an increase of approximately 220,000 children and students. The demographic trends are also positive within adult education. Among other things, the number of people between the ages of 20 and 64 is forecast to increase by an average growth rate of 0.8 percent between 2015 and 2020 as a result of domestic population growth and continued strong immigration to Sweden. In Norway, the base of preschool children is expected to increase as a result of positive demographic trends, with the number of children between the ages of one and five years forecast to grow at an average annual rate of 1.0 percent between 2015 and 2020.[1)]<br>Furthermore, investments in schools and education have increased steadily in recent years. In Sweden, the national average school funding per student at preschool, compulsory and upper secondary school level increased by approximately 3.0 percent per year on average between 2007 and 2014. The increase is largely due to increasing labor costs. Within the area of adult education, the investments and allocations have increased over a lengthy period as a result of an increased political focus on the integration of immigrants and refugees. In Norway, investments in preschool education also increased and in Germany, the legislation on guaranteed preschool for all children above the age of one has in recent years had a positive impact on investments, primarily in the sector of independent for-profit preschool providers. AcadeMedia assesses that investments in schools and education will continue to increase in line with a growing student and participant base, increasing labor costs, political initiatives and immigration in the regions where the Group operates.[2)]<br>There is a consistent trend for independent providers to make up an increasingly large and important part of the education market. Between 2007 and 2015 the proportion of children in independent preschools in Sweden has increased from approximately 17 percent to approximately 20 percent and in Swedish preschools from approximately 9 percent to approximately 14 percent. During the same period of time, the number of students in independent upper secondary schools in Sweden has increased from approximately 17 percent to approximately 26 percent. A similar analysis of preschools in Norway shows that the proportion of independent providers increased from 46 percent to 49 percent during the same period. In Germany, the market for independent preschool operators is still on the rise, with about 51,000 children in independent for-profit preschools, but is showing a significant growth in regions such as Bavaria and Baden-Württemberg. AcadeMedia believes that this increase in independent providers' market share creates a strong starting point and an opportunity for these to further consolidate their position in the market. This is subject to the independent providers maintaining their ability to meet citizens' needs, and citizens continuing to trust independent providers.[3)]<br>The market for independent publicly financed education in Sweden and Norway has, over the past ten years, seen consolidation at an increasing pace. Despite this, the market remains highly fragmented. AcadeMedia assesses that this market consolidation will continue as a result of stricter quality requirements from all stakeholders in the industry. Moreover, AcadeMedia sees great consolidation opportunities for the preschool market in Germany.<br><br>1) SCB and SSB.<br>2) Swedish National Agency for Education and SSB.<br>3) Swedish National Agency for Education, SCB and SSB. |
| **B.5** | *Description of the group and the company's position within the group* | As per March 31, 2016, the Group comprises the parent company AcadeMedia AB (publ) and 127 directly and indirectly owned subsidiaries. |

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|---|---|---|
| **B.6** | *Major shareholders, control over the Company and notifiable individuals* | As of the date of the Prospectus, the Company has 58 shareholders, of which the largest shareholder is the Principal Owner with 78,098,295 shares, representing approximately 91.5 percent of the shares and votes in the Company. The remaining 8.5 percent of the shares and votes are, amongst others, held by certain board members and senior executives of the Group.<br>Following completion of the Offering and provided that the over-allotment option (see definition below) is fully exercised, the Principal Owner will hold approximately 64.5 percent of the shares and votes in the Company.<br>Mellby Gård, the Second Swedish National Pension Fund, Lannebo Fonder, ODIN Fonder and Swedbank Robur ("Cornerstone Investors") have agreed to acquire in total 14,400,590 shares in the Offering. Following completion of the Offering, Mellby Gård will hold approximately 9.99 percent and remaining Cornerstone Investors will each hold approximately 1.33 percent of the shares and votes in the Company. Thus, the undertakings cover approximately 52.7 percent of the Offering provided that the over-allotment option is fully exercised.<br>In addition to Mellby Gård's undertaking to acquire shares in the Offering, corresponding to 9.99 percent of the shares in the Company immediately following the completion of the Offering, the Principal Owner has provided Mellby Gård with an option to acquire, from the Principal Owner, an additional 10.02 percent of the outstanding shares in the Company immediately following the completion of the Offering, at a price corresponding to 105 percent of the Offering price. |
| **B.7** | *Financial information in summary* | The financial information in summary presented below is derives from AcadeMedia's annual reports for the financial years ended on June 30, 2015, 2014, 2013 and 2012 and from the interim report for the third quarter of the 2015/16 financial year, which also includes comparative figures for the financial year 2014/15.<br>The annual reports for the financial years ended June 30, 2015, 2014, 2013 and 2012 have been audited by AcadeMedia's auditors. The annual reports have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and interpretation statements from the International Financial Reporting Interpretations Committee as adopted by the EU. The financial information for the nine month period ended March 31, 2016 have been reviewed by AcadeMedia's auditors in the interim report for the third quarter of 2015/16, in accordance with the audit report attached to the interim report (refer to the section "Historical financial information"). The interim report has been prepared in accordance with IAS 34.<br>The Group's current parent company, AcadeMedia AB (publ), was founded in 2011. Financial information in the Prospectus relating to the financial year 2010/11 is therefore derived from the annual report for the wholly-owned subsidiary ACM 2001 AB, which during this financial year was the parent company of the Group.[1] The figures are hence not fully comparable with the figures presented for the subsequent financial years. This annual report was prepared in accordance with IFRS.<br>Certain key performance indicators are presented below, some of which, such as "adjusted EBIT," "adjusted EBITDA," "adjusted EBIT margin" and "adjusted EBITDA margin" are not required or prepared in accordance with IFRS. Such key performance indicators are nevertheless provided in the Prospectus as AcadeMedia believes these figures to be important in connection with investors' assessment of the Company and the Offering. AcadeMedia further believes that the figures provide important information as they enable a more meaningful evaluation of relevant trends when read in conjunction with (but not instead of) key performance indicators defined under IFRS. These key performance indicators are however not audited by the Company's auditors and must not be considered as substitutes for information prepared in accordance with IFRS. Since companies do not always calculate these key performance indicators in the same manner, it is not certain that the key performance indicators in question are comparable to other companies' key performance indicators with the same names.<br><br>1) The annual report is considered unaudited as some prospectus information has been fractured from the income statement of the annual report. |

**B.7** *Financial information in summary, cont.*

**Consolidated statement of comprehensive income**

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|---|
| Net sales | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 |
| **Total income** | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 |
| Cost of goods sold | –594 | –519 | –705 | –581 | –483 |
| Other external expenses | –1,390 | –1,367 | –1,805 | –1,536 | –1,257 |
| Personnel expenses | –3,780 | –3,571 | –4,854 | –3,607 | –2,856 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 |
| Non-recurring items | –13 | –3 | –79 | –35 | –14 |
| **Total costs** | –5,916 | –5,609 | –7,646 | –5,923 | –4,749 |
| **OPERATING INCOME** | **317** | **355** | **517** | **449** | **376** |
| Interest income and similar profit/loss items | 3 | 12 | 24 | 10 | 0 |
| Interest expenses and similar profit/loss items | –98 | –185 | –293 | –219 | –255 |
| **Total financial items** | –94 | –173 | –269 | –209 | –255 |
| **INCOME BEFORE TAXES** | **223** | **182** | **248** | **240** | **121** |
| Tax for the current period | –44 | –40 | –26 | –51 | 7 |
| **PROFIT/LOSS FOR THE PERIOD** | **179** | **142** | **222** | **189** | **128** |

**Consolidated statement of financial position**

| *SEK million* | *Mar 31, 2016* | *Mar 31, 2015* | *Jun 30, 2015* | *Jun 30, 2014* | *Jun 30, 2013* |
|---|---|---|---|---|---|
| Intangible non-current assets | 5,013 | 4,941 | 4,941 | 4,960 | 3,785 |
| Buildings | 498 | 667 | 502 | 589 | – |
| Other tangible non-current assets | 411 | 368 | 340 | 338 | 298 |
| Other non-current assets | 109 | 58 | 101 | 58 | 68 |
| **Total non-current assets** | **6,031** | **6,034** | **5,884** | **5,945** | **4,151** |
| Current receivables | 704 | 690 | 670 | 653 | 536 |
| Cash and cash equivalents | 517 | 574 | 695 | 562 | 338 |
| **Total current assets** | **1,220** | **1,264** | **1,366** | **1,216** | **875** |
| **TOTAL ASSETS** | **7,251** | **7,298** | **7,250** | **7,161** | **5,026** |
| **Total equity** | **2,507** | **2,320** | **2,304** | **2,189** | **1,566** |
| **Total non-current liabilities** | **2,644** | **3,299** | **2,806** | **3,151** | **2,396** |
| **Total current liabilities** | **2,100** | **1,679** | **2,140** | **1,821** | **1,064** |
| **TOTAL EQUITY AND LIABILITIES** | **7,251** | **7,298** | **7,250** | **7,161** | **5,026** |

**B.7** *Financial information in summary, cont.*

**Consolidated cash flow statement**

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|---|
| Operating profit/loss | 317 | 355 | 517 | 449 | 376 |
| Adjustment for items not affecting cash flow | 124 | 137 | 160 | 155 | 101 |
| Tax paid | –48 | –46 | –54 | –4 | –13 |
| **Cash flow from operating activities before changes in working capital** | **393** | **446** | **623** | **600** | **464** |
| Cash flow from changes in working capital | –11 | 40 | 61 | 20 | –55 |
| **Cash flow from operating activities** | **382** | **486** | **684** | **620** | **409** |
| **Cash flow from investing activities** | **–222** | **–206** | **–68** | **–864** | **–95** |
| **Cash flow from financing activities** | **–324** | **–265** | **–476** | **469** | **–270** |
| **CASH FLOW FOR THE PERIOD** | **–164** | **15** | **140** | **225** | **44** |
| Cash and cash equivalents at beginning of year | 695 | 562 | 562 | 337 | 293 |
| Exchange-rate differences in cash and cash equivalents | –14 | –4 | –7 | 0 | – |
| **Cash and cash equivalents at end of year** | **517** | **573** | **695** | **562** | **337** |

**Annual performance indicators**

| | *Jul–Mar* | | *Full year* | | | | |
|---|---|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* | *2011/12* | *2010/11* |
| Net sales | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 | 4,718 | 2,679 |
| EBITDA[1] | 456 | 505 | 720 | 614 | 514 | 419 | 302 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 | –126 | –74 |
| Operating income (EBIT) | 317 | 355 | 517 | 449 | 376 | 294 | 228 |
| Non-recurring items[1] | –13 | –3 | –79 | –35 | –14 | –87 | –10 |
| Adjusted EBIT[1] | 330 | 358 | 596 | 485 | 389 | 381 | 238 |
| Adjusted EBITDA[1] | 469 | 507 | 799 | 649 | 528 | 507 | 312 |
| **Key ratios** | | | | | | | |
| Operating margin (EBIT) % | 5.1 | 6.0 | 6.3 | 7.1 | 7.3 | 6.2 | 8.5 |
| Adjusted EBIT margin, %[1] | 5.3 | 6.0 | 7.3 | 7.6 | 7.6 | 8.1 | 8.9 |
| EBITDA margin, %[1] | 7.3 | 8.5 | 8.8 | 9.6 | 10.0 | 8.9 | 11.3 |
| Adjusted EBITDA margin, %[1] | 7.5 | 8.5 | 9.8 | 10.2 | 10.3 | 10.7 | 11.6 |
| Capital expenditures | 198 | 161 | 185 | 187 | 178 | 142 | – |
| Number of employees, annually[1] | 9,551 | 9,081 | 9,159 | 6,997 | 6,087 | 5,299 | 2,851 |
| Number of children/students[1] | 62,754 | 60,764 | 60,897 | 51,815 | 46,239 | 44,000 | 26,500 |
| Number of education units[1] | 419 | 392 | 394 | 394 | 292 | 259 | 120 |
| Dividend per share[2] | – | – | – | – | – | – | – |

1) Not prepared in accordance with IFRS.
2) The Company has not paid any dividends during the relevant financial periods.

| | | |
|---|---|---|
| **B.7** | *Financial information in summary, cont.* | **Definitions of certain key ratios** |

| | |
|---|---|
| **Absence due to illness** | Short-term and long-term absence due to illness recalculated to full-time equivalents divided by the number of full time employee equivalents (FTE). |
| **Adjusted EBIT** | Operating profit/loss before net financial items and tax excluding non-recurring items. |
| **Adjusted EBIT margin** | Adjusted EBIT as a percentage of net sales. |
| **Adjusted EBITDA** | Operating profit/loss before depreciation/amortization on tangible and intangible non-current assets excluding non-recurring items before net financial items and tax. |
| **Adjusted EBITDA margin,%** | Adjusted EBITDA as a percentage of net sales. |
| **Capital expenditure** | In previous financial reports called "capex". The measure includes expenditures on intangible and tangible non-current assets, excluding buildings (Norway) and including investments financed through capital leases. |
| **Cash flow from investments** | Cash flow from investing activities according to the cash flow statement. This includes investments in buildings, acquisitions and investments in tangible and intangible non-current assets. Investments financed through leases are not included. |
| **Cash flow from operating activities** | Cash flow from operating activities including change in working capital and before cash flow from investing and financing activities. |
| **EBITDA** | Operating profit/loss before depreciation and amortization on tangible and intangible non-current assets. |
| **EBITDA margin** | EBITDA as a percentage of net sales. |
| **Employee turnover** | The number of employees who left the company during the period in relation to the average number of employees. (Number of permanent and probationary employees who left the company) / (Average number of permanent and probationary employees). |
| **Interest coverage** | Adjusted EBIT during the last twelve months plus financial income in relation to interest expenses. |
| **Non-recurring items** | Non-recurring items are accounted for separately in order to make clear the underlying operations. Non-recurring items are items which relate to properties, such as realisation profit after divestments or property damages not covered by the company insurance, advisory fees in connection with acquisitions, severance pay to senior executives, substantial costs for the integration of acqusitions and costs as a result of strategic decisions and larger restructuring activites leading to the closing-down of operations. |
| **Net debt** | Interest-bearing liabilities (short-term and long-term) less cash and cash equivalents. |
| **Number of children/students** | Average number of enrolled children/students during the given period. Participants in adult education programs are not included in the group's total number of children/students. |
| **Number of education units** | Refers to the number of preschools, compulsory schools and/or upper secondary schools operating during the period. Integrated units consisting of both pre- and compulsory schools are counted as two units as they each have their own permit. |
| **Number of employees, annually** | The average number of full- time equivalents (FTE), during the period. |
| **Operating margin (EBIT margin)** | Operating profit as a percentage of net sales. |
| **Operating profit/loss (EBIT)** | Operating profit before net financial items and tax. |
| **Profit/loss per share** | Profit/loss for the year in SEK in relation to the average number of outstanding shares prior to/after dilution. |

| | | |
|---|---|---|
| **B.7** | *Financial information in summary, cont.* | **Operations by segment**[1] AcadeMedia's operations are organized into five business segments: Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway and Preschool Germany. In the Company's financial reporting, the segments Preschool Norway and Preschool Germany are accounted for under "Preschool International" due to the limited size of the Preschool Germany segment. |

**Pre- and compulsory school**

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 2,483 | 2,288 | 3,159 | 3,022 | 2,717 |
| Non-recurring items | 0 | – | –19 | – | – |
| EBITDA | 153 | 149 | 244 | 253 | 257 |
| EBITDA margin, % | 6.2 | 6.5 | 7.7 | 8.4 | 9.5 |
| Operating profit, EBIT | 116 | 111 | 193 | 203 | 209 |
| EBIT margin, % | 4.7 | 4.9 | 6.1 | 6.7 | 7.7 |
| Adjusted EBITDA | 153 | 149 | 263 | 253 | 257 |
| Adjusted EBITDA margin, % | 6.2 | 6.5 | 8.3 | 8.4 | 9.5 |
| Adjusted operating profit, EBIT | 116 | 111 | 212 | 202 | 209 |
| Adjusted EBIT margin, % | 4.7 | 4.9 | 6.7 | 6.7 | 7.7 |
| Number of children/students | 29,793 | 28,543 | 28,709 | 28,271 | 25,930 |
| Number of education units | 217 | 208 | 211 | 211 | 199 |

1) For information about financial measurements not calculated in accordance with IFRS, refer to the section "Annual performance indicators".

**Upper secondary school**

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 1,766 | 1,719 | 2,341 | 2,087 | 1,830 |
| Non-recurring items | – | – | –57 | 0 | 0 |
| EBITDA | 205 | 187 | 237 | 308 | 259 |
| EBITDA margin, % | 11.6 | 10.9 | 10.1 | 14.8 | 14.2 |
| Operating profit, EBIT | 128 | 111 | 134 | 208 | 172 |
| EBIT margin, % | 7.2 | 6.5 | 5.7 | 10.0 | 9.4 |
| Adjusted EBITDA | 205 | 187 | 294 | 308 | 259 |
| Adjusted EBITDA margin, % | 11.6 | 10.9 | 12.6 | 14.8 | 14.2 |
| Adjusted operating profit, EBIT | 128 | 111 | 191 | 208 | 172 |
| Adjusted EBIT margin, % | 7.2 | 6.5 | 8.2 | 10.0 | 9.4 |
| Number of children/students | 25,102 | 24,864 | 24,739 | 22,285 | 20,309 |
| Number of education units | 106 | 106 | 105 | 108 | 96 |

**Adult education**

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 990 | 986 | 1,309 | 1,005 | 577 |
| Non-recurring items | –3 | – | –15 | – | – |
| EBITDA | 97 | 136 | 143 | 95 | 52 |
| EBITDA margin, % | 9.8 | 13.8 | 10.9 | 9.5 | 9.0 |
| Operating profit, EBIT | 93 | 128 | 131 | 86 | 50 |
| EBIT margin, % | 9.4 | 13.0 | 10.0 | 8.6 | 8.7 |
| Adjusted EBITDA | 100 | 136 | 158 | 95 | 52 |
| Adjusted EBITDA margin, % | 10.1 | 13.8 | 12.1 | 9.5 | 9.0 |
| Adjusted operating profit, EBIT | 95 | 128 | 146 | 86 | 50 |
| Adjusted EBIT margin, % | 9.6 | 13.0 | 11.2 | 8.6 | 8.7 |

**B.7** *Financial information in summary, cont.*

**Preschool International**

| *SEK million* | *Jul–Mar[1)] 2015/16* | *Jul–Mar[1)] 2014/15* | *Full year[1)] 2014/15* | *Full year[1)] 2013/14* |
|---|---|---|---|---|
| Net sales | 991 | 970 | 1,351 | 256 |
| Non-recurring items | 6 | – | 16 | 0 |
| EBITDA | 61 | 75 | 156 | 49 |
| EBITDA margin, % | 6.2 | 7.7 | 11.5 | 19.1 |
| Operating profit, EBIT | 43 | 51 | 123 | 44 |
| EBIT margin, % | 4.3 | 5.3 | 9.1 | 17.2 |
| Adjusted EBITDA | 55 | 75 | 140 | 49 |
| Adjusted EBITDA margin, % | 5.5 | 7.7 | 10.4 | 19.1 |
| Adjusted operating profit, EBIT | 38 | 51 | 107 | 44 |
| Adjusted EBIT margin, % | 3.8 | 5.3 | 7.9 | 17.2 |
| Number of children/students | 7,859 | 7,357 | 7,449 | 1,259 |
| Number of education units | 84 | 77 | 78 | 75 |

1) As Espira was acquired in May 2014 and Joki was acquired in February 2016, the numbers are not fully comparable.

## Non-IFRS based key ratios

**Pre- and compulsory school**

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *Full year 2014/15* | *Full year 2013/14* | *Full year 2012/13* |
|---|---|---|---|---|---|
| Operating profit, EBIT | 116 | 111 | 193 | 203 | 209 |
| Non-recurring items | 0 | – | –19 | – | – |
| *Restructuring costs* | – | – | –11 | – | – |
| *Operating non-recurring costs* | 0 | – | –8 | – | – |
| Adjusted operating profit, EBIT | 116 | 111 | 212 | 202 | 209 |
| Depreciation/amortization | –37 | –38 | –51 | –50 | –48 |
| EBITDA | 153 | 149 | 244 | 253 | 257 |
| Adjusted EBITDA | 153 | 149 | 263 | 253 | 257 |

**Upper secondary school**

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *Full year 2014/15* | *Full year 2013/14* | *Full year 2012/13* |
|---|---|---|---|---|---|
| Operating profit, EBIT | 128 | 111 | 134 | 208 | 172 |
| Non-recurring items | – | – | –57 | – | – |
| *Restructuring costs* | – | – | –54 | – | – |
| *Operating non-recurring costs* | – | – | –3 | – | – |
| Adjusted operating profit, EBIT | 128 | 111 | 191 | 208 | 172 |
| Depreciation/amortization | –77 | –76 | –103 | –100 | –87 |
| EBITDA | 205 | 187 | 237 | 308 | 259 |
| Adjusted EBITDA | 205 | 187 | 294 | 308 | 259 |

**Adult education**

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *Full year 2014/15* | *Full year 2013/14* | *Full year 2012/13* |
|---|---|---|---|---|---|
| Operating profit, EBIT | 93 | 128 | 131 | 86 | 50 |
| Non-recurring items | –3 | – | –15 | – | – |
| *Restructuring costs* | – | – | – | – | – |
| *Operating non-recurring costs* | –3 | – | –15 | – | – |
| Adjusted operating profit, EBIT | 95 | 128 | 146 | 86 | 50 |
| Depreciation/amortization | –5 | –8 | –12 | –9 | –2 |
| EBITDA | 97 | 136 | 143 | 95 | 52 |
| Adjusted EBITDA | 100 | 136 | 158 | 95 | 52 |

| | | |
|---|---|---|
| **B.7** | *Financial information in summary, cont.* | **Preschool International** |

| SEK million | *Jul–Mar*[1) ] *2015/16* | *2014/15* | *Full year*[1) ] *2014/15* | *2013/14* |
|---|---|---|---|---|
| Operating profit, EBIT | 43 | 51 | 123 | 44 |
| Non-recurring items | 6 | 0 | 16 | 0 |
| *Profit from the divestment of properties in Norway* | 6 | 0 | 16 | 0 |
| *Restructuring costs* | – | 0 | – | 0 |
| *Operating non-recurring costs* | – | 0 | – | 0 |
| Adjusted operating profit, EBIT | 38 | 51 | 107 | 44 |
| Depreciation/amortization | –18 | –24 | –33 | –5 |
| EBITDA | 61 | 75 | 156 | 49 |
| Adjusted EBITDA | 55 | 75 | 140 | 49 |

1) As Espira was acquired in May 2014 and Joki was acquired in February 2016, the numbers are not fully comparable.

**Group total**

| | *Jul–Mar* | | *Full year* | | | | |
|---|---|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* | *2011/12* | *2010/11* |
| Operating profit, EBIT | 317 | 355 | 517 | 449 | 376 | 294 | 228 |
| Non-recurring items | –13 | –3 | –79 | –35 | –14 | –87 | –10 |
| *Profit from the divestment of properties in Norway* | 6 | – | 16 | 0 | 0 | 0 | 0 |
| *Restructuring costs* | 0 | – | –65 | 0 | 0 | –62 | 0 |
| *Operating non-recurring costs* | –3 | – | –23 | 0 | 0 | 0 | 0 |
| *Transaction costs (only group level)* | –7 | –3 | –7 | –35 | –14 | –25 | –10 |
| *Costs for listing process* | –9 | – | – | – | – | – | – |
| Adjusted operating profit, EBIT | 330 | 358 | 596 | 485 | 389 | 381 | 238 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 | –126 | 74 |
| EBITDA | 456 | 505 | 720 | 614 | 514 | 419 | 302 |
| Adjusted EBITDA | 469 | 507 | 799 | 649 | 528 | 507 | 312 |

**Significant changes since March 31, 2016**

No events of significant importance for AcadeMedia's financial position or market position have occurred since 31 March 2016.

**Significant changes during the period covered by the historical financial information**

Net sales for the 2014/15 financial year amounted to SEK 8,163 million compared to SEK 6,372 million for the 2013/14 financial year. The increase amounted to 28.1 percent. During the same period, the operating costs increased by 29.1 percent and amounted to SEK 7,646 million in total for 2014/15 compared to SEK 5,923 million the preceding financial year. The adjusted EBIT increased by 15.1 percent and amounted to SEK 517 million for the 2014/15 financial year compared to SEK 449 million the previous financial year. The increases were primarily related to the acquisitions of Espira and Hermods. The net sales for the financial year 2013/14 increased by 24.3 percent and amounted to SEK 6,372 million compared to SEK 5,125 million for the 2012/13 financial year. During the same period, the operating costs increased by 24.7 percent and amounted to SEK 5,923 million in total during the 2013/14 financial year compared to SEK 4,749 million previous financial year. The adjusted EBIT increased by 19.4 percent for the 2013/14 financial year and amounted to SEK 449 million compared to SEK 376 million for the previous financial year. The increases were primarily related to several acquisitions and organic growth.

| | | |
|---|---|---|
| **B.8** | *Proforma accounting* | Not applicable. The Prospectus does not contain proforma accounting. |
| **B.9** | *Profit/loss forecast* | Not applicable. The Company has not presented any profit/loss forecast. |
| **B.10** | *Audit remarks* | Not applicable. There are no remarks in the audit reports. |
| **B.11** | *Insufficient net working capital* | Not applicable. The Company believes that the existing net working capital is sufficient to meet the Group's current needs of net working capital over the next twelve month period. |

| **SECTION C – SECURITIES** | | |
|---|---|---|
| **C.1** | *Securities offered* | Shares in AcadeMedia AB (publ), reg. no. 556846-0231. ISIN number SE0007897079. |
| **C.2** | *Denomination* | The shares are denominated in SEK. |
| **C.3** | *Total number of shares in the Company* | As per the date of this Prospectus, there are a total of 85,350,000 shares in the Company and the share capital amounts to SEK 85,350,000. The shares are denominated in SEK and the quota value of each share is SEK 1. All shares have been fully paid.<br>In addition to the existing shares offered by the Selling Shareholders, the Offering also comprises 8,750,000 newly issued shares. The total number of shares in the Company following the Offering will, assuming that the Offering is exercised in full, amount to 94,100,000. |
| **C.4** | *Rights associated with the securities* | Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. Ordinary shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. C-shares do not entitle to any dividends. In the event of liquidation, C-shares entitle equivalent rights to the Company's assets, but not to an amount exceeding the quota value of the C-share. Shareholders who on the record date, which is determined by the shareholders' meeting, are registered in the share register maintained by Euroclear Sweden are entitled to dividends. |
| **C.5** | *Restrictions in free transferability* | With the exception of the undertaking not to sell shares in the Company under a certain period following commencement of trading on Nasdaq Stockholm by the Selling Shareholders, board members and employees, the shares in the Company are not subject to any restrictions on transferability. |
| **C.6** | *Admission to trading* | Nasdaq Stockholm's listing committee decided to admit the Company's shares to trading on Nasdaq Stockholm, subject to certain conditions, such as that the dispersion requirements in respect of the Company's shares being fulfilled no later than on the first day of trading. Trading in the Company's shares is expected to begin on or about 15 June 2016. |
| **C.7** | *Dividend policy* | AcadeMedia's first responsibility is to provide a good education for the remuneration received. This must be done as efficiently as possible. AcadeMedia's unrestricted cash flow will primarily be reinvested in the operations in order to maintain high quality and finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia's targets relating to quality and financial position are met. |

| SECTION D – RISKS | | |
|---|---|---|
| **D.1** | *Main risks related to the issuer or the industry* | An investor should carefully consider the risk factors described in the Prospectus before making a decision to invest in AcadeMedia. There are a number of factors that affect, or could affect, AcadeMedia's operations, financial position or earnings, which may cause the price of the Company's shares to fall significantly and that investors may lose all or part of their investment. Main risks relating to AcadeMedia and its operations consist of:<br>• the risk of AcadeMedia's business model in its current form being unusable or subject to extensive changes due to the implementation of prohibitions or restrictive regulations of independent education providers' opportunities of establishment, operations, and/or profit generation and limitations of such operators' opportunities to pay dividends to their shareholders, which could have a material adverse effect on the Group's operations, financial position and earnings;<br>• the risk of AcadeMedia committing, or are perceived of committing, rule violations and that these, because of the interest and society commitment the Group's operations generate, are subject to considerable media distribution and major attention and entails inspections, negative publicity and legal actions which could have a material adverse effect on AcadeMedia's reputation and competitiveness and, as a consequence, also on the Group's operations, financial position and earnings;<br>• the risk of AcadeMedia not following, or are perceived of not following, applicable laws and regulations for the operations and/or that changes in economic development or in local, regional or political assemblies entail changes to such laws and regulations or to changes in the application of current regulations with increased costs, reduced income, and reduced demand for the Group's services as a result, which could have a material adverse effect on the Group's operations, financial position and earnings;<br>• the risk of AcadeMedia not succeeding in attracting and retaining competent teachers, educators and other personnel at reasonable salary levels and other employment conditions and that such personnel are not performing in accordance with the quality standards set by the Group and which children, parents, students and other educations participants expect and demand, which could a material adverse effect on the Group's operations, financial position and earnings; and<br>• the risk that AcadeMedia fails to renew or win new contracts procured by relevant authorities, that the number of participants in the educations provided under such contracts is not sufficient, that AcadeMedia does not meet form and quality requirements stipulated by the procuring authority and the risk that other parties appeal procurements with delays and lost profits, which could have a material adverse effect on the Group's operations, financial position and earnings. |
| **D.3** | *Main risks related to the securities* | Main risks relating to the Offering and AcadeMedia's shares, which could have a material adverse effect on the Group's financial position and earnings, consist of:<br>• the risk that the Offering price will not correspond to the price at which the shares in AcadeMedia will be traded on the stock market following completion of the Offering and the risk that an active and liquid market is not developed for the AcadeMedia share;<br>• the risk that the principal shareholder's interests, following implementation of the Offering, may differ materially from, or compete with, AcadeMedia's and/or other shareholders' interests; and<br>• the risk that shareholders in certain jurisdictions may be subject to restrictions limiting or impeding their opportunity to participate in future new share issues and that such issues, should such shareholders not be able to participate, may dilute their shareholdings in the Company. |

| AVSNITT E – ERBJUDANDET | | |
|---|---|---|
| **E.1** | *Issue proceeds and issue costs* | In connection with the Offering, AcadeMedia is making a new share issue which is expected to generate proceeds of SEK 350 million, before issue costs. The Company will not receive any proceeds from the sale of the existing shares offered by the Selling Shareholders in the Offering.<br>The Company's costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to approximately SEK 35 million of which approximately SEK 20 million is related to the new share issue in connection with the Offering. The remaining costs are mainly related to costs for attorneys, auditors and printing and distribution of the Prospectus. SEK 9 million was expensed during the first nine months of the current financial year. Of the remaining costs, approximately SEK 6 million will be accounted for as a one-off cost in the fourth quarter 2015/16 and approximately SEK 20 million will be recognised in equity. |
| **E.2a** | *Motive and use of issue proceeds* | The Principal Owner and AcadeMedia's board of directors are of the opinion that the Group has reached such a critical mass that now is an appropriate time to diversify AcadeMedia's ownership base and apply for a listing of the Company's shares on Nasdaq Stockholm. AcadeMedia believes that the Offering and the listing on Nasdaq Stockholm will strengthen the public profile of the operations through the increased transparency resulting from a listing, which in turn is expected to contribute to the further development and expansion of AcadeMedia's operations. AcadeMedia believes that the listing and the increased transparency resulting from it will benefit all stakeholders of the Group, including students and education participants, employees and shareholders. The implementation of the Offering and the listing of the Company's shares also gives AcadeMedia access to the Swedish and international capital markets.<br>AcadeMedia expects to attain proceeds of SEK 350 million before issue expenses from the new share issue forming part of the Offering. The Company intends to use the proceeds for the repayment of loans. |
| **E.3** | *Offering forms and conditions* | **General** – The Offering comprises 23,750,000 shares, of which 15,000,000 shares are existing shares, and 8,750,000 newly issued shares. Upon exercise of the over-allotment option, the Offering may be further increased with not more than 3,562,500 existing shares. The Offering is directed to the general public in Sweden and to institutional investors in Sweden and internationally.<br>**The price in the Offering** – SEK 40 per share.<br>**Subscription period** – The application for the acquisition of shares in the Offering will take place during the period June 3–14, 2016 for institutional investors in Sweden and abroad.<br>**Application** – Institutional investors in Sweden or abroad are to apply for acquisition in accordance with specific instructions.<br>**Allotment** – The allotment of shares in the Offering is determined by the Principal Owner and the board of directors of AcadeMedia in consultation with the Managers. Employees in the Company will be specifically observed when allocating the shares.<br>**Settlement date** – The settlement date is estimated to June 17, 2016. |

| | | |
|---|---|---|
| **E.4** | *Interests and conflict of interests* | The Managers provide financial advice and other services to the Company and the Selling Shareholders in connection with the Offering. Managers will receive a commission for this work, which is paid by the Company and the Selling Shareholders. In addition, the Selling Shareholders and the Company may choose to pay a discretionary fee to the Managers. The total compensation received by the Managers is dependent on the outcome of the Offering.<br>From time to time, the Managers may also provide services witin the ordinary course of business and in connection with other transactions to the Principal Owner and parties affiliated to the Principal Owner. In addition, DNB Sweden AB and Nordea are lenders to the Group. Nordea Bank Danmark A/S, with Nordea as parent company, has a financial interest in the Company as shareholder in EQT (which as of the date of this Prospectus is an indirect majority shareholder in the Company) corresponding to approximately 0.3 percent. |
| **E.5** | *Selling Shareholders/ Lock-up agreements* | Pursuant to the Offering, the Selling Shareholders will sell 15,000,000 shares in the Company. Upon exercise of the over-allotment option, the Offering may be further increased by 3,562,500 shares.<br>The Selling Shareholders will undertake, with certain exceptions, not to, without the Manager's consent, sell or otherwise dispose of their respective shareholdings under the period following commencement of trading on Nasdaq Stockholm, up and until the day for the publication of the Company´s interim report for the period July 1, 2016 – September 30, 2016, which is estimated for publication on November 8, 2016. Board members, senior executives and other employees holding shares in AcadeMedia will enter into similar undertakings for a period of 365 days and will not sell any shares in the Offering. |
| **E.6** | *Dilution effect* | The new share issue in connection with the Offering may result in an increase in the number of shares in the Company of 8,750,000, corresponding to a dilution of 9.3 percent. |
| **E.7** | *Costs imposed on investors by the issuer or offerer* | Not applicable. Brokerage commission will not be charged. |

# Risk factors

*An investment in AcadeMedia's shares involves various risks. A number of factors affect, or could affect, the Company's business, both directly and indirectly. Described below, in no particular order and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to the Company's operations, future development and ability to achieve the financial objectives. The risks described below are not the only risks to which the Company and its shareholders may be exposed. Additional risks that are not currently known to AcadeMedia may also adversely affect the Company's operations, financial position and earnings. Such risks could also cause the price of the Company's shares to decline significantly, and investors could potentially lose all or part of their investment.*

*The description below is divided in two main areas:*

- *risks related to AcadeMedia and its operations (including risks related to the industry and the market, AcadeMedia's operations, financing and legal considerations and tax); and*
- *risks related to the Offering.*

*In addition to this section, investors should also take into consideration the other information contained in the Prospectus, in its entirety. The Prospectus also contains forward-looking statements that are subject to future events, risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in the Prospectus.*

## RISKS RELATING TO ACADEMEDIA AND ITS OPERATIONS

### Risks relating to the industry and the market

#### *AcadeMedia is affected by the demand of education services conducted by independent providers*

AcadeMedia's net sales are dependent on the demand for the education services provided by the Group which, in turn, is dependent on the general trends in the education market. An increasing population, the society's increased investments in education services together with the public's attitude to independent education providers and the significance of the freedom of choice has led to an increase in the demand on education services. If these trends do not continue or should the demand decline due to, for example, other education alternatives, a decrease of the investments in education services, a decrease in immigration or a change in the political climate, this could have an adverse effect on the demand for the education services provided by the Company. A decrease of the society's demand for education services due to the above stated factors, or other factors, could have a material adverse effect on the Group's operations, financial position and earnings.

#### *AcadeMedia may be obliged to reduce its operations due to deteriorating conditions for public financing and/or altered macro-economic factors*

The Group's operations may be adversely affected by a downturn in the general economy in Sweden, Norway, Germany and the rest of the world. An economic downturn could put pressure on tax revenues paid to states and municipalities, respectively, and consequently used, among other things, to finance the education services provided by the Group. This, together with other changes in each municipality's budgets and allocations to education, could result in reduced school vouchers and other remuneration forms affecting the Company. The majority of AcadeMedia's earnings derives from public financing. However, a limited proportion of the earnings from preschools in Sweden, Norway and Germany, and the before-school and after-school care within compulsory schools derives from private financing in the form of parental fees. Although this proportion of the earnings is limited, a general economic downturn could, to some extent, also reduce such earnings. Deteriorated conditions for public, as well as private, financing could have a material adverse effect on the Group's operations, financial positions and earnings.

#### *Future possible changes or limitations in the ability to conduct education services for the purpose of profit may entail significant negative effects for AcadeMedia*

Independent education services have been and are subject to significant inspections from both authorities and the media. Restricting proposals for publicly financed education services operated by independent providers, as well as limitations with respect to such provider's possibility to conduct business for the purpose of profit have, from time to time, been presented. It is also possible that such proposals will be presented in the future. As an example, on March 5, 2015, following an initiative from the Swedish government, directives for a new investigation for the purpose of examining the social welfare sector in Sweden were presented. The investigation will, among other things, examine and present proposals on how the legislation for public financing for operations of tax-financed welfare, such as education services, shall be formed so that the funds come to the benefit of the participants and the profit, as a general rule, is reinvested in the operations. Further, the investigation shall describe the outcome of such legislation for participants, employees and the providers and how such providers can be supported and adapt their operations to such new conditions. The report will be presented on November 1, 2016.

Furthermore, on June 16, 2015 the Swedish parliament resolved on a notice with an injunction to the Swedish government to initiate a new investigation to review regulations for the purpose of assuring freedom of choice, diversity and quality on welfare services. As set out in the notice, the starting point of the investigation should be that equal requirements shall be applied to both public and independent providers of welfare services. In accordance with received guidelines, the review is estimated to be presented at the end of 2016 at the latest. Hence, the notice has not yet resulted in any new investigation or modification to the injunction described in the previous paragraph.

Although AcadeMedia is following the progress of pending investigations and the political debate closely, it is not possible for the Group to foresee neither the outcome/conclusion of the pending and/or future investigations, nor what consequences such will entail. Further, the findings and proposals from such investigations are not applicable until they have been adopted as law or regulation by a parliament majority or, if applicable, by another relevant authority. The time scale for such adoption processes is difficult to anticipate, as the processes in some cases are swift, in other protracted. There is, however, a risk that the current market conditions applicable to the Group deteriorate materially or are removed in its entirety as a result of current or future political initiatives within the education sector.

If legal requirements were introduced, that for instance would limit independent providers' establishment possibilities, their opportunities of cost recovery and/or profitability and their possibility to pay dividends to shareholders, this could entail that AcadeMedia's current business model becomes useless or subject to extensive alterations. There is also a risk that authorities, wholly or partially, resolves on limitations or prohibitions against publicly financed educational services operated by independent providers. Such limitations and prohibitions may entail a reduced market share for AcadeMedia and may also limit the Group's growth opportunities and profitability or limit the possibility to pay dividends to the shareholders. The mentioned factors, which ongoing or future political initiatives could entail, may have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia may become subject of inspections and negative publicity relating to independent operators in the education market*

AcadeMedia's operations generate major interest and commitment from parents, authorities, media and other stakeholders. In the view of AcadeMedia's role as the leading independent education provider in Northern Europe and the extensive regulation and supervision of the Group's business, the major interest and commitment from the Group's stakeholders entail that any actual or perceived rule violation results in vast media coverage and attracts a lot of attention. Further, such violations could lead to inspections being initiated by authorities against AcadeMedia and/or that legal actions are brought against AcadeMedia and its employees and co-workers, which further increases the risk for negative publicity.

Negative publicity and legal actions could also have an adverse effect on the Group's reputation, which may impair the Group's ability to compete in the education market. If the Group fails to respond well, or at all, to complaints, reviews and legal actions, it may result in further liability for the Group and may cause further harm to the Group's reputation and brand. Negative publicity, which primarily concerns other providers in the education sector, could also affect the reputation of AcadeMedia, regardless whether the Group was directly involved in the actual incident causing the negative publicity or not. This could affect the market for education providers should, for example, the authorities be less willing to allow education services conducted by independent providers.

Any of these scenarios could result in loss of customers and business opportunities for the Group, which could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia operates in a highly regulated market and is therefore affected by changes in laws, regulations and governmental interpretations and practices*

AcadeMedia operates in a highly regulated market. Present or future regulations affect numerous aspects of the Group's operations. AcadeMedia must comply with, and is affected by, extensive and complex laws and regulations at a national, regional and local level. These laws and regulations relate, among other things, to access of services, the quality of such services, qualifications and obligations of co-workers and employees, public financing for education services, pricing and operating guidelines. If AcadeMedia fails to comply with applicable laws or regulations it may entail limitations in the operations of the Group, increased operative costs or costs as a result of fines or other sanctions. Such failure by the Group may also trigger counterparties' rights to terminate or amend contracts with the Group.

The political, economic and regu¬latory environment is changeable and political factors and/or political decisions could adversely impact the Group's profitability. Some of the pending investigations and initiatives which may affect AcadeMedia's operations, financial position and earnings are described below.

On February 11, 2015, the so called Owner Assessment Investigation (Sw. *Ägarprövningsutredningen*) submitted a report to the Swedish government. The report included a proposal that the Swedish Schools Inspectorate (Sw. *Skolinspektionen*), upon granting approvals or permits to conduct business in accordance with the Swedish Education Act (Sw. *Skollagen (2010:800)*), shall observe certain requirements such as insight, experience and suitability. If the applicant is a legal person, the assessment shall cover, among other things, the CEO, the directors of the board as well as the owners and other persons with a significant influence over the operations. In addition, it is proposed that the applying person shall present facts that he or she has the economic ability to conduct long-term operations. The level of the financial requirements varies, depending on the operation conducted. The proposed effective date of the new rules is July 2016, but as of the date of the Prospectus, the report has not yet resulted in any further actions.

Within the scope of the so-called School Expense Investigation (Sw: *Skolkostnadsutredningen*) falls the investigation of budgeting and accounting by municipalities and providers (Sw. *huvudmän*) of independent schools. The investigator shall also review the provisions on the calculation of and decision on contributions to independent schools for the purpose of ensuring equal conditions for independent and public schools and investigate how municipalities can be given a decisive influence over newly established schools which are intended to be conducted with a purpose of profit. A report shall be presented on 1 October 2016 at the latest. Should the municipalities be granted a decisive influence over newly established independent schools, this could have a material adverse effect on AcadeMedia's possibility to establish new operations within current market segments.

Today, independent school providers are, unlike municipal providers, not obliged to apply the principle of publicity. However, in June 2014, the Swedish government instructed a certain investigator to provide proposals on how the principle of publicity could be practically introduced in independent schools as well. The investigator submitted its report on October 7, 2015. In accordance with the report, it is proposed that the principle of publicity should be introduced even among independent school providers, which would entail a number of new requirements regarding, among other things, registration, distribution and archiving of public documents according to the same principles applied to authorities and municipal providers. The new provisions are proposed to enter into force on July 1, 2017. If the proposal is realized, AcadeMedia may suffer an increased administrative burden and higher costs.

An investigation commissioned by the Swedish government has published certain proposals regarding a geographical restriction on the right of students already enrolled in certain independent schools to complete their education. Furthermore, the proposal suggests that municipalities, in connection with such restrictions, will be imposed an extended responsibility of ensuring that students are able to complete such educations and, in addition, a possibility for the municipalities to make deductions from the base amount of the payable school voucher to independent schools by up to 0.3 percent. As a result of the proposal, which is intended for process by the Swedish parliament in June 2016, AcadeMedia could experience reduced income, lower earnings and be subject to an impaired financial position.

AcadeMedia's expansion within the Norwegian market has so far benefited from favourable value-added tax rules and advantageous financing conditions for real estate holdings obtained through Husbanken, the Norwegian government's central body for the implementation of the Norwegian government's policy on the real estate market and within the welfare sector. However, there is a risk that the rules and conditions are changed in the future, which could entail difficulties in further expansion on the Norwegian market. This could entail an adverse effect on the Group's operations, financial position and earnings.

Changes in economic development or in local, regional or political bodies as a result of, for example, elections or changes in government personnel, may also result in changes to applicable laws and regulations or to changes in the application of the current laws and regulations. Such changes may entail increased operating costs for the Group or reduced demand for the services provided by the Group. Changes to laws and regulations could also restrict or eliminate AcadeMedia's possibilities of conducting profitable operations. There is further a risk that new laws or regulations, concerning for example teacher density requirements, could entail increased costs should education providers be forced to adjust their businesses. Such rules could limit the Group's future profit and growth opportunities. Consequently, changes to laws and regulations and the application of such could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on remunerations, wholly or partially determined by local, regional or national authorities in the education sector*

The Group's operations are dependent on a variety of remuneration systems which are determined by local, regional and national authorities. According to law, the same conditions shall apply to operations conducted by independent operators and operations conducted by municipalities. However, the municipalities' pricing procedure varies considerably, both between different municipalities and over time. The prices are based on the relevant municipality's budget and investments in education services, which is why prices may both increase or decrease from one year to another in a specific municipality. Changes may be carried out with short notice. The Group's adult educations are subject to different compensation models depending on who the original assigner is. The models are, among other things, based on the duration of the education programs, the number education participants and the presence of such participants.

There is also a risk that general cost increases, such as increased costs for social security taxes to young employees and increased salaries for teachers, not immediately is taken into account in the public remuneration. Therefore, AcadeMedia could incur significantly higher costs, but not always expect to be compensated when the cost arise, but at a later stage through, for example, the school voucher.

The above entails operations not to be solely affected by the underlying demand for, and supply of, education services, but also dependent on pricing decisions. AcadeMedia must therefore adapt to and operate its business under various systems in order to effectively deliver its services. Since the pricing systems vary between AcadeMedia's different business segments, the profitability between the segments can vary.

There is hence a risk that the Group will not receive sufficient remuneration (for instance school voucher) in order to cover its costs for providing education services. There is also a risk that AcadeMedia, if the remunerations are insufficient, will not be able to compensate for this by providing additional or different education services or by correspondingly making adjustments to its operating costs.

Accordingly, limitations on remuneration, as well as changes to education systems and remuneration systems, could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia faces competition from public and other independent education providers*

AcadeMedia faces current and prospective competition from both public and independent education providers. AcadeMedia's ability to successfully compete varies and depends on a number of factors, including the size of the separate market segments in which AcadeMedia is operating, the number of competitors within these segments, the extensiveness of the Group's supply of education services, the Group's reputation and the commitment, quality and expertise of the Group's co-workers and employees. If AcadeMedia fails to successfully compete with public and other independent education providers, this could result in, for example, loss of market shares and students to competitors and a reduced demand for the Group's services, which could lead to a decrease of the AcadeMedia's net sales and profitability.

The inability of the Group to successfully compete could have an adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is exposed to revisions to contracting authorities' awards*

Within the business segment Adult education, AcadeMedia is exposed to appeals of the contracting authorities' decisions on awarding education service contracts. A third party who claims that a contracting authority has violated public procurement rules in such a way that the third party has or will suffer damage due to the violation, can apply for a revision of the decision at the administrative court. The contracting authority may not during the time of the revision procedure finish the tender process or enter into agreements, and, if the application for revision is granted, the tender process must be corrected or remade. For example, during the spring of 2015, under a number of brands, AcadeMedia was awarded a contract in a public tender process with the city of Stockholm for providing Sfi-education and municipal adult education. However, four operators have applied for a revision of the tender process on grounds of formality, and the public tender process is now being remade with a volume risk and possible delay as a result.

The risk for revisions of awards in public tender processes could create uncertainty and difficulties for the Group to plan the operations appropriately. If awards would be revised, resulting in the remaking of the tender process, this could have a material adverse effect on the Group's operations, financial position and earnings.

## Risks relating to AcadeMedia's operations

### *AcadeMedia is dependent on various approvals and permits in order to conduct its operations*

AcadeMedia is dependent on obtaining, maintaining and renewing approvals and permits from various authorities, primarily the Swedish Schools Inspectorate, authorizing municipalities and the Swedish National Agency for Higher Vocational Education (Sw. *Myndigheten för yrkeshögskolan*) in order to provide educational services. In order to maintain these permits the Group is normally required to offer specific educational services in accordance with the permit conditions and to meet certain quality standards. Further, but to a lesser extent, the Group must obtain, maintain and renew various permits relating to, among other things, food handling and environmental regulations. There is a risk that the required, and for the operations necessary, permits and approvals cannot be obtained, maintained or renewed on acceptable terms and costs or at all. In addition to the requirements to maintain certain standards related to quality, service and regulatory compliance, renewal of permits may be subject to political or other factors beyond AcadeMedia's control. Furthermore, inspections from relevant supervisory authorities could lead to criticism which, in turn, could force AcadeMedia to change or shut down operations and that the Group's possibilities to maintain or obtain new permits are limited.

If permits and approvals are delayed, limited or not obtained at all, or if AcadeMedia does not meet the conditions applicable to any of the permits and authorisations already granted, this could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on delivering high-quality education*

The Group's ability to deliver high-quality education services is critical to the demand of AcadeMedia's education services. The Company's overall objective is to allow children, students and education participants to reach the goals for the relevant education and reach their full potential. AcadeMedia's ability to deliver results in accordance with goals is dependent, among other things, on co-workers and employees of the Group meeting the requirements and goals established. If the fulfilling of the requirements is delayed, met only to a certain extent or not met at all, this could adversely affect the Group's ability to deliver high-quality education services and, consequently, also the demand of such. It could also lead to inspections and sanctions from relevant supervisory authorities. The result of such inspections could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on its reputation in order to attract new students and educations participants and a deterioration of AcadeMedia's, or other operators', reputation may adversely affect AcadeMedia's operations*

AcadeMedia's reputation is an important factor in attracting and retaining students and education participants to the various operations of the Group. The Group's reputation is affected, not only by the operating direction and strategy that AcadeMedia chooses to work with, the quality of the selected directions and strategies or the criticism or commendations the Group continuously receives, but also by the employees', the students' and the education participants' behaviour and communication with other stakeholders. Even failures from and other negative publicity about other education providers can affect the Group's reputation and operations negatively, irrespective of whether AcadeMedia was part in such failure or not.

AcadeMedia's reputation partially refers to the Group as such, but also to the strong brands that can be found in the respective business segments and the reputation these entail, as well as the reputation of the separate schools. If the Group's reputation deteriorates, AcadeMedia may be unable to attract students and education participants to its educations, which could have a material adverse effect on the Group's operations, financial position and earnings.

*Some parts of AcadeMedia's net sales derive from contracts with local, regional and national authorities and the Group is dependent on maintaining or renewing such contracts on favourable terms*

Some parts of the Group's net sales derive from contracts procured by local, regional and national authorities. Such authorities are primarily municipalities (where public tender processes are made for municipal adult education and Sfi), the Swedish Employment Office (Sw. *Arbetsförmedlingen*) and the Swedish National Agency for Higher Vocational Education. Within the business segment Adult education, the Group has entered into a few hundred agreements with various terms and expiry dates. Some of these agreements include large order values and account for a large proportion of the Group's net sales. The majority of the agreements are entered with a relatively short initial term followed by the relevant authority's exclusive possibility to one or several extensions, one year at a time. As the agreements do not stipulate any guaranteed participant volumes, the Group's volume forecast is not contractually secured, and there is hence a risk that calculated net sales under these agreements are delayed or not reached at all. Furthermore, there is a risk that the Group will fail to renew such agreements on acceptable terms or at all, which – especially when it comes to contracts with large order values – could have a materially adverse effect on the Group's business, financial position and earnings.

In connection with such agreements being procured, AcadeMedia must primarily compete with the formulation of the tender documents and the quality of the services in order to obtain or renew the contracts, but the procuring authority may also focus on other issues, such as where the relevant education facilities are located and issues relating to market competitors. It is further of great importance that the formal requirements set by the procuring authority are met. Such factors can wholly or partially be beyond the Group's control. Contracts obtained following tender processes can also entail lower cost recovery for AcadeMedia than previously as the relevant counterparties may seek, or be forced, to adhere to budget constraints or present new or altered quality requirements. If AcadeMedia fails to enter or renew contracts on similar or more favourable terms, or at all, or can compensate for any reduced compensations or obtain higher compensation for changes in quality requirements, this could have a material adverse effect on the Company's operations, financial position and earnings.

*The growth of AcadeMedia is dependent on the possibility to expand the operations through organic growth*

AcadeMedia's growth opportunities are dependent on being able to expand and develop the operations through organic growth, either through the recruiting of students or education participants to existing units and through new establishments within existing segments or by expanding already established operations. During the 2015/16 financial year, AcadeMedia intended to open 14 new units in Sweden and Norway with an emphasis on preschool operations. As of the date of this Prospectus all 14 units have been opened. Expansion through new establishments is dependent on numerous factors, for instance, the ability to identify suitable locations and facilities for expansion and to attract children, students and education participants. New establishments further implies a long term commitment, primarily relating to lease agreements and uncertainties in relation to the inflow of students and education participants and the long term development of the public financing received by the Company. New establishments are also associated with some start-up costs and investments. It is natural that a newly established entity, during an initial period of time, runs on lower capacity utilization than what is optimal. The Company is of the opinion that these risks are highest in conjunction with new establishments of compulsory school units, as such operations entails a more long term financial obligations compared to, for instance, new preschool establishments.

Furthermore, insufficient capacity utilization is also a risk in already established operations. Numerous entities in the Group have, to a varying extent, capacity for additional education participants, mainly within compulsory schools and the segment Upper secondary schools. There is a risk that these operations will not succeed in attracting additional education participants, which will reduce the ability to cover costs associated with things like personnel and facilities.

There is a risk that AcadeMedia does not succeed in implementing its growth plans in the pace and to the extent intended, due to, among other things, that new or extended permits or approvals may not be obtained or that the supply of facilities at the relevant geographical market is limited, which may result in a material adverse effect on the Group's operations, financial position and earnings.

*AcadeMedia's growth is dependent on the Group's opportunities to acquire and integrate adequate targets in order to expand its operations and, when appropriate, sell assets*

AcadeMedia intends to further expand its operations through acquisitions of operations that expand or complement the Group's existing operations, both within current and new geographical markets. For example, the Norwegian preschool group Espira was acquired in 2014, and in February 2016, the German preschool company Joki Kinderbetreuung ("**Joki**") was acquired, whereby the Group expanded its operations into new geographical markets. Whether the Group's acquisition strategy is successful or not depends on several factors, such as whether the Group manages to find suitable acquisition candidates, negotiate acceptable purchase terms, finance the acquisitions and obtain the necessary permits from relevant authorities. There is thus a risk that the Group's possible future acquisitions cannot be executed on favorable terms or at all, which can restrain the growth of the Group. There is also a risk that a sufficient number of acquisition candidates are not available to the Group in order to implement the growth strategy or that AcadeMedia will not be able to complete planned acquisitions.

Furthermore, there are operational and financial risks associated with acquisitions and integration of acquired operations and projects in AcadeMedia's existing operations. These risks include, among others, the risk of exposure to unknown commitments, higher acquisition and integration costs than anticipated and the risk of necessary permits to conduct operations not being obtained. Furthermore, the integration of acquired operations and projects require, among other things, that the acquired operations can be adapted to the Group's existing operations and business model, that necessary restructuring measures can be implemented and that there is access to co-workers and employees with required competence. There is also the risk of the Group's estimates and assumptions concerning possible acquisition opportunities or operations already acquired being proven inaccurate, or that obligations, unforeseeable events or other risks previously unknown to AcadeMedia will occur.

AcadeMedia may eventually try to establish operations in other geographical markets, primarily within the Preschool operations. However, there is a risk that AcadeMedia's business model and operations will not work as intended or is not well received by authorities, parents, children and others parties in such geographical markets. AcadeMedia may therefore be compelled to reorganize its operations or pedagogical model for the operations carried out on such markets, which may result in additional investments, lower earnings than expected or that the operations must be close down.

AcadeMedia may also divest parts of its operations which no longer properly fit the Group's other operations or which have not developed as expected. Factors influencing the Group's ability to implement its divestment strategy successfully include, among other things, the Group's ability to find an acquirer and negotiate acceptable divestment terms. The Group may also be required to provide certain warranties and undertakings in connection with such divestments. For that reason, there is a risk that AcadeMedia will not be able to divest operations or assets in the future and a risk that such divestments may occur at unfavorable terms.

If any of these factors materialize, this could have a material adverse effect on AcadeMedia's expansion growth opportunities and, hence, a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on being able to recruit and retain competent personnel at competitive terms*

AcadeMedia's operations are personnel-intensive and as of March 31, 2016 the Group had 7,915 full time employees in Sweden and 1,989 full time employees in Norway and Germany. It is of high importance for the Group to be able to recruit and retain qualified and well educated personnel, including teachers, preschool educators and other personnel. AcadeMedia's ability to recruit and retain qualified personnel is important for AcadeMedia's capability to offer high quality education and its ability to maintain and obtain relevant licenses for its operations.

The increased qualification requirements for teachers, combined with general teacher shortage and political pressure, has forced teachers' salaries upward. Salary increases, partly negotiated at central level, without or with limited influence from AcadeMedia, may entail increased costs as regards both existing and new employments. The salary development within the teacher industry is to a large extent driven by the respective municipality and it is also the municipalities which, to a large extent, decide what should be considered fair market salaries for teachers. There is a risk that possible salary increases are not immediately, or at all, compensated through an equivalent raise of the school voucher or other remuneration. There is therefore a risk that AcadeMedia's profitability would be adversely affected by further future salary increases within the Group.

Although AcadeMedia has competent employees with experience in operating education activities, there is a risk that the employees are not performing in accordance with the quality standards set by the Group and which children, parents, students and other education participants rightfully demands. As a result of the Group's decentralised operating structure, AcadeMedia is dependent on that the respective segment head, educational directors, operations managers and school principals of the various operations are ensuring that the employee performance is in line with the established demands and internal guidelines.

If the Group fails to attract and retain competent employees at reasonable salary levels and other terms of employment, there is a risk that AcadeMedia cannot conduct its operations qualitatively and efficiently or achieve its operational and financial goals. This may in turn have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on recruiting and retaining certain key individuals*

AcadeMedia is dependent on certain key individuals, both in the Group's management and in the various business segments within the Group. There is a risk that one or several key individuals leave the Group by short notice. If AcadeMedia fails to retain such individuals and/or fails to recruit suitable successors or new, competent key individuals in the future, this could lead to an adverse effect on AcadeMedias operations, financial position and earnings.

### *AcadeMedia's operations may be adversely affected by labor-related conflicts*

The majority of AcadeMedia's Swedish employees are subject to collective agreements for independent schools entered into by Almega Tjänsteföretagen and Idea on one side, and Lärarförbundet, Lärarnas Riksförbund, Vision and Kommunal on the other. Within Adult education etc., collective agreements for education companies between Almega Tjänsteförbunden and Sveriges Ingenjörer and Unionen are applied in most cases. AcadeMedia has also entered into agreements with Lärarförbundet and Lärarnas Riksförbund. The major part of AcadeMedia's Norwegian employees is subject to a collective agreement between Private Barnehagers Landsforbund and the trade associations Utdanningsforbundet, Fagforbundet and Delta. AcadeMedia's German employees are not subject to any collective agreements.

It is of great importance for AcadeMedia to have good relations with its employees. As in all kinds of business operations, there are, however, regularly conflicts and discussions in this relationship and there is a risk that AcadeMedia in the future may not have constructive dialogs with its union counterparties. Furthermore, there is a risk that disputes and disagreements may arise in the future, which could result in strikes or other disruptions. For example, one Group company is currently involved in a dispute with the trade unions Sveriges Ingenjörer and Unionen concerning the application of collective agreements regarding reduction of working hours. There is also a risk that the Group, following expiration of current collective agreements, cannot enter into new collective agreements on satisfactory terms without the occurrence of strikes or other industrial actions. Such labor-related conflicts may have a negative impact on the Group's operations, financial position and earnings.

AcadeMedia may also be significantly affected because of labor-related conflicts that do not directly involve the Group and which are beyond the Group's control, such as strikes. Such events could lead to disruptions in the Group's operations, an impairment of the Group's reputation and increased costs or otherwise have an adverse effect on AcadeMedia's operations, financial position and earnings.

### *AcadeMedia may experience adverse consequences in connection with its own, employees', students', education participants' or relatives' violations, breach of contract or deviations from internal guidelines*

The education activities conducted by AcadeMedia are carefully inspected and controlled by the authorities who control and administer the different sectors of the education system, including the Swedish Schools Inspectorate and municipalities, as well as other buyers with which AcadeMedia enters into agreements. AcadeMedia must therefore carefully and continuously monitor and internally control its operations and thereby ensure that the operations meet the Group's highly defined quality requirements and ensure that the operations are conducted in accordance with contractual obligations and applicable laws and regulations. Such monitoring and quality control can be costly and if AcadeMedia would fail in doing so it could result in, among other things, fines, liquidated damages and other sanctions as well as negative publicity.

There is also the risk of individual employees violating established rules, assignments in accordance with the Swedish Education Act, agreements or internal guidelines and that AcadeMedia is imposed responsibility for such violations, for example where employees do not meet individual student's needs or that employees exceed their authorities in relation to, for example, purchases or delivery agreements. Such acts or omissions, or suspicion of such, by an employee could seriously harm the Group's reputation. If employees, students, education participants or relatives violate established rules, agreements or guidelines, or are not performing in accordance with other standards, it could result in liability for AcadeMedia to pay damages which may harm the Group's reputation. The above factors may, together or individually, have a material adverse effect on AcadeMedia's operations, financial position or earnings.

### *AcadeMedia is dependent on well-functioning IT systems, consistent with applicable data protection regulations*

AcadeMedia is dependent on that the Group's IT systems and thereto related processes run seamlessly and without interruption. The Group is processing, among other things, sensitive information concerning student health, students with special needs and students who, for different reasons, have classified identities. There is a risk that the Group's systems may suffer interruptions or disturbances as a result of, among other things, hacker attacks, infringements, computer viruses, bugs or the human factor. The students concerned and AcadeMedia would suffer significantly if such information would fall into the wrong hands. The Group is further subject to laws on data protection and despite safety measures taken there is a risk that data privacy could be compromised. This could result in increased costs for regulatory compliance, damage claims and fines, loss of competitiveness as well as lost business opportunities. It may also have an adverse effect on AcadeMedia's reputation and operations, financial position and earnings.

### *AcadeMedia is subject to risks relating to external suppliers to the Group*

To provide education services AcadeMedia is dependent on external suppliers' availability, production, quality assurance and deliveries. Incorrect, delayed or missing deliveries from suppliers of different types may entail that the Group's obligations towards students and/or other parties in turn are delayed or must be cancelled or become deficient or incorrect, which can adversely affect AcadeMedia's operations. For an example, a supplier having problems with catering or teaching materials, would result in short term conversion problems and costs, sometimes in several entities of the Group. Furthermore, AcadeMedia's agreement on administrative services for salary payments to employees in Sweden is essential for the Group's operations. However, as of July 1, 2016, the salary management will gradually be managed by AcadeMedia. Failure to pay salaries on time could have a material adverse effect on AcadeMedia's reputation as employer. Therefore, there is a risk that inadequate or delayed deliveries, a loss of one or more suppliers, or inhouse performance of services previously provided by suppliers, could adversely affect the Group's operations, financial position and earnings.

### *AcadeMedia is dependent on entering and maintaining necessary premises leases for the various operations of the Group and is exposed to the risk of damage to the leased premises*

AcadeMedia is dependent on entering and maintaining necessary leases for the various operations within the Group. Acade-

Media leases all premises in which the operations are conducted except for Norway where 15 properties are owned by subsidiaries in the Group, as per March 31, 2016. The Group has entered into just over 750 lease agreements in Sweden, some 70 lease agreements in Norway and seven lease agreements in Germany, with different landlords. The leases are generally concluded on terms that are customary in the Swedish, Norwegian and German markets. In Sweden the lease term of new lease agreements is normally up to 15 years depending on the business segment, whereas in Norway and Germany, the lease term is up to 20 years and 25 years, respectively.

The Group is exposed to the risk that the leased premises are damaged due to, for example, fire or water leakage. There is also a risk that the premises are damaged, intentionally or not, by education participants or other persons who use the premises. AcadeMedia is typically liable to remedy such damages in relation to the landlord, and there is no certainty that the Company's insurance policies will cover the costs such remedies would entail. Also, AcadeMedia is, in a varying degree, liable for continuous renovations and investments to the leased properties. It can be difficult to estimate how large such needs for renovation will be in the future and there is a risk that AcadeMedia will suffer higher costs than expected to maintain an acceptable standard on the premises where the Group operates. The above mentioned factors could have an adverse effect on the Group's operations, financial position and earnings.

AcadeMedia is actively working on maintaining a realistic balance between securing access to attractive and appropriate premises with flexibility regarding the size of the premises, expansion opportunities and rental costs. There is however a risk that the Company's premises prove to be less appropriate for the operations carried out in them and that the Company enters into long term lease agreements without being able to utilize them to the extent necessary. There is also a risk that AcadeMedia is forced to move from one or more premises when lease agreements are expired without being able to find other appropriate replacement premises. This could have a material adverse effect on the Group's operations, financial position and earnings.

### *AcadeMedia could be forced to wind up or convert parts of its operations and could in relation therewith incur substantial costs*

AcadeMedia could be forced to wind up or convert greater or smaller parts of its operations if an entity or part proves to be less successful than what the Group has anticipated. As an example, during the spring of 2012, a decision was made to reorganize about ten upper secondary schools. Correspondingly, a decision was made during the spring of 2015 of the reorganization of twelve entities, for which reorganization costs amounting to SEK 65 million have been accounted for in the annual accounts for the financial year 2014/15. Such reorganizations are typically subject to several years of lead time and it is uncertain whether AcadeMedia swiftly can make sure not to incur costs in relation to such entity or operation. For an example, some of the entities which are reorganized due to the 2015 decision are estimated to be gradually winded up during the two following years. AcadeMedia may therefore, despite the resolved winding up, be continually bound by lease agreements without being able to terminate the agreements or subletting the entities. AcadeMedia may therefore incur costs such as personnel or rental costs for some time following the winding up of an entity or operation, which could have an adverse effect on AcadeMedia's operations, financial position and earnings.

### *AcadeMedia is exposed to risks concerning the Group's Norwegian property holdings*

In accordance with the Group's real estate strategy, the Group continuously evaluates the possibility to sell properties in order to not tie up inappropriate capital. However, in view of favorable financing conditions, the Group holds around 15 preschool facilities in the Norwegian market. The Group intends to gradually sell these properties to reduce capital tie up and maintain focus on the educational operations.

The real estate market is affected by, among other things, inflation and growth rates, which in turn may affect the demand and value of properties. Furthermore, a property's value is affected by factors specific to each property, such as capacity utilization and operating costs. If one or more of the Group's Norwegian properties, or the market in general, would deteriorate in any way, this could cause the value of the properties to decline. The Group's ability to sell one or several of its properties is also dependent on the conditions on the investment and real estate markets. In the event that liquidity in these markets would decrease, there is a risk that the Group would not be able to sell its properties at favorable terms, or at all.

If any of the above risks would materialize, it could have a negative impact on the Company's operations, financial position and earnings.

### *The operations of AcadeMedia is subject to risks of personal injuries*

Some of the operations of AcadeMedia are of certain characteristics which typically can cause teachers, education participants and/or other people personal injuries. The subsidiaries of the Group are, in their capacities as employers and providers of the relevant educations, normally responsible for such injuries. There is hence a risk that the Group could become subject to liability if acts and/or omissions deemed to fall within the scope of the operations cause personal injuries. Such injuries could, in turn, result in substantial financial commitments such as, for an example, compensation for damages or company fines, which could have a material adverse effect on AcadeMedia's reputation, operations, financial position and earnings. Further, there is a risk that the insurance coverage obtained by AcadeMedia is limited by, for example, amount restrictions or excess payment demands, which could entail adverse effects on the Company's financial position and earnings.

### *A depreciation of goodwill and other assets could have an adverse effect on AcadeMedia's financial position and earnings*

Goodwill represents a significant part in AcadeMedia's balance sheet. As per March 31, 2016, the Group's goodwill amounted to SEK 4,809 million, corresponding to approximately 66.3 percent of the total assets. The goodwill is primarily a result of AcadeMedia's acquisition strategy. Acquired companies are often operations that have limited fixed assets, which entail that occurrence of surplus value relative to the equity acquired. What cannot be attributed to a particular asset class, such as brands, are thus recognized as goodwill. AcadeMedia is normally evaluating the need for depreciation of goodwill and other assets at least once a year, but more often if needed. Even though AcadeMedia currently does not find a need to depreciate goodwill or other assets further, there is however a risk that such needs, following, for example, the realization of one or several of the risks described in this section, will arise in the future, which could have a material adverse effect on AcadeMedia's financial position and earnings.

**Risks relating to financing**

*AcadeMedia is subject to risks related to the Group's financing*

Financing risk is the risk that an excessively large part of the Group's financing matures in a short period of time, during which the Group's opportunities for new financing is limited or can only be obtained at poorer conditions and at significantly higher costs.

The Group's financing mainly consists of a credit agreement of SEK 2,580 million entered into on June 30, 2015 between, on the one hand, the wholly-owned subsidiaries ACM 2010 AB, ACM 2001 AB, P-PY 2009 AB, Pysslingen Förskolor & Skolor AB and Espira Holding AS as original lenders and, on the other hand, DNB Sweden AB and Nordea Bank AB (publ) as arrangers and original lenders and Nordea Bank AB (publ) as agent and security agent. Following the listing at Nasdaq Stockholm, AcadeMedia AB (publ) is intended to enter the facility agreement as guarantor. The credit agreement contains certain terms and conditions concerning, the Group's financial position (so-called covenants etc.). As per the date of this Prospectus, the Company is of the opinion that all such terms and conditions are met with a satisfactory margin and the Company estimates that the same applies also upon listing at Nasdaq Stockholm. AcadeMedia may, however, default on any of these terms and conditions in the future, which could result in that the debt under the facility agreement, partially or wholly, will be due for immediate payment.

There is a risk that AcadeMedia, in connection with the above mentioned credit agreement's maturity or if any additional financing should be needed, cannot obtain such financing on acceptable terms or at all. Factors, such as the general availability of credit and the Group's credit worthiness, affect the availability of additional financing. Furthermore, the availability of additional financing is depending on the Group's lenders maintaining a positive perception of the Group's long-term and short-term financial prospects. Disruptions and uncertainty in the capital and credit markets may also limit access to capital. These factors could have a material adverse effect on AcadeMedia's operations, financial position and earnings.

*AcadeMedia is exposed to interest rate risks*

AcadeMedia is exposed to interest rate fluctuations as the greater part of the Group's financing carries a floating interest rate. AcadeMedia has only to a limited extent entered into any agreement or arrangements concerning hedging of interest rates fluctuations. Fluctuations in applicable interest rates could thereby have a material adverse effect on AcadeMedia's earnings and cash flow. Market interest rates can change as a response to numerous factors outside the Group's control, including guidelines from authorities and central banks. An increase in current market interest rates could cause the Group's interest rate obligations to increase, which could have a material adverse effect on the Group's operations, financial position and earnings.

*AcadeMedia is exposed to liquidity risk and could be adversely affected by changes in customers' payment routines*

AcadeMedia is dependent on available liquidity to fulfil its payment obligations regarding things like running expenses in the operations, investments made and payment of interest costs and amortization regarding existing financing within the Group. The school voucher, which is a great source of income for the Group, has traditionally been paid monthly, and sometimes quarterly, in advance, which has entailed a certain liquid security for independent education operators. A change in the payment routines for municipalities in Sweden, Norway and Germany could have an adverse effect on the Group's liquidity and financial position. Within adult education the payment model varies, but the payments are to a larger extent made subsequently. Also in this segment, a change in payment routines from contract awarding authorities and municipalities could have an adverse effect on the Group's liquidity and financial position.

If the Group would lack sufficient liquidity for fulfillment of its liabilities, this could have a material adverse effect on the Group's operations, financial position and earnings.

*AcadeMedia is exposed to currency risks*

statement items denominated in foreign currencies to SEK, which is the Group's reporting currency. Parts of the Group's assets, liabilities, net sales and expenses are denominated in currencies other than SEK, principally in NOK and EUR as regards the Group's Norwegian and German operations. Thus, the financial statements of the Norwegian and German subsidiaries must be trans¬lated to SEK for the preparation of the Group's consolidated financial statements. Net assets are translated into SEK based on the relevant exchange rate on the balance sheet date, and income statement items are translated based on the average exchange rate during the reporting period. Any translation difference with regard to assets in the Group's subsidiaries is recorded as shareholders' equity in the Group's balance sheet. There is hence a risk that a deterioration of NOK and/or EUR in relation to SEK has an adverse effect on the Group's operations, financial position and earnings.

Further, AcadeMedia is, to a limited extent, subject to currency risk in connection with purchasing of, for instance, IT equipment in foreign currency. Major currency fluctuations between SEK and such currency could thus have an adverse effect on the Group's financial position and earnings.

*AcadeMedia is exposed to credit risks*

Credit risk refers to the risk that a counterparty in a financial transaction, in part or in whole, cannot fulfil its obligations under the transaction. Counterparties of AcadeMedia are in this respect mostly municipalities and authorities with good credit worthiness. However, there is a risk that such counterparties' credit worthiness will deteriorate and that they no longer will be able fulfil their financial obligations towards the Group. If the measures taken by the Group to minimize the credit risk are not sufficient, or if one or more counterparties run into financial difficulties, this could have an adverse effect on AcadeMedia's operations, financial position and earnings.

**Risks related to legal considerations and tax**

*AcadeMedia is and may be subject to various disputes and legal proceedings with third parties or regulatory and administrative authorities*

AcadeMedia may be adversely affected by ongoing and/or future legal disputes and proceedings. In some proceedings, the counterparty may seek damages and other remedies, which, if imposed or charged, would require expenditures by the Group with an adverse effect on the Company's financial position and earnings as a result. The Group may incur expenses relating to these proceedings that could exceed the insurance coverage. As the Group's operations are associated with a large number of individuals, both in terms of personnel and education participants, there is an inherent risk for liability due to actions of individuals in their capacity as employer or principal.

There is a risk that such disputes may have a material adverse effect on the Company's financial position and earnings. In the event AcadeMedia gets involved in any disputes, damages or any other injunctions issued by relevant authorities, this could also adversely affect AcadeMedia's reputation, even if the financial effects may not be substantial. There is also a risk that disputes of different kinds prevent the Company's personnel from fulfilling their customary duties, which, as a result, could have an adverse effect on the Group's operations.

*AcadeMedia's operations are subject to various working environment and work safety rules that may entail fines or other sanctions, as well as increased administrative expenses*

AcadeMedia's operations are subject to working environment rules and work safety regulations. There is a risk that personnel, students and education participants may get injured or that other working environment injuries arise. If AcadeMedia does not comply with relevant working environment rules and work safety regulations, this could entail fines and other sanctions for the Group and damage the reputation of the Group. There is also a risk that the Group becomes subject to increasing operative expenses as a result of changes in the operations implemented to comply with these regulations. The factors mentioned above could, together or respectively, have a material adverse effect on the Group's operations, financial position and earnings.

*AcadeMedia is dependent on entering and maintaining appropriate insurance agreements*

AcadeMedia has insurance coverage for, among other things, damages on properties, disruptions, damages, legal fees, injuries, crime against property, business trips, and CEO and board liability. The Group could, nevertheless, experience claims in excess to or not covered by the Group's current insurance coverage. Furthermore, damages caused to the Group could, even if covered by the Group's insurance coverage, result in an increase to the Group's insurance premiums. There is a risk that the Group will not be able to obtain or maintain liability insurance in the future on acceptable terms, or at all. If the Group is not being adequately insured or if the Group's insurance premiums materially increase, this could have an adverse effect on AcadeMedia's operations, financial position and earnings.

*AcadeMedia may be liable to pay fines or damages for improper handling of personal data*

AcadeMedia processes and stores a variety of data both in electronic and physical form, including a large amount of personal data of which some, such as protected personal data and information regarding students' health, is exceptionally sensitive. The handling of personal data is regulated by the Swedish Personal Data Act for which the Swedish Data Protection Authority is the regulatory body with the mission of supervising the provisions of the act. As part of its supervisory assignment, the Swedish Data Protection Authority may from time to time review AcadeMedia's data protection practices and require that AcadeMedia, for example, changes its practices, which could result in increased costs and administration for the Company. In the event AcadeMedia is not considered to abide by present requirements, or requirements which may be implemented, relating to personal data regulation, AcadeMedia may be liable to pay damages or fines, which could have a negative impact on AcadeMedia's operations, financial position and earnings.

*AcadeMedia's tax position could change negatively should the Company's past or current tax approach turn out to be inaccurate*

The Group operates through a number of subsidiaries in Sweden, Norway and Germany. The tax strategies utilized by the Group are based on interpretations of the current tax laws, tax treaties and other tax regulations of the various countries and the requirements of the relevant tax authorities. AcadeMedia and its subsidiaries are subject to tax reviews from time to time. There is a risk that tax audits and reviews may result in a Group company being imposed additional tax or denied deductions, due to previous acquisitions and divestments of companies, financings, intra Group reorganizations or acquisitions of subsidiaries with tax losses. The Group's tax commissionaire structure, involving mainly non-VATable operations and a large VAT group also typically entails relatively difficult assessments regarding the deductibility of input VAT. In the event that the Company's interpretation of tax laws, treaties and other tax regulations or their applicability is incorrect, if one or more governmental authorities successfully make negative tax adjustments with regard to an entity of the Group, or if the applicable laws, tax treaties regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Group's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest costs which could have a material adverse effect on the Group's operations, financial position and earnings.

### *Changes in tax law could increase the Group's tax burden or otherwise have a material adverse effect on the Company*

In June 2014, the Swedish Committee on Corporate Taxation delivered proposals to the Swedish government on the introduction of a new system for corporate taxation in Sweden. The committee's main proposal consisted of two parts. The first proposed that deductions for a corporate group's net financial costs, such as interest expenses and other financial costs should be discontinued, the second, that a standard deduction should be introduced at a rate of 25 percent of the Company's entire taxable profit. The committee also delivered an alternative proposal under which the corporate tax rate should be reduced and deductions for a corporate group's net financial costs limited to 20 percent of EBIT. The proposals have been subject to criticism and are now being considered by the Swedish government. In the budget bill for 2016 it was announced that the Swedish government intends to present an amended proposal based on the committee's alternative proposal, which then should be referred. Such proposal can enter into force at the earliest on January 1, 2017. In Norway, a government committee has suggested certain further restrictions in the deductibility of interest, including interest on external loans. The restrictions were not implemented in the state budget for 2016 but it was stated that the government were to analyze this further. It is uncertain when potential amendments will enter into force, and whether restrictions of interest deductibility will be introduced at all. The interest costs in the Group are significant and if the Swedish or the Norwegian committees' proposals, or any other restrictions of the deductibility of interest are introduced in Sweden or Norway, the Group's tax burden could increase and this could have a material adverse effect on the Group's operations, financial position and earnings.

In the field of VAT, the abolishment of group registration for VAT purposes and a review of compensation to municipalities and county councils for so-called hidden VAT recently have been discussed. In the Spring Fiscal Policy Bill 2015 it was however announced that the Swedish government does not abolish the possibility of group registration. In municipal activities, purchase of non-VATable services is common. When an external service provider performs a non-VATable service, part of the price will correspond to the supplier's cost for non-deductible VAT, so-called hidden VAT. Therefore, a special reimbursement to compensate municipalities for the increased costs as a result of hidden VAT is paid when procuring business from, for example, education operators. In March 2014, a special committee was instructed to review the compensation to municipalities. The committee published its proposal in January 2016. The proposal suggests lowering the flat rate from 6 percent to 5 percent. The reduction is proposed in light of the committee's calculations which indicate that the proportion of input tax is generally lower than the current flat rate. If implemented, the proposal will likely affect AcadeMedia negatively as the provisions of the school statutes will be amended so that VAT compensation for independent schools will be reduced from 6 to 5 percent.

In addition, decisions on the gradual abolition of the reduced social security contributions for young people under 26 years have taken by the Swedish parliament. The full increase entered into force on June 1, 2016, resulting in a cost increase for all operators in the business, including AcadeMedia. There is a risk that a corresponding increase of the school capitation grant will not be made immediately or only to some extent.

Since the laws, treaties and other regulations on taxation, as well as other fiscal charges, have historically been subject to frequent changes, further changes are expected in the future in the jurisdictions where the Company operates, possibly with a retroactive effect. Any such changes could have a significant impact on the Company's tax burden, as well as a material adverse effect on the Company's operations, financial position and earnings.

### *Challenge of the Company's historical interest deductions could increase the Company's tax burden*

As of January 1, 2013, amended Swedish interest deduction limitation rules entered into force. Under these rules, interest deductions on loans from affiliated companies are non-deductible, except in certain cases. Companies should be considered affiliated if, for instance, one of the companies has a significant influence over the other company. As the rules are relatively new and there is still a lack of clarifying cases from the tax courts, it is uncertain in which cases significant influence may be deemed to be at hand. AcadeMedia has a loan from Providence Equity Partners VI International L.P., an indirect minority shareholder in AcadeMedia through Marvin Holding. Providence Equity Partners is an external financier who lacks influence over AcadeMedia's operations, which is why the loan, according to AcadeMedia, is considered external. The interest expenses on the loan amount to SEK 112.4 million for the period from January 1, 2013 until March 31, 2016. In case AcadeMedia nonetheless should be denied the interest deductions, the increased tax cost amounts to a maximum of SEK 24.7 million and tax surcharges on this amount should at a maximum amount to SEK 7.3 million. This would increase the Group's tax cost, which could have a negative effect on the Group's operations, financial position and earnings.

### *Tax losses could be restricted or cancelled, either as a result of future changes in Swedish tax law or, under the current rules, as a result of a change of control*

As part of the Swedish Committee on Corporate Taxation's proposal as of June 2014, the committee also proposed that any tax losses carried forward in a company as of December 31, 2015 should be reduced by 50 percent as a one-off occurrence. The proposed reduction was heavily criticized during the submissions process. The Swedish government has announced that the proposal should be further reviewed. As of the date of this Prospectus, it is unknown whether any reduction of existing tax losses carried forward will be proposed by the Swedish government and when such a reduction would be introduced.

AcadeMedia had tax loss carry forwards amounting to SEK 164 million in the Group's Swedish operations as of June 30, 2015, which are fully activated in the Group's balance sheet. Tax losses may be restricted or cancelled either as a result of future changes in Swedish tax law or, under the current rules, as a result of a change of control through which one, or several shareholders together acquire shares during a specific time frame and according to a special calculation, which represent more than 50 percent of the votes. Such a change of control would cancel historical tax loss carry forwards, to the extent they exceed 200 percent of the acquisition cost for the decisive influence (under a special calculation where contributions and other transfers of value may reduce the purchase price in a certain manner). The cancellation or restriction on the use of the Group's tax loss carry forwards may have a significant impact on the Group's tax burden, including a potential imposition of tax surcharges, and could have a material adverse effect on the Company's operations, financial position and earnings.

## RISKS RELATING TO THE OFFERING

### An active, liquid and orderly trading market for AcadeMedia's shares may not develop

Prior to the Offering, there is no public market for the Company's shares. There is a risk that an active and liquid market will not develop or, if developed, that it will be sustained after completion of the Offering. The price in the Offering will be determined by the board of directors of AcadeMedia and the Principal Owner in consultation with the Managers and will be based on demand and the overall market conditions. There is a risk that this price will not reflect the price at which investors in the market will be willing to buy and sell the shares following the execution of the Offering and that investors may, thus, not be able to resell shares at or above the price in the Offering.

### AcadeMedia's share price may be very volatile

The share price for listed companies can be very volatile and the share price could decline significantly below the price in the Offering. The price in the Offering and the share price that investors eventually sell the shares at are affected by a variety of factors, some of which are specific to the Group and its operations and some may be attributable to the education sector as a whole or to listed companies generally. Such factors may include the Group's financial performance, changes in laws and regulations that apply to the education sector, the overall economy and the financial markets in general. It is possible that similar future fluctuations may have a negative impact on the market price for AcadeMedia's shares, leading to losses for the shareholders, irrespective of the Group's financial position or earnings.

### Sales of larger blocks of shares in the Company could adversely affect the share price

The market price of AcadeMedia's shares could decline if there are substantial sales of the Company's shares, particularly sales by the Company's directors, executive management, and major shareholders. The Principal Owner, certain board members and persons employed in the Group, including the senior executives of the Company amongst others, have each agreed, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Managers (so called lock-up). After the expiry of the relevant lock-up period, the shareholders subject to lock-up will be free to sell their respective shares in the Company. Any sales of substantial amounts of the Company's shares by the Principal Owner or the Company's other current shareholders after the expiry of the lock-up period, or the expectation that such sales might occur, could cause the market price of AcadeMedia's shares to decline.

### The Principal Owner will continue to exercise a substantial influence over the Company's operations following the Offering, which may differ from the interests of other shareholders

If the Offering is fully subscribed and the over-allotment option is exercised in full, the Principal Owner will own approximately 64.5 percent of the shares in the Company following the Offering. Thus, the Principal Owner is likely to continue to have a significant influence over the outcome of matters submitted to the Company's shareholders for approval, including the election of board members and any merger, consolidation or sale of all, almost all, or a substantial part of the Company's assets. In addition, the Principal Owner may have significant influence over the Company's executive management and the Company's operations.

The interests of the Principal Owner may differ significantly from or compete with the interests of the other shareholders, and the Principal Owner could exercise influence over the Company in a manner that is not in the best interest of the other shareholders. The Principal Owner may in such situations, based on its shareholding in the Company, make decisions which primarily to satisfy its own interests. Such conflicts could have a material adverse impact on AcadeMedia's operations, financial position and earnings.

### Future potential dividends from AcadeMedia are dependent on numerous factors and may vary

The amount of any future potential dividends from AcadeMedia is depending upon a number of factors, such as the need for reinvestments to maintain high quality and to finance future growth, future earnings, financial position, cash flows, net working capital requirements, capital expenditures, political decisions and other factors. There is a risk that the Company will not have sufficient distributable funds to carry out dividends at all or to the extent that shareholders expect. There is also a risk that the Company and/or its major shareholders, for various reasons, prevent or limit future dividends. In the event that no dividend is paid, an investor's potential return will solely depend on the future share price development.

### Differences in currency exchange rates may affect the value of shareholdings or dividends paid

The shares of AcadeMedia will be quoted in SEK only, and future dividends will be paid in SEK. Should SEK depreciate against foreign currencies, it could entail adverse consequences for the valuation of foreign investors' holdings in AcadeMedia and possible dividends received in the future. Further, such investors could incur transaction costs while changing SEK to another currency.

### AcadeMedia may incur increased costs as a result of the Offering and the listing

In connection with the Company being listed on Nasdaq Stockholm, AcadeMedia will be subject to certain laws, regulations and requirements, which are more comprehensive than the regulations applied to unlisted companies. As a result, the Company will incur costs for, among other things, legal services, accounting and reporting, which the Company did not have as an unlisted company. AcadeMedia may also be required to increase its personnel resources to handle the increased regulatory burden. There is a risk that such increased costs have a negative impact on the Company's financial position and earnings.

### Shareholders in certain jurisdictions may be prevented from participating in future new share issues

If AcadeMedia issues new shares against cash payment, shareholders have, as a general rule, preferential rights to subscribe for new shares in proportion to the number of shares held at the time of the issue. Shareholders in other countries may however be subject to limitations, preventing them from participating in such new issues and/or restricting and hindering their participation in other ways. Shareholders in the United States may, for example, be prevented from exercising such rights to subscribe for new shares or warrants which are not registered under the Securities Act and no exemptions from the registration requirements are applicable. Shareholders in other jurisdictions outside Sweden may be similarly affected if the subscription rights or the new shares are not registered with the relevant authorities in such jurisdictions. The Company has no obligation to investigate the registration requirements under the Securities Act or similar legislation in other jurisdictions and the Company has no obligation to apply for registration of the Company's shares or the sale of the Company's shares in accordance with such legislation outside Sweden, and doing so in the future can be impractical and costly. The possible restrictions for shareholders in countries outside Sweden to participate in new issues may entail that their ownership share is diluted and decreases in value.

### The commitments from the Cornerstone Investors are not secured and may therefore not be fulfilled

Mellby Gård AB, the Second Swedish National Pension Fund, Lannebo Fonder, ODIN Fonder and Swedbank Robur (the "Cornerstone Investors") have agreed to acquire in total 14,400,590 shares in the Offering. Following completion of the Offering, Mellby Gård will thus hold approximately 9.99 percent and remaining Cornerstone Investors will each hold approximately 1.33 percent of the shares and votes in the Company. The Cornerstone Investors' commitments are however not secured by a bank guarantee, blocked funds, pledges or similar arrangements, which is why there is a risk that the Cornerstone Investors commitments will not be fulfilled. The Cornerstone Investors' commitments are further associated with certain conditions, including the Offering being completed within a certain time frame. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors do not fulfil their obligations, which could have a material adverse effect on the implementation of the Offering.

# Invitation to acquire shares in AcadeMedia

AcadeMedia's board of directors and the Principal Owner have resolved to diversify the Group's shareholder base, and have thus applied for a listing of the Company's shares on Nasdaq Stockholm. The purpose is to support AcadeMedia's growth opportunities as well as increase the transparency in the Company.

Nasdaq Stockholm's listing committee has decided to list the Company's shares pursuant to, among other things, that customary dispersion requirements are met no later than on the first day of trading, which is expected to occur on June 15, 2016.

The Offering is made to the general public in Sweden as well as to institutional investors in Sweden and abroad. The Offering comprises both 15,000,000 existing shares in AcadeMedia offered by the Selling Shareholders, and 8,750,000 newly issued shares offered by the Company. In total, the Offering comprises 23,750,000 shares, corresponding to 25.2 percent of the total number of shares and votes in the Company, assuming that the Offering is exercised in full.

In order to cover any over-allotment in connection with the Offering, the Selling Shareholders have undertaken to sell an additional maximum of 3,562,500 shares in the Company, upon request from the Managers. Such shares correspond to 15 percent of the number of shares in the Offering or 3.8 percent of the total number of shares in the Company, assuming that the Offering is exercised in full. For more information, refer to the section "Legal considerations and supplementary information – Placing agreement".

The Offering price of SEK 40 per share has been established by the Principal Owner and the board of directors of AcadeMedia, in consultation with the Managers, based on the discussions preceding the undertakings made by the Cornerstone Investors (see below), contacts with certain other institutional investors, current market conditions and a comparison with the market price of other comparable listed companies.

Investors are hereby invited to, in accordance with the terms specified in this Prospectus, acquire 23,750,000 shares in AcadeMedia. Assuming that the Offering is exercised in full and that the over-allotment option is exercised in full, the Offering will comprise a total of 27,312,500 shares, corresponding to 29 percent of the total number of shares in the Company.

Mellby Gård, the Second Swedish National Pension Fund, Lannebo Fonder, ODIN Fonder and Swedbank Robur (the "Cornerstone Investors") have undertaken to acquire in total 14,400,590 shares in the Offering. Mellby Gård will thus hold approximately 9.99 percent and remaining Cornerstone Investors will each hold approximately 1.33 percent of the shares and votes in the Company following completion of the Offering. The Principal Owner has also given Mellby Gård an option to acquire from the Principal Owner an additional 10.02 percent of the outstanding shares in the Company, immediately after completion of the Offering. The option may be utilized from the completion of the Offering up and until four days after publication of the interim report for the period October 1, 2016 – December 31, 2016.

The total value of the Offering amounts to SEK 1,092,500 thousand assuming that the Offering is fully exercised and that the over-allotment option is exercised in full. The Company's total cost relating to the Offering is expected to amount to approximately SEK 35 million, of which SEK 9 million is reflected in the result for the nine-month period ended on March 31, 2016.

| Guernsey, Channel Islands, June 1, 2016 | Stockholm, June 1, 2016 |
|---|---|
| **Marvin Holding Limited**[1)] | **AcadeMedia AB (publ)** |

1) Marvin Holding Limited's address is Level 4 north, St Julians Court, St Julians Avenue, St Peter Port, Guernsey GYI 1WA.

# Background and reasons

AcadeMedia is the leading and the single largest independent education provider in Northern Europe. In 2014/15, approximately 62,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. An additional 80,000 individuals participated in AcadeMedia's adult education courses. In 2014/15, AcadeMedia had in total approximately 400 preschools, compulsory schools and upper secondary schools in Sweden and Norway and approximately 150 adult education units in Sweden. In February 2016, AcadeMedia also took a first step in the Company's expansion outside Scandinavia through the acquisition of Joki, which operates seven preschools with approximately 450 children in the Munich area in Germany. AcadeMedia has operations throughout the education chain, from preschool, compulsory school and upper secondary school to adult education.

Many of the education providers included in the Group have been active for decades. Hermods, whose brand today is present within both upper secondary school and adult education, was established in 1898. The AcadeMedia Group was established in 1996. Five years later, the Company's shares were listed on the Stockholm Stock Exchange main market. AcadeMedia's shares were listed until 2010, when the Principal Owner acquired the majority of the shares. In conjuncture with this, AcadeMedia was delisted.

Since the acquisition, the Principal Owner has worked actively with growing and diversifying AcadeMedia's operations. Since the acquisition, AcadeMedia's net sales have grown from SEK 2,679 million in 2010/11 to SEK 8,163 million during the financial year 2014/15. During the twelve-month period which ended on March 31, 2016, the Group's net sales amounted to SEK 8,432 million. The Group's growth has been a combination of establishment of new units within all segments, recruitment of students and participants to existing units and programs, as well as through larger and minor acquisitions. The Principal Owner and AcadeMedia have also actively worked to increase the quality of education and expand the Group's offering of educations and courses.

The Principal Owner and AcadeMedia's board of directors are of the opinion that the Group has reached such a critical mass that now is an appropriate time to diversify AcadeMedia's ownership base and apply for a listing of the Company's shares on Nasdaq Stockholm. AcadeMedia believes that the Offering and listing on Nasdaq Stockholm will strengthen the public profile of its operations through the increased transparency resulting from a listing, which in turn is expected to contribute to the further development and expansion of AcadeMedia's operations. AcadeMedia believes that the listing and the increased transparency resulting from it will benefit all stakeholders of the Group, including students and education participants, employees and shareholders. The Offering and listing of the Company's shares also give AcadeMedia access to the Swedish and international capital markets.

AcadeMedia expects to attain proceeds of SEK 350 million before issue expenses from the new share issue forming part of the Offering. The Company intends to use the issue proceeds for loan repayment. For more information, refer to the section "Capital structure and indebtedness – "Credit agreements". Nasdaq Stockholm's requirement regarding consistent and clear reporting is in line with the demand for increased transparency in welfare companies often heard in the public welfare debate.

The Principal Owner will remain as the majority shareholder and will continue to contribute to the Group's future growth and development following the completion of the Offering. The Selling Shareholders will receive the proceeds from the shares they sell in the Offering after deducting transaction-related costs.

*In other respects, reference is made to the full particulars of this Prospectus, which has been prepared by the board of directors of AcadeMedia in connection with the application for listing of the Company's shares on Nasdaq Stockholm and the Offering made in connection with the listing.*

*The board of directors of AcadeMedia is responsible for the contents of this Prospectus. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in this Prospectus, as far as the board of directors is aware, corresponds to the facts and that nothing has been omitted that would affect its import.*

Stockholm, June 1, 2016

**AcadeMedia AB (publ)**
*The board of directors*

*The board of directors of AcadeMedia AB (publ) alone is responsible for the content of this Prospectus. However, the Principal Owner confirms its commitment to the terms and conditions of the Offering.*

Guernsey, Channel Islands, June 1, 2016

**Marvin Holding Limited**

# Message from the CEO

## ACADEMEDIA – A LEADING EDUCATION COMPANY CONTRIBUTING TO THE CREATION OF A BETTER SOCIETY

AcadeMedia is the leading and single largest education provider in northern Europe with operations throughout the entire education chain. We work with the most important thing: education and development. The education sector is an industry of the future in a world where globalization and technological development constantly make new demands, demands that must be met in order for a country to maintain, and improve, its competitiveness. To meet these challenges, investments throughout the entire education chain are required.

**AcadeMedia leads the industry**

In accordance with its vision, AcadeMedia shall be an international role model in terms of quality, performance and innovation. Today, we lead the development of the education industry in Sweden, not least thanks to our unique and transparent quality and management model, the AcadeMedia model, and some 30 strong brands that each have their strengths and target groups. In the ongoing consolidation of the education sector, AcadeMedia continually plays a central role.

**International expansion with Norway and Germany as a first step**

The internationalization of the Group commenced in 2014, following AcadeMedia's acquisition of a Norwegian preschool business and today, we operate approximately 80 preschools in Norway. The Nordic preschool model, where the preschool is regarded as part of school education and therefore, in addition to child care, includes active learning, serves as a model for many countries in Europe, and we see great potential for the further internationalisation of AcadeMedia.

After having acquired Espira in Norway in 2014 and having identified additional countries for potential expansion of the Company's operations, we can conclude that the Swedish and Norwegian preschools, with their active learning-based model for the younger children, are higly respected outside the Nordic region. AcadeMedia has for some time had its sights on Germany, where there is a political ambition to increase the number of children in preschool. It is therefore especially gratifying that AcadeMedia, in February 2016, was able to acquire the Munich-based preschool company Joki, which operates seven preschools with approximately 450 children.

The target is that Joki, together with the Espira brand, will form a platform for continued growth in Germany.

**Favorable growth opportunities**

AcadeMedia has a long and successful growth history. We grow through acquisitions as well as organically. We acquire businesses with strong education brands and facilitate their future growth, and assist them in taking the next step in their development. This growth will continue, not least since the sector is still fragmented. Organically, we are growing both through the expansion of existing units, as well as through the establishment of new units within all of our business segments. The potential for future growth are great.

**AcadeMedia's quality system creates perseverance and progress potential**

The need for high quality education is increasing at all levels: at preschool and compulsory school, upper secondary school and within adult education. We realize that more and more students or education participants choose one of our schools and educations. Our annual quality measurements made within the AcadeMedia model shows that we are on the right path. The fact that nine out of ten parents recommend their child's preschool to others is a good rating. Another positive trend is that the satisfaction and commitment of our personnel continue to increase.

Our long-term planning ability is good, not least since we operate in a predictable sector where we, many years in advance, know the development of the student base. A prerequisite for this growth is that we continue to maintain high quality at all levels.

**Constant development and improvements**

AcadeMedia intends to hold a leading position in terms of quality, attractiveness, efficiency and innovation. Our developing focus concerns both our organization as well as the operations we conduct. Our mission, to give everyone who has chosen us the best possible opportunities to achieve their goals, entails that we constantly have to develop and improve the education in every single classroom. A prerequisite for our success is the improvement and development of our organization. An efficient organization availing our scalable business model creates room in order for the people working directly with our children, students and educations participants, to do an even better job.

**A good education increases competitiveness**

In the last 15 years, Sweden's demographics have changed. Increased immigration has entailed that one sixth of the population was born abroad. Immigrants are an asset and a prerequisite for us to be able to maintain our welfare.

The foundation for a successful integration is language. Children in preschool, students in compulsory schools and upper secondary schools who have come to Sweden as, for example, refugees receive, through our operations, Swedish as a new language and we help them to find their role in the Swedish society. The same applies in AcadeMedia's adult educations, where we help people to develop their full potential through the life-long learning. Our value chain extends all the way from Sfi, municipal adult education, labor market services to higher vocational education.

We are convinced that society can receive significantly more education for each SEK invested. At the same time we get higher quality and better results from what we do.

AcadeMedia is one of the key actors in the entire education chain, not least because of our width and our ability to grow within the right part of the education sector at every given opportunity. This journey continues now.

**Marcus Strömberg**
*CEO & President of AcadeMedia*

# Market overview

***This section contains certain market and industry information taken from third parties including, among other things, statistics and information from industry publications and other publicly available information. Although the information has been reproduced correctly and AcadeMedia believes the sources to be reliable, AcadeMedia has not independently verified the information and consequently its accuracy and completeness cannot be guaranteed. As far as AcadeMedia is aware and is able to assure itself through comparison with other information published by these sources, however, no details have been omitted in a way that might make the information reproduced erroneous or misleading.***

## INTRODUCTION

In recent years AcadeMedia has established itself as the leading and largest individual independent education provider in Northen Europe. The Group operates throughout the education chain, from preschools, compulsory schools and upper secondary schools to adult education in Sweden, and in preschools in Norway. As of February 2016 AcadeMedia has also had limited preschool operations in Germany. All these operations take place within the framework of publicly financed education. The market for these different types of education represents AcadeMedia's currently addressable market, which is described in this market overview.

The market overview begins with a general and summarising description of trends, drivers and entry barriers that may be seen as being shared by all parts of AcadeMedia's addressable market. The geographical markets within which the Group is active but also the individual types of education (e.g. preschool and adult education) within which AcadeMedia operates often differ with regards market dynamics, competition and forms of financing. In consequence, the subsequent section of the market overview has been divided based on the types of education provided by the Group within each geographic area. The market overview ends with a brief description of the market for preschool education outside of Sweden, Norway and Germany since the Group continually evaluates opportunities in Europe.

## TRENDS AND DRIVERS WITHIN THE EDUCATION MARKET

AcadeMedia believes there to be good opportunities for continued stable and long-term growth for independent providers due to a number of underlying drivers, the most evident of which are described below.

### Positive demographic development driven by population growth and urbanization

The education market in Sweden, Norway and Germany is expected to grow in line with positive demographic trends. In Sweden, the number of children and young people of school age (1 to 18 years) is expected to grow at an average rate of approximately 2.1 percent annually between 2015 and 2020, corresponding to an increase of approximately 220,000 preschool children and students, providing an increased base for providers of preschools, compulsory schools and upper secondary schools. The demographic trends are also positive within adult education. Among other things, the number of people between the ages of 20 and 64 is forecast to increase by an average growth rate of 0.8 percent annually between 2015 and 2020 as a result of domestic population growth and continued strong immigration to Sweden. In Norway, the base of preschool children is expected to increase as a result of positive demography, with the number of children between the ages of one and five years forecast to grow at an average annual rate of 1.0 percent between 2015 and 2020, corresponding to around 11,900 children. It is worth noting that in both Sweden and Norway, AcadeMedia primarily operates in densely populated areas where the expected population growth in each age group is expected to be greater than in Sweden and Norway as a whole, as a consequence of greater urbanization. In Germany the demographic trend in the number of children between the ages of one to six years is also expected to remain positive with an average annual growth rate of 0.6 percent between 2015 and in 2020. In view of the expected positive development within all age categories, particularly in urban areas, AcadeMedia considers the conditions for long-term growth and profitability within the market for publicly financed education to be good.

For further information concerning demographic trends of the Group's types of education, refer to the section "Market size and growth" under each business segment below.

### Increasing investments in schools and education

Investments in schools and education have increased steadily in recent years. In Sweden, the national average school funding ("school voucher") per student at preschool, compulsory and upper secondary school level increased by an average annual growth of approximately 3.0 percent between 2007 and 2014. The increase is largely due to increasing labor costs, driven by a general shortage of teachers and by various political initiatives to increase the status of teaching as a profession. Within the area of adult education, the investments and allocations have increased over a lengthy period as a result of an increased political focus on the integration of immigrants and refugees and also on targeted efforts to increase employment and provide opportunities for adults to reskill. For example, investments in labor market education grew from SEK 2.1 billion in 2009 to SEK 3.9 billion in 2014. In Norway, investments in preschool education also increased by an average annual growth of 9.0 percent from 2007 to 2014. In Germany, the legislation on guaranteed preschool places for all children above the age of one has in recent years had a positive effect on investments, primarily in the independent, for-profit, preschool provider segment.

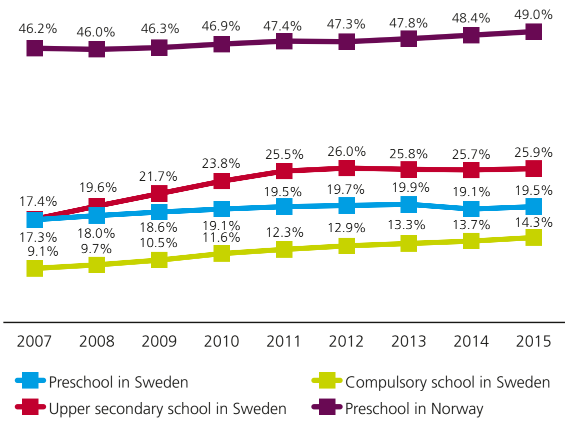
AcadeMedia assesses that investments in schools and education will continue to increase in line with a growing student and participant base, increasing labor costs, political initiatives and immigration in all regions where the Group has operations.

For further information concerning investments in schools and education, refer to the section "Market size and growth" under each business segment below.

### Increased penetration of independent providers

Although the share of independent providers differs within preschools, compulsory schools, upper secondary schools and adult education, there is a consistent trend for independent providers to comprise an increasingly large and important part of the education market. Two of the underlying drivers behind this are the citizens' desire to have a free choice of schools and educational focus, and the competitiveness of the independent providers. Between 2007 and 2015 the proportion of children in independent preschools in Sweden increased from approximately 17 percent to approximately 20 percent, and for Swedish compulsory schools from approximately 9 percent to approximately 14 percent. During the same period the number of students in independent upper secondary schools in Sweden increased from approximately 17 percent to approximately 26 percent. A similar analysis of preschools in Norway shows that the proportion of independent providers increased from 46 percent to 49 percent over the same period. In Germany the market for independent preschool providers is still in its early stages, with around 51,000 children in independent for-profit preschools, but is showing significant growth in regions such as Bavaria and Baden-Württemberg. AcadeMedia believes that this increase in independent providers' market share, which has been ongoing for many years, creates a strong starting point and an opportunity for these to further consolidate their position in the market. This is subject to the independent providers maintaining their ability to meet citizens' needs, and citizens continuing to trust independent providers.

**Independent providers' penetration level in Sweden and Norway within each segment between 2007 and 2015 (based on numbers of children/students)**[1)]




For further information concerning the position of independent providers, refer to the section "Position of independent providers in the market" under each business segment below.

### Significant potential for consolidation in a highly fragmented market

Over the past ten years the market for independent publicly financed education in Sweden and Norway has seen consolidation at an increasing pace, partly driven by AcadeMedia through a number of further acquisitions. Despite this, the market remains highly fragmented and is characterized by just a few larger players offering a broad range of education, with a large number of smaller providers which to a large extent are active in just one segment. AcadeMedia assesses that this market consolidation will continue as a result of stricter quality requirements from all stakeholders in the sector, something that is expected to favor larger and well-established providers with operations that are sustainable long-term, systems for transparent quality follow-up and reporting, and effective organizations that can exploit scalability and scale benefits. AcadeMedia has also identified significant potential to consolidate the preschool market in Germany. The market for independent for-profit providers is currently in its infancy and consists of several small providers. These players constitute attractive add-on acquisitions for AcadeMedia in its efforts to be a leading independent preschool provider in the market.

For further information concerning the competitive situation and market dynamics, refer to the sections "Competitive landscape" below.

## ENTRY BARRIERS FOR NEW INDEPENDENT PROVIDERS WITHIN PUBLICLY FINANCED EDUCATION

There are a number of different entry barriers within the market for publicly financed education. Some of these are regulatory in nature and the requirements must therefore be met, while others are fundamental and the requirements should be met in order to be able to run operations that are sustainable long-term. Examples of these entry barriers are described below.

### Regulatory authorization to conduct operations

To operate as an independent provider in the market for publicly financed education, all the different types of education require a permit or a contract at principal level from the relevant supervisory authority. In the case of AcadeMedia's business segments and geographic markets, the supervisory authorities are individual municipalities in Sweden, Norway and Germany the Swedish Schools Inspectorate, the Swedish Employment Agency and the Swedish National Agency for Higher Vocational Education. The process for assessing permit applications varies between supervisory authorities, but in general terms takes into consideration a number of variables such as demand for education, the provider's capacity to conduct long-term operations and various quality aspects. Licenses or contracts are thus

1) Swedish National Agency for Education and SSB. Statistics Sweden's data collection method with respect to the number of children in preschool changed between 2007 and 2015. As of the beginning of 2014 data is being collected at the individual level rather than the group level. The new data collection method improves the quality of the data collected, but the change resulted in around 100 school principles not reporting the number of children in their preschool. The majority of these school providers are believed to be independent providers. As a result, the data on the number of children in preschool in 2014 and 2015 is not directly comparable with previous years, and the growth rate from 2007 to 2015 is believed to be higher based on the underlying demographical growth in the number of children between one and five years.

clear entry barriers for new independent providers. As a result of increased focus on the supervisory authorities' assessment criteria from all stakeholders in the sector, it may be assumed that the significance of this entry barrier will increase in the future.

For further information concerning permits within various types of education, refer to the sections "Regulation, permits, tendering process and supervision" and "Overview of the education system and Preschool segment in Norway" below.

**Ability to recruit and retain qualified and competent teachers**

Having well-trained, qualified teachers who are able to offer high quality education is crucial for an educational enterprise, since the quality of teachers is one of the key aspects when parents, students and adults choose an education provider. In addition, qualified teachers are necessary in order to be able to run daily operations, since legislation was passed in Sweden in June 2015, stating that only certified teachers may grade students' work and the teachers must be qualified within the subjects and/or the grades that they teach, with certain exceptions. According to the Swedish National Agency for Education's forecasts, a shortfall of up to 70,000 qualified teachers is expected in Sweden in 2019 and there is already today a shortage of qualified teachers. There is a schortage of qualified personnel in certain regions in Norway and Germany as well. The ability to recruit and retain qualified and competent teachers will be an entry barrier that will make it harder for providers – both public and independent – to establish new units and to run competitive operations.

**Ability to recruit and retain good managers and heads**

AcadeMedia must have good, highly skilled managers and heads if employees within preschools, compulsory schools, upper secondary schools and adult education units are to be able to carry out their work in the best way. A preschool head, a school principal or a unit head in adult education has very significant influence over the quality of the unit's operations, and being able to recruit and retain good managers is therefore of great importance. The prevailing economic situation, political climate and education providers' competitiveness are some of the factors affecting AcadeMedia's recruitment potential and ability to retain skilled managers and heads.

**Requirements of transparency and quality in education favor large providers**

Freedom of choice exists throughout the Swedish education sector and in the Preschool segment in Norway and Germany (in the federal state where AcadeMedia is operating) which means that students, parents and adults have the right to choose the education provider that they consider most appropriate. This has resulted in a very large number of providers, both public and independent, as well as a diverse range of educational orientations. As the number of providers and courses has increased, so have the requirements of transparency and quality from supervisory authorities and other stakeholders in society. To satisfy these requirements it is necessary to have consistent quality monitoring, systematic quality reporting and a high degree of transparency – something that often involves significant administrative expense and favors large providers that are able to exploit scalability, scale benefits and quality advantages by having a dedicated organization and structured processes.

**A financial position that is sustainable long-term and the ability to obtain leases**

Long-term operations are of the utmost importance in the education sector, since children, adolescents and adults expect to complete their education – which often extends over a number of years – at a single school. This means that independent providers must be in a good financial position in order to be able to cover the investments and costs required in order to offer students and adults education of the highest quality over a lengthy period. This is also something that is looked at by the supervisory authorities when granting permits and in their ongoing inspections. Other kinds of suppliers, such as landlords, also require financial stability and possibly financial guarantees if they are to enter into contracts with an independent provider. The ability to win leases for premises in growth areas and on attractive terms is an important competitive factor. A financially strong provider is therefore generally better placed to exploit new growth opportunities such as the establishment of new units, and is also in a better position to negotiate with suppliers in general.

## THE EDUCATION SYSTEM IN SWEDEN

The Swedish education system comprises institutions for children, adolescents and adults, from the age of one year and upwards. Education must be accessible and equal for all, regardless of gender, geographic origin or social and financial circumstances. Education is organized by municipalities, county councils and the central government, jointly known as public sector providers, and also by independent providers.

The first stage of education in Sweden is preschool, which every child is entitled to attend between the ages of one and five years. Preschools focus on offering children secure care, creating a social community and preparing the children for their continued education.

Before the children start their compulsory schooling they are offered the opportunity to attend a so called preschool class, which is an independent type of school with its own curriculum that most children start in the year that they turn six. The preschool class is generally more education-focused than other preschool provision and acts as an intermediate stage between preschool and compulsory school.

At their compulsory school, children and adolescents between the ages of 7 and 15 acquire a learning foundation for their continued education and future working life.

After compulsory school, provided that they have achieved certain grades, students have the possibility to attend upper secondary school for three years (four years in the case of special upper secondary schools), but this is not compulsory. If they do not have the necessary grades to be eligible, students may instead be offered what is known as an introductory program – the purpose of which is to improve the students' skills so as to be eligible for upper secondary school. At upper secondary school, students can choose from 18 national programs: 12 vocational programs and six programs leading to university or college.

Students who do not achieve the necessary grades from upper secondary school but who still wish to go to university or college can obtain further qualifications in municipal adult education. Adult education is available for those over the age of 20 and the goal is for these students to receive support and be encouraged to learn. They are given the opportunity to develop their knowledge and skills to put them in a stronger position in the job market and society, and to further their personal development.

After upper secondary school, students can either continue studying at a university or college – institutions which in Sweden have not been deregulated and thus are all public sector run – or continue their education through adult education to enhance their skills and thus improve their chances of getting into the labor market. One of the ways that this can be done is through higher vocational education, labor market initiatives and courses in Swedish for immigrants ("Sfi").

Higher vocational education is a state-financed form of education intended to secure vocational skills in jobs where there is clear demand for additional labor. The education is completed in close cooperation with potential employers and with a large element of work experience.

Labor market initiatives are the responsibility of the Swedish National Employment Agency; to participate in the education and programs offered in the area, an individual must be unemployed or at risk of becoming unemployed and must be registered with the Swedish National Employment Agency as a job-seeker. The courses vary from vocational Swedish language courses to practical vocational training, all with the clear aim of increasing the participation rate among the population.

Courses in Swedish for immigrants provide quality language training aimed at giving adults with a mother tongue other than Swedish a core knowledge of the Swedish language. The courses teach students to develop a functional second language. Anyone over 16 years of age and registered as resident in Sweden is entitled to attend Sfi.

In total, the Swedish education market amounted to approximately SEK 263 billion in 2014[1)], which represents approximately 6.7 percent of Swedish GDP in that year.[2)] AcadeMedia's addressable market, which comprises preschool and compulsory school (including preschool class), upper secondary school and adult education, amounted to SEK 209 billion.[3)]

**Development of the education system**

Until the early 1990s, the majority of the Swedish education system was a centralized, public sector enterprise. There was very limited opportunity to choose a preschool or school, and students were allocated to schools based on the proximity principle – entailing that they were placed in the preschool or school closest to their home. Attempts were made to decentralize the education system and deregulate the state monopoly, among others by Pysslingen in 1984, but were stopped by legislation (Lex Pysslingen) in that year. Since then the public monopoly has been gradually reregulated so as to allow more independent providers, to promote educational diversity and to give parents, students and adults freedom of choice.

In 1992 the school system was decentralized in a comprehensive reform that made it possible for independent providers to start and run schools with the right to state reimbursement through the school voucher model. One of the motivations behind the decentralization of the school system was to shift control down the chain in order to give those who had most insight into the school operations more freedom to make changes locally. In addition, this school system reform abolished the proximity principle and established the freedom to choose a school.

In 1994 the current regulations on independent schools at compulsory school and upper secondary school level were introduced in Sweden. Under the system, stakeholders who wish to run an independent school submit an application to the Swedish Schools Inspectorate to run an independent school in a particular location. The reimbursement, i.e. the school voucher, is paid out by the municipality in which a student is resident and is based on the municipal school's budget per student in the municipality that the student comes from.

In 1998 preschools became a separate type of school and were given a curriculum of their own for the first time. The motivation behind their inclusion in the overall school system and the introduction of the curriculum was to strengthen the preschools' educational mandate and at the same time give preschool education greater impact in schools. Today, the preschool and the compulsory school curriculums are closely linked.

In 2006 the right to establish independent preschools was introduced, as a result of which independent preschools had to be granted a permit subject to satisfying the requirements for operations. Thereafter applications had to be made directly to the municipality concerned instead of to the Swedish Schools Inspectorate. This was considered to promote educational diversity, encourage freedom of choice for parents and create drivers to improve quality.

In 2011 upper secondary schools were reformed by legislation known as the Gy 2011 reform. Among other things, the reform brought about changes to the curriculum, changes in the qualifications required and changes in the grading system. The idea was to make clear the differences between vocational programs and programs leading to university or college, and to improve quality within these two different areas. This division is now clear, as the 18 national programs consist of 12 vocational programs and 6 programs leading to university or college.

The area of adult education is closely linked to labor market policy and tends to be reformed more frequently than other types of education, often as a result of a change in political regime or current debate.

1) Statistics Sweden.
2) Statistics Sweden.
3) Swedish National Agency for Education (preschool, compulsory school and upper secondary school) and Statistics Sweden (adult education).

**Regulation, permits, tendering process and supervision**

The Swedish central government regulates the education system through laws and regulations. The Swedish Education Act sets out the framework that applies to all school operations up to and including upper secondary school, as well as for Sfi and municipal adult education. The Swedish Education Act and individual regulations contain the overall goals and guidelines for schools, the aim of which is to make sure that education and schooling are equal throughout the country. The government also establishes curriculums that, together with the Swedish Education Act and regulations, are there to govern the education system. The government has established three curriculums. Preschools have one curriculum, the preschool class and compulsory schools have one curriculum and there is one curriculum for the non-mandatory types of schooling, which include upper secondary school and municipal adult education. The curriculums cover standards and values, knowledge requirements, the students' responsibilities and influence and assessment when grading. All providers, whether public or independent, must abide by the laws, regulations and curriculums applicable within the respective type of education.

Licenses, the licensing process and the agency licensing independent providers vary depending on the type of education. For preschools a permit is granted by the individual municipality in which an independent provider wishes to operate a preschool. The permit is effective indefinitely, provided that the rules and guidelines of the individual municipality are met and complied with. For compulsory schools, a permit is granted by the Swedish Schools Inspectorate and the application is generally made per grade. If provider applies for a permit to provide education for a number of different grades, this is regarded as a single application. Again, the permit is effective indefinitely. Independent providers wishing to operate upper secondary schools must apply to the Swedish Schools Inspectorate for a permit. The application is made at program level and once granted, the permit is effective indefinitely.

Higher vocational education differs from the types of education mentioned above, since permits are granted for a limited period of time and for individual courses. The purpose of this is to bring about a better match between the training on offer at the higher vocational college and demand in the labor market. Licenses are granted by the Swedish National Agency for Higher Vocational Education.

Municipal adult education and Sfi are the responsibility, of the municipalities and independent providers of these types of education primarily provide this under contracts in accordance with the Public Procurement Act (Sw. *Lagen (2007:91) om offentlig upphandling*) or through the freedom of establishment rights set out in the Act on Freedom of Choice Systems (Sw. *Lagen (2008:962) om valfrihetssystem*). Independent providers are thus not directly issued with a permit, but rather the individual municipality's purchase of the service under the Public Procurement Act or approval to provide education under the Act on Freedom of Choice Systems is seen as an initial examination of the provider's ability to provide high quality education. The same applies to labor market initiatives, where the Swedish National Employment Agency contracts the training through tender processes in accordance with the Public Procurement Act.

Inspection and supervision of schooling has existed since mandatory elementary schooling was introduced in 1842. The present supervisory authority, the Swedish Schools Inspectorate, was formed in 2008 in order to further strengthen and tighten up state control of the Swedish school system. Prior to this, responsibility for supervision lay with the Swedish National Agency for Education (Sw. *Skolverket*) which today is responsible only for standardization and national schools development. The Swedish Schools Inspectorate regularly inspects all schools to make sure that they are complying with the laws and regulations that exist. The authority's inspection is based on the Swedish Education Act, regulations, curriculums, syllabi and other provisions that the providers are obliged to comply with. The aim is to promote the right of all children and students to an education of equal quality in a safe environment, where everybody achieves a pass in all subjects as a minimum.

Supervision and inspection of higher vocational education is carried out by the Swedish National Agency for Higher Vocational Education according to its own guidelines. For labor market initiatives the Swedish National Employment Agency is the supervisory authority.

External inspections, primarily by the Swedish Schools Inspectorate, provide an important basis not just for follow-up, but also for developing and improving operations within AcadeMedia. As a starting point, all units must pass the inspection without adverse comments, providing proof that they are capable of organizing and providing high quality education with legal assurance. AcadeMedia requires all its operations to have well-structured procedures for preventing any kind of improper treatment, to satisfy the right of students to support and education, and to investigate any kind of complaint about the education in general.

Nonetheless, it can happen that students and parents report units when they feel that the schools are not complying with the regulations. Such reports can be made to the Swedish Schools Inspectorate, the Child and School Student Representative (Sw. *Barn och elevombudet*), the Equality Ombudsman (Sw. *Diskrimineringsombudsmannen*) or to the municipality concerned. Under the Swedish Education Act, the organization responsible must have procedures for receiving and investigating complaints at the level of those responsible, and this is to be done as a first step before the Swedish Schools Inspectorate investigates the matter.

For further information concerning regulation, permits and supervision of the Swedish education system, refer to the section "Regulatory overview."

**Reimbursement models**

Independent preschools, compulsory schools and upper secondary schools are financed in full or in part by tax-financed reimbursement; every student is entitled to a preschool voucher for the preschool stage and a school voucher for compulsory schools and upper secondary schools. The reimbursement varies between the types of education, but generally comprises a base amount that is intended to cover certain types of costs such as the costs of teaching, teaching tools, student health, meals, cost of premises, administration (at a standard three percent) and value-added tax (at a standard six percent). Based on the principle of equal terms, the amount must be determined on the same basis as the student's home municipality applies when distributing resources to equivalent municipal providers for the forthcoming budget year and must be decided before the start of the calendar year. The municipalities are free to design their own system for distributing resources provided they satisfy the equal terms principle. This means that there are almost as many resource distribution models as there are municipalities. Should the municipality inject further resources into the municipal operations during the budget year, the same additional amount per student is also to be given to independent providers. Vice versa, the municipality is entitled to reduce school funding for the remainder of the year if the municipality makes the same cutbacks within municipal operations. However, the municipality cannot reduce school funding retrospectively.

In certain municipalities the base amount includes extra resources in the form of socioeconomic supplements for providers operating in deprived areas. Again, the municipality must distribute the extra resources between municipal and independent providers on equal terms. In addition to the base amount, in certain cases and following individual assessment, the municipality must also pay a supplementary amount for a student. The supplement provides payment for student assistants, for adapting premises or other special support measures that are not related to regular teaching, and also reimbursement for compulsory school or special school students who are to be offered mother tongue instruction.

Preschool and school vouchers are paid out to independent providers in advance and payment is made monthly or quarterly, depending on the municipality. For an indication of how preschool and school vouchers have developed, the cost per child/student within public sector operations can be used as a basis, since the equal terms principle means that the municipal cost per child/student forms the basis for calculating the reimbursement to independent providers.

Further reimbursement may also be provided for preschool, compulsory school and upper secondary school operations in the form of government grants for state initiatives such as those in respect of teaching standards and standards in mathematics and reading (lärarlyftet, matematiklyftet and läslyftet). These types of grants are usually distributed by the Swedish National Agency for Education after a provider has applied to participate in an initiative. These government grants are paid in stages, and generally a final report concerning the effect of the grant must be provided before the final part of the grant is paid out.

Within adult education there are a number of different reimbursement models for independent providers. Within Sfi, for example, there are two reimbursement models: reimbursement based on actual hours of attendance or on scheduled hours of attendance. For labor market initiatives, reimbursement is either based on the number of course participant weeks for which an individual is registered or takes the form of gradual performance-based reimbursement. As in the case of compulsory schools and upper secondary schools, reimbursement for higher vocational education is paid monthly based on the number of participants and the cost of offering individual courses. For municipal adult education the reimbursement is based on the number of participants and the number of credits that a course provides, with the reimbursement usually being performance-based.

For further information on the reimbursement models for the different types of education, refer to the section "Reimbursement model" under each segment.

**Competitive landscape**

As the Swedish education market has matured a limited number of larger independent providers have emerged, with AcadeMedia as the largest individual player in terms of net sales. The Group is also one of just a few providers to operate within all the different types of education, and the largest provider within every single education segments in terms of net sales. Despite over a decade of consolidation, the market remains highly fragmented and is characterized by having a large number of small providers that tend to specialize within one business segment. AcadeMedia is finding that within the Pre- and compulsory school and Upper secondary school segments, the Group's main competition is from smaller, often local, independent providers and from public providers. Compared with the other types of education, there are larger independent providers within adult education and these are AcadeMedia's main competitors in this area.

The major independent providers in the Swedish education market, in addition to AcadeMedia include Internationella Engelska Skolan, Lernia, Kunskapsskolan, Thorengruppen, Vindora-group, Atvexa and Jensen Education.

## THE PRESCHOOL MARKET IN SWEDEN

### Overview

Preschool shall stimulate children's development and learning, and offer children secure care. The aim of the preschool is to promote all-round contact and social community, and to prepare the children for continued education. There are both municipal and independent preschools. A municipal preschool is owned by the municipality and the municipality is also responsible for the preschool. An independent preschool is run by an independent provider such as a parents' cooperative, employee cooperative, company or other independent provider such as a non-profit associations or partnerships, and may be either for-profit or non-profit. A preschool must always follow the preschool curriculum and comply with Swedish Education Act, regardless of who it is run by.

The municipalities are obliged to reimburse independent preschools provided that the provider concerned meets the relevant quality requirements. The municipality is responsible for assuring that a sufficient number of preschools are available to enable all children aged between one and five years to be offered a place.

### Reimbursement model

The reimbursement model for independent providers within preschools, known as a preschool voucher, follows the principle of equal terms: the municipality's budgeted costs of running such enterprises form the basis of the municipal reimbursement to independent providers. In the case of preschools, the basic amount is based on the costs of care and educational activities, teaching materials and equipment, meals and the cost of premises. Added to these costs are a standard amount for administrative costs (3 percent of the previously mentioned types of cost) and VAT (6 percent of the previously mentioned types of cost and the standard administrative cost allowance). The preschool voucher level is established once a year and is generally age-differentiated, with higher reimbursement for younger children. The voucher is also generally differentiated depending on whether the child is at preschool full-time or part-time (the dividing line is generally 15 hours per week, but this can vary between municipalities). Instead of reimbursement per year, some municipalities have fixed reimbursement per hour. For an indication of how the level of the preschool voucher has developed, refer to graph 2 on page 38, which shows the average annual cost per child in the public sector.

In addition to the municipal reimbursement, preschools are also financed by parental fees. The parental fees may not exceed the maximum fee (known as maxtaxa), which depends partly on household income, partly on the number of preschool children in the family. There is a lower maximum fee for a second child from the same family than for the first, and so on. Independent preschools are not allowed to charge a higher parental fee than the municipalities, but independent providers are not prevented from charging a lower fee than the municipalities.

**Market size and growth**

In 2015 nearly 495,000 children were registered as attending preschools, equivalent of an average growth of 2.2 percent per year since 2007.[1] This means that around 83 percent of all children between one and five years of age in Sweden were registered with a preschool in the 2015 academic year.

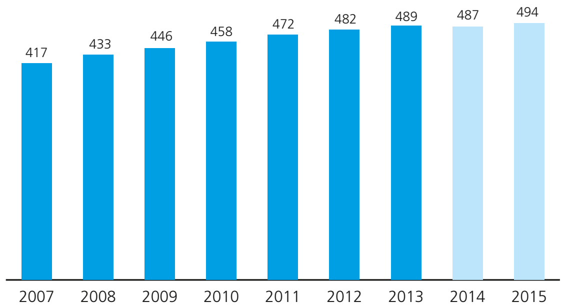
The annual average cost per child in public preschools has increased gradually over the years, from SEK 112,500 in 2007 to SEK 133,900 in 2014. This represents an average growth of 2.5 percent per year.

In 2014 the total costs for preschool were estimated to SEK 65.2 billion.[2] That is an increase of SEK 18.3 billion since 2007, corresponds to an average growth of 4.8 percent per year.

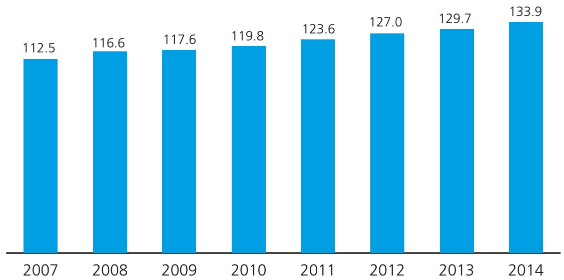
The number of children per preschool group has increased in recent decades. In the 1990 academic year there were 14.4 children per group, compared with 16.8 children per class in the 2015 academic year. Municipal preschools had 16.8 children per group on average in 2015, while the equivalent figure for independent preschools was 16.5.[3]

Forecasts of demographic trends provide a good indication of the future development of the preschool market. Between 2015 and 2020 the number of children aged from one to five years is expected to increase by just less than 51,700, equivalent to an average growth of 1.7 percent per year. This is a consequence of a growing domestic population and greater immigration. In the ten largest municipalities in terms of population, the demographic trend for children aged from one to five is expected to be in line with the national growth figure, and the number of children is expected to grow by an average of 1.7 percent per year between 2015 and 2020. Growth in these municipalities means that the number of children needing a preschool place is increasing substantially, which in turn is expected to result in the need for a number of new preschools to be established to meet demand.

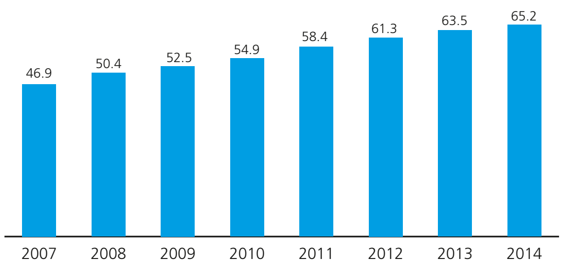
**Number of children enrolled in preschool (thousands)**[1]



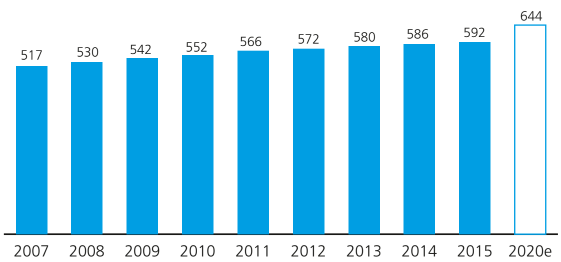

**Annual average cost per child in the public sector (SEK thousands)**[4]




**Development of the total cost for the preschool, (SEK billion)**[5]




**Demographic trend for children in the ages one to five (thousands)**[6]

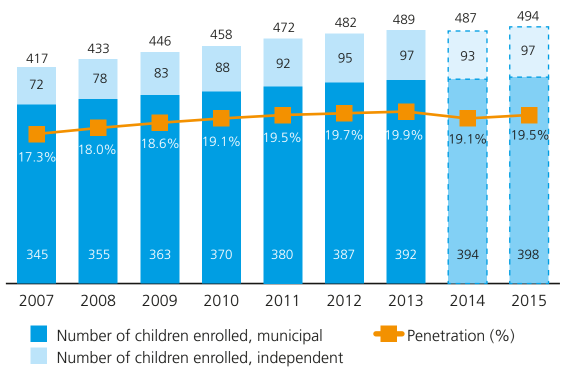



1) Swedish National Agency for Education and SSB. Statistics Sweden's data collection method with respect to the number of children in preschool changed between 2007 and 2015. As of the beginning of 2014 data is being collected at the individual level rather than the group level. The new data collection method improves the quality of the data collected, but the change resulted in around 100 school principles not reporting the number of children in their preschool. The majority of these school providers are believed to be independent providers. As a result, the data on the number of children in preschool in 2014 and 2015 is not directly comparable with previous years, and the growth rate from 2007 to 2015 is believed to be higher based on the underlying demographical growth in the number of children between one and five years.
2) Defined as the total number of children registered at independent and public preschools in 2013 multiplied by the average annual cost per child in preschools in the public sector; the source of the underlying data is the Swedish National Agency for Education.
3) Swedish National Agency for Education.
4) Swedish National Agency for Education.
5) Defined as the total number of children registered at independent and public preschools in 2013 multiplied by the average annual cost per child in preschools in the public sector; the source of the underlying data is the Swedish National Agency for Education.
6) Statistics Sweden.

**Position of independent providers in the market**

The share of preschool-registered children varies between municipalities, but around half of all municipalities have 80–85 percent of children between the ages of one and five years registered at a preschool. In 2015, approximately one in five registered children attended an independent preschool. Following the preschools reform in 1994, independent preschools became increasingly common and the increase continued during the 2000s. Between 2007 and 2015 the number of children enrolled in independent preschools increased by 33.8 percent, equivalent to average growth of 3.7 percent per year, while the increase in municipal preschools over the same period was just 15.5 percent, corresponding to an average growth of 1.8 percent per year. As a result, the market penetration of independent providers – in other words, the number of children enrolled in independent preschools relative to the total number of children registered at national level – increased from 17.3 percent to 19.5 percent over the period.

**Number and percentage of children enrolled in independent preschools (thousands, %)**[1)]




The market penetration of independent preschools varies greatly between municipalities. The greatest penetration level is generally found in the major cities and their suburbs; in 2015, for example, Stockholm, had penetration of 34 percent. In 47 of Sweden's 290 municipalities there were no independent providers at all.

## THE COMPULSORY SCHOOL MARKET IN SWEDEN

**Overview**

At compulsory school, students learn the basic knowledge they need to take their education further and for future gainful employment, such as reading, writing and arithmetic. The compulsory school curriculum is split into three parts: (i) the schools' basic values and mission, (ii) overall aims and guidelines and (iii) the more practical details of course structure and knowledge requirements. In Sweden, compulsory school is mandatory and students are required to attend school from reaching the age of seven years for a period of nine years. In addition to regular compulsory schools there are also compulsory schools for students with learning disabilities, Sami schools and special schools for students with functional disabilities. These schools are largely run by municipal and independent providers, but in the case of Sami school and certain special schools, they may be provided by central government. The basic provisions applicable to compulsory schools are contained in the Swedish Education Act, the regulation on compulsory schools and the compulsory schools' curriculum.

In addition to the types of schools mentioned above, the preschool class – a voluntary type of school for six year old children – often tends to be integrated with compulsory schools. The aim of the preschool class is to stimulate children's development and learning and to prepare the children for their continued schooling, which becomes compulsory the year after completing preschool class.

AcadeMedia sees the preschool class as part of compulsory schools. Unless stated otherwise, therefore, all the data below includes the preschool class within the broad definition of compulsory schools.

**Reimbursement model**

The reimbursement model for independent providers in the compulsory school segment, known as the school voucher, is based entirely on public funding and follows the equal terms principle. The school voucher is based on the municipality's budgeted costs for teaching, teaching tools, student health, meals and the cost of premises. Added to these costs are a standard amount for administrative costs (3 percent of the five previously mentioned types of cost) and VAT (6 percent of the previously mentioned cost types and the standard administrative cost allowance). The school voucher is set by the municipality and decisions on reimbursement are usually made once a year during the period December to January. The school voucher usually varies between grades and is lowest for the younger children and highest for the higher grades, but there is generally a supplementary before-school and after-school care reimbursement for the younger children. The level of school vouchers can also vary significantly between different municipalities. For an indication of how the level of the school voucher has developed, refer to graph 2 on page 40, which shows the average annual cost per student in the public sector.

If the parents choose to use the before-school and after-school care associated with the compulsory school, a separate municipal reimbursement is also paid based on the same model as for preschools and the child's parents pay a before-school and after-school care fee. The size of the before-school and after-school care fee is decided according to the same principles as parental fees for preschools. Government grants for initiatives aimed at developing Swedish compulsory schools are common.

1) Swedish National Agency for Education and SSB. Statistics Sweden's data collection method with respect to the number of children in preschool changed between 2007 and 2015. As of the beginning of 2014 data is being collected at the individual level rather than the group level. The new data collection method improves the quality of the data collected, but the change resulted in around 100 school principles not reporting the number of children in their preschool. The majority of these school providers are believed to be independent providers. As a result, the data on the number of children in preschool in 2014 and 2015 is not directly comparable with previous years, and the growth rate from 2007 to 2015 is believed to be higher based on the underlying demographical growth in the number of children between one and five years.

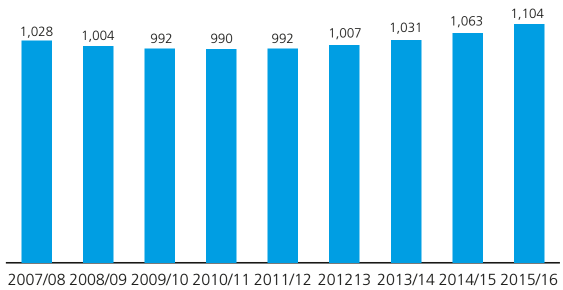
**Market size and growth**

Since schooling is mandatory for all, the number of students largely follows the development of the population of school-age children. Between the 2007/08 and 2010/11 academic years the number of students decreased continuously each year as a result of a negative demographic trend. Since then the trend has turned around and the number of students has increased steadily over the past four years. In the 2015/16 academic year nearly 1,104,000 students attended compulsory schools, of which 116,500 were in preschool. This is an increase of approximately 114,000 students since the low point reached in 2010/11, and corresponds to an average growth of 1.8 percent per year over the period 2010/11 to 2015/16, compared with average growth of approximately 0.9 percent per year over the period 2007/08 to 2015/16.

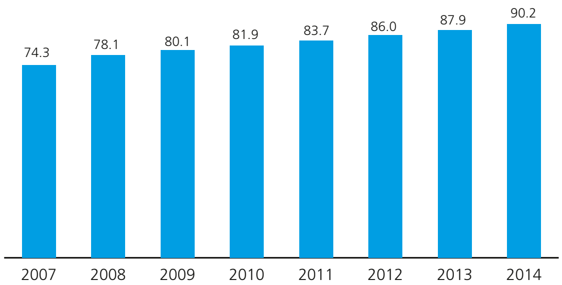
The total cost for compulsory schools in 2014 is estimated to SEK 95.9 billion[1)] and the cost per student was SEK 90,200. Both the total cost and the cost per student increased steadily over the period 2007 to 2014, with average annual increases of 3.3 percent and 2.8 percent respectively over the period.

The forecasted future demographic trend is expected to favor the compulsory schools operations as there is a strong correlation between population growth and student base. Between 2015 and 2020 the number of children aged from 6 to 15 years is expected to increase by around 128,000, corresponding to an average growth of 2.2 percent per year over the period. In the ten most populous municipalities, the demographic trend for children in the 6–15 years age group is expected to be more positive than the national trend. The number of children is expected to increase by approximately 45,000 between 2015 and 2020, corresponding to an average growth of 2.8 percent per year.

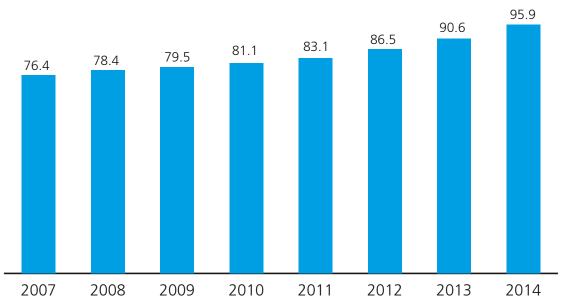
**Number of students enrolled in compulsory school (thousands)[2)]**



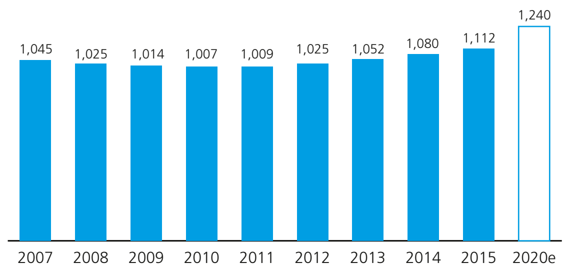

**Annual average cost per student in the public sector (SEK thousands)[3)]**




**Development of the total cost for the compulsory school, (SEK billion)[4)]**




**Demographic trend for students in the ages of 6 to 15 (thousands)[5)]**

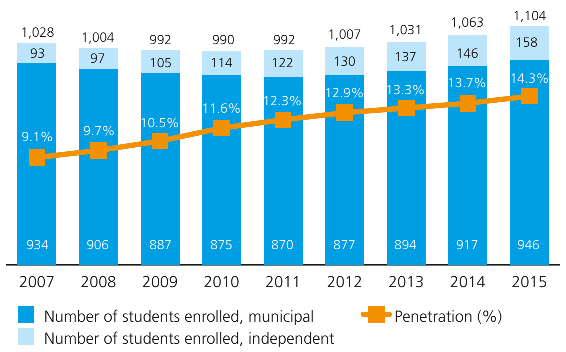



1) Swedish National Agency for Education.
2) Swedish National Agency for Education.
3) Swedish National Agency for Education.
4) Defined as the total number of children registered at independent and public preschools in 2013 multiplied by the average annual cost per child in preschools in the public sector; the source of the underlying data is the Swedish National Agency for Education.
5) Statistics Sweden.

**Position of independent providers in the market**

In the 2015/16 academic year around 157,900 students in total attended an independent compulsory school, equivalent to penetration at national level of 14.3 percent. This figure has increased substantially since 2007/08, when just over 93,400 students attended a compulsory school run by an independent provider, corresponding to an independent penetration at national level of 9.1 percent. In total, the number of students in independent compulsory schools increased by 69.1 percent over the period 2007/08 to 2015/16, corresponding to an average growth of 6.8 percent per year.

**Number and percentage of students enrolled in independent compulsory schools (thousands, %)**[1)]




The market penetration of independent compulsory schools varies greatly between municipalities. The greatest penetration level is found in the major cities and their suburbs; for example, in the 2015/16 academic year Stockholm, Gothenburg and Malmö had penetration of 28.7 percent, 23.8 percent and 16.0 percent respectively. These municipalities have reported a continuous increase in penetration levels since 2007/08. In 104 of Sweden's 290 municipalities there were no independent providers at all.

## THE UPPER SECONDARY SCHOOL MARKET IN SWEDEN

**Overview**

Upper secondary school in Sweden takes the form of a three-year program aimed at providing the basic knowledge required for working life and life in society, and for further education. In contrast to compulsory schooling, attending in upper secondary school is voluntary. In 2011 upper secondary schools were reformed through the Gy 2011 reform. Among other things, the reform brought about changes in the curriculum, the teaching qualifications required and the grading system. The intention was to make clear the distinction between vocational programs and programs preparing for university entrance, and also to improve the quality of these two different tracks. The distinction is now clear, as the 18 national programs are divided into twelve vocational programs and six programs leading to university. The 2013/14 academic year was the first year in which students in all grades completed the reformed upper secondary school curriculum.

**Reimbursement model**

The reimbursement model for independent providers in the Upper secondary school segment, known as the school voucher, is based entirely on public funding and follows the equal terms principle. It is based on budgeted municipal costs. The types of cost included in the municipality's calculation of the amount of the base reimbursement are the same as for compulsory schooling; in other words, the school voucher is based on the costs of teaching, teaching tools, student health, meals and the cost of premises, plus a standard amount for administration (3 percent of the previously mentioned types of cost) and VAT (6 percent of the previously mentioned cost types and the standard administrative cost allowance). The school voucher is set by the municipality and decisions on reimbursement are usually made once a year during the period December to January.

Unlike compulsory schools, costs and reimbursement are calculated at the program level and are also dependent on study orientation. Thus the municipality's costs for an equivalent program, such as the Health and Social Care Program, are used as a basis for the school voucher paid out to independent providers offering the Health and Social Care Program within the municipality. If the municipality does not offer a program for which an independent provider is applying for reimbursement, the school voucher is based on amounts stated in the National Price List. The school voucher amounts in the National Price List are set by Swedish National Agency for Education for each individual program and are a weighted national average of the levels of reimbursement for the individual programs. The municipalities' school voucher amounts are weighted in proportion to the number of students in the municipality concerned, which means that the school voucher in larger cities has greater impact on the national price than the school voucher in smaller towns. For an indication of how the level of the school voucher has developed, refer to graph 2 on page 42, which shows the average annual cost per student in the public sector.

Government grants for initiatives aimed at developing Swedish upper secondary schools are common.

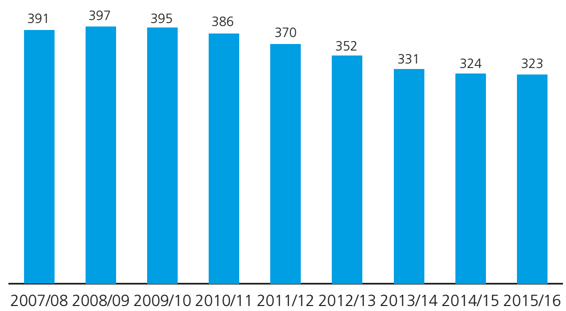
1) Swedish National Agency for Education.

## Market size and growth

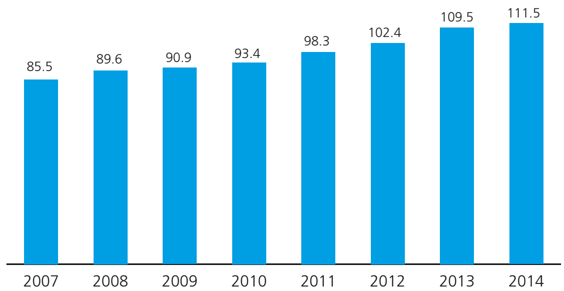
In the 2015/16 academic year around 323,500 students were enrolled in upper secondary schools. Since the 2007/08 academic year the number of upper secondary school students has reduced by around 67,000 students, corresponding to 17.2 percent. There was an appreciable decrease in student numbers at both municipal and independent schools. The decreased student base was due to a low birth rate in various years of the late 1990s, transitioned from record high levels in the early 1990s. Swedish National Agency for Education forecasts that the number of upper secondary school students will be lowest during the 2015/16 academic year before increasing as the demographic trend turns around. Between 2015 and 2020 the number of young people aged from 16 to 18 years is expected to increase by just over 40,200, corresponding to an average growth of 2.5 percent per year. The number of 16-year-olds, who can choose to start their first academic year at upper secondary school, is expected to increase by 17,300 between 2015 and 2020, equivalent to an average growth of 3.2 percent per year. In the ten largest municipalities the growth in the number of 16-year-olds is expected to be higher than the national average, with average growth of 3.6 percent per year between 2015 and 2020.

The total cost for upper secondary schools was just over SEK 33.4 billion in 2007, and since then has grown at an average rate of 1.1 percent per year to SEK 36.1 billion in 2014. A student at a municipal upper secondary school cost SEK 111,500 on average in 2014. In 2007 the equivalent figure was SEK 85,500. This corresponds to an average annual growth of 5.5 percent per year over the period.

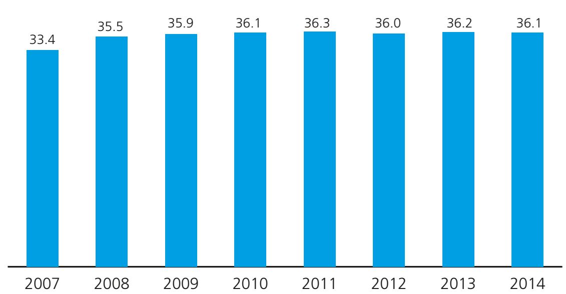
**Number of students enrolled in upper secondary schools (thousands)**[1)]



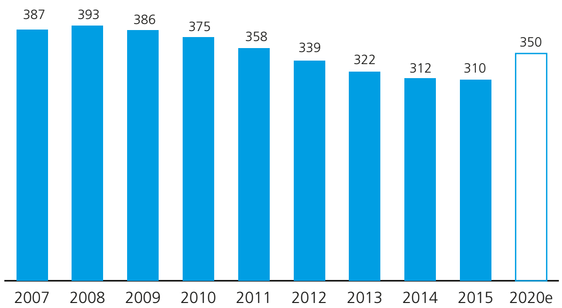

**Annual average cost per student in the public sector (SEK thousands)**[1)]



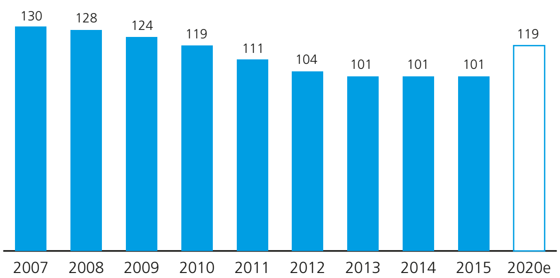

**Development of the total cost for secondary school, (SEK billion)**[2)]




**Demographic trend for teenagers 16 to 18 years of age (thousands)**[3)]




**Demographic trend for youths in the age of 16 (thousands)**[3)]

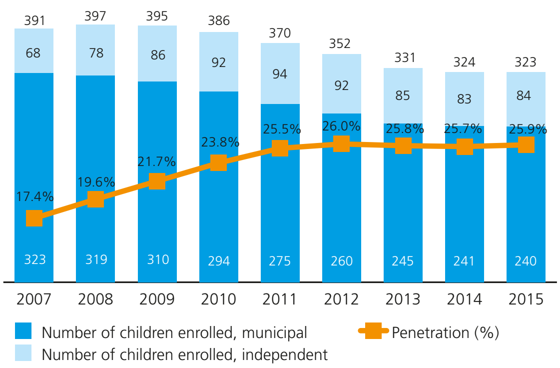



1) Swedish National Agency for Education.
2) Defined as the total number of children registered at independent and public preschools in 2013 multiplied by the average annual cost per child in preschools in the public sector; the source of the underlying data is the Swedish National Agency for Education.
3) Statistics Sweden.

**Position of independent providers in the market**

Upper secondary schools are the type of education that has seen the greatest increase in independent providers over the past eight years. Viewed over the period 2007/08 to 2015/16, the number of students in municipal upper secondary schools decreased by an average of around 3.6 percent per year, while the number of students in independent upper secondary schools increased by an average of around 2.7 percent per year. In absolute terms, the number of students in independent upper secondary schools during the period increased from just over 67,900 to 83,900 over the same period. As a result of this, in the 2015/16 academic year around 74.1 percent of the total number of upper secondary school students attended a municipal upper secondary school and 25.9 percent attended an independent upper secondary school.

**Number and percentage of students enrolled in independent upper secondary schools (thousands, %)[1)]**




Major city municipalities tend to have greater market penetration of independent providers than other municipalities. The municipality with the greatest number of students in independent upper secondary schools during the 2015/16 academic year was Stockholm, with a penetration of 54.1 percent. In Gothenburg and Malmö the penetration was 48.1 percent and 45.9 percent, respectively. The fact that students at upper secondary schools are more inclined to commute to larger municipalities and that independent providers are established to a greater extent in the larger municipalities are important factors for explaining the high penetration in large municipalities such as Stockholm, Gothenburg and Malmö. In 186 of Sweden's 290 municipalities there were no independent providers at all.

## THE ADULT EDUCATION MARKET IN SWEDEN

**Overview**

The adult education market in Sweden includes, among other things, labor market services, courses in Swedish for immigrants, higher vocational education and municipal adult education at the compulsory school and upper secondary school level.

The authority responsible for labor market services is the Swedish National Employment Agency. These programs encompass a wide range of courses and services aimed at supporting and training people who are actively seeking work and who are outside the labor market, in order to improve their chances of gainful employment. The overall aim is to create a well-functioning labor market and thus contribute to reducing unemployment in Sweden. In practice, labor market services are generally courses lasting for up to six months that are clearly linked to an occupation. Practical vocational training is common, as are vocational Swedish courses – language courses that allow an individual to work in an occupation that he or she previously practiced in another country. The Swedish National Employment Agency is also responsible for helping new arrivals to the country become established, which is why certain initiatives are aimed at their initial time in the country.

Courses in Swedish for immigrants (Sfi) aim to provide people over 16 years of age with a basic knowledge of the Swedish language. Sfi is designed to allow participants with a mother tongue other than Swedish to acquire sufficient knowledge of the language to be able to actively participate in Swedish everyday life, social life and working life. The municipalities are responsible for this type of education and have a duty to offer Sfi within three months of an individual registering in the municipality. This type of education is also a mandatory part of the integration of newly arrived immigrants who have been given a Swedish residence permit.

Higher vocational education responds to actual needs in the labor market and is run in close cooperation with trade and industry. The aim of higher vocational education is to allow people to improve their existing skills or develop new vocational skills. Higher vocational education courses provide a way for adults to change their occupation. This type of education falls within the remit of the Swedish National Agency for Higher Vocational Education and the courses, which are free and qualify for student loans, last for one to three years and vary in content and focus over time, to keep pace with developments in the labor market. Higher vocational education is distinctive in that the companies and organizations associated with the courses are actively involved in both the planning and execution of the courses.

Municipal adult education provides study opportunities for people over 20 years of age who do not have compulsory school or upper secondary school qualifications of equivalent. The education aims to support and stimulate adults in their learning. It gives them opportunities to develop their knowledge and their skills in order to strengthen their position in social life and working life and to promote personal development. Municipal adult education can be split into two levels: basic education and upper secondary education. Basic education aims to provide adults with knowledge equivalent to a compulsory school level education and is aimed at groups such as immigrants who do not have a basic education, while upper secondary education aims to provide complete or supplementary education equivalent to the knowledge and skills that students usually acquire at upper secondary school. At both levels the education takes the form of individual courses. These aim to achieve the same knowledge as is acquired at compulsory school and upper secondary school, but the course content may differ somewhat.

1) Swedish National Agency for Education.

### Tendering process and reimbursement models

The market for adult education organized by independent providers is characterized by a mix of public tender processes and permit applications and largely depends on who originally commissioned the education. Furthermore, different reimbursement models exist in each subsection of the market.

Education under the Swedish National Employment Agency is largely contracted out to independent providers. This is done through the tendering process under the Public Procurement Act, but the Act on System of Choice in the Public Sector may also be applied. It is often contracted at national level and includes a number of the labor market areas defined by the Swedish National Employment Agency. The contract structure varies, but is usually two plus one plus one year; in other words, a two-year contract with the option to extend for up to two further years. The reimbursement to independent providers is usually based on the number of course participant weeks; that is, payment per course participant and week at a rate established in the tendering process. In this model, payment is made in arrears. Certain labor market services also have performance-based remuneration paid in stages, with a portion being paid in advance to cover start-up costs of the training and the remainder paid out as and when the individual is given work or a work placement.

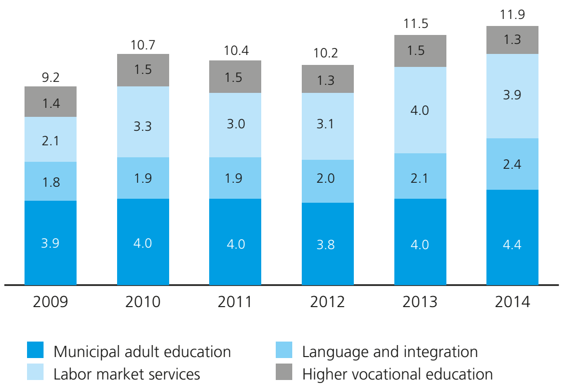
Education that is the responsibility of the municipality is also put out to tender in accordance with the Public Procurement Act. The Act on Freedom of Choice Systems also commonly applies, giving independent providers the right to organize education within a certain geographic area. The contract structure for both municipal adult education and Sfi follows the two plus one year structure. The compensation models vary between Sfi and municipal adult education. There are two reimbursement models for Sfi courses. The most common is for the independent provider to be reimbursed based on the actual hours attended by the participants, but reimbursement can also be based on the number of participants registered and the calculated number of hours per participant; in other words, scheduled attendance. The reimbursement also varies depending on the participant's prior knowledge of the Swedish language. There are three different models for municipal adult education. The most common is a gradual reimbursement model in which the independent provider, for example, is paid based on the principle "25 percent/25 percent/50 percent", with the last installment being performance-based and paid out only if the participant passes the course. To achieve grading integrity, grades are set by teachers who are independent of the relevant student, based on objective knowledge requirements as set at the time. The second model reimburses the provider at the course level, with the independent provider being paid for the number of credits represented by a particular course. This model does not include any performance-based requirements in order for full reimbursement to be made. The third model is wholly performance-based where compensation is paid based on grades achieved.

Education for which the Swedish National Agency for Higher Vocational Education is responsible is not put out to tender, but instead a permit is granted to independent providers meeting the Agency's requirements; in other words, a system similar to that for preschools, compulsory schools and upper secondary schools. Licenses are usually granted for a period of one to two years. In the most recent allocation, only 446 permits out of 1,421 applications were granted – around 31 percent. The reimbursement model for independent providers within this type of education is again similar to that for compulsory schools and upper secondary schools, with monthly payments per participant being paid to independent providers. The reimbursement varies between courses and is based on the cost of running the individual courses.

### Market size and growth

The total size of the market for adult education including Sfi, labor market services, higher vocational education and municipal adult education amounted to SEK 11.9 billion[1)] in 2014 and has grown by SEK 2,7 billion since 2009, equivalent to average growth of 5.4 percent per year. The size and historical growth of each area of education is shown below.

**Investments in the adult education market (SEK billion)[2)]**




1) Statistics Sweden.
2) Statistics Sweden.

### *Labor market services*

There has been a substantial increase in labor market services in recent years, with a number of major government initiatives. In 2014 the market for labor market services amounted to SEK 3.9 billion and has grown with SEK 1.8 billion since 2009. Since then a number of political initiatives have been started in the labor market, at the same time as previously launched programs have been developed.

Today the initiative includes Qualification Portfolio, Basic Modules, Vocational Swedish and since January 2015, Support and Matching ("STOM"). Some assignments in employment agency services are direct initiatives where the goal is for the participants to gain specific skills required to be able to work in a certain occupation or to start their own business. Other assignments are more preparatory in nature, where the purpose is, for example, to prepare for university education or provide an introduction to possible career paths within an industry.

Further assignments may be aimed at helping new arrivals to the country get established in the job market.

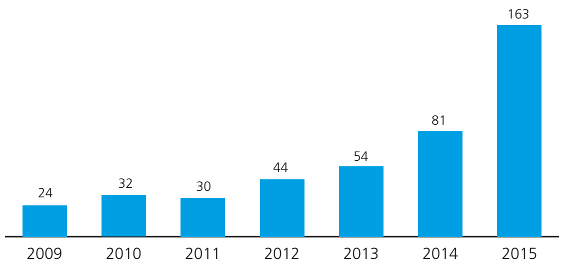
Two initiatives that have greatly affected the past development of the market for job market initiatives are the job and development guarantee (JOB) and the job guarantee for young people (UGA), which have helped the market grow from SEK 2.1 billion in 2009 to SEK 3.9 billion in 2014, corresponding to an average growth of 13.3 percent per year over the period. As of January 1, 2015, JOB and UGA were replaced by STOM, a process under the Act on Freedom of Choice Systems in which participants can choose their own education provider. STOM aims to focus on the actual matching of jobless individuals with companies, and AcadeMedia is the largest provider in this initiative.

Political agreement concerning the importance of functioning labor market services in order to combat unemployment and develop a well-functioning labor market are expected to continue to have a positive effect on the market for labor market services in the future.

### *Courses in Swedish for immigrants*

Since the late 1990s the number of people taking Swedish for Immigrants (Sfi) courses has increased each year as a result of strong immigration to Sweden over the period. In 2009 the number of participants, converted into study places, amounted to just under 56,000. In 2014 just over 80,000 people participated in Sfi[1], corresponding to an average growth of 7.4 percent per year over the period 2009 to 2014. The total cost of Sfi courses increased from SEK 1.8 billion to SEK 2.4 billion over the period 2009 to 2014[2] corresponding to an annual average growth of 5.9 percent. Continued high immigration, particularly by refugees and their relatives, is expected to have a positive impact on the market for Sfi.

**Development of asylum seekers to Sweden (thousands)**[3]




### *Higher vocational education*

The number of people participating in higher vocational education has remained relatively stable over the years 2009 to 2014. In 2009, a total of 28,310 people participated in higher vocational education, a figure that increased to 31,589 in 2014.[4] This equals average growth of 2.2 percent per year over the period. The total cost for this type of education decreased over the period 2009 to 2014 from SEK 1.4 to 1.3 billion.[5] Political initiatives to compensate for the negative effects of changes such as the ongoing generational shift in large employment categories such as industry, technology and healthcare, and also a skills shortage in many occupations, suggests that demand for higher vocational education will remain high.

### *Municipal adult education*

In 2014 the number of participants in municipal adult education, converted into full-time study places, amounted to 136,184.[6] The majority – 81.1 percent – were registered for courses at the secondary level. The number of participants was relatively stable between 2009 and 2014, increasing at an average rate of 3.9 percent per year over the period. The total cost for municipal adult education increased over the period 2009 to 2014 from SEK 3.9 to 4.4 billion, which corresponds to an average annual growth of 2.3 percent. In the future both the number of participants and course participation (that is the total number of courses for which the total number of students were registered during the year) is expected to increase in line with the forecast growth in the adult population (20 to 64 years of age), at an average annual growth rate of 0.8 percent between 2015 and 2020.

1) Statistics Sweden.
2) Statistics Sweden.
3) Statistics Sweden.
4) Statistics Sweden.
5) Statistics Sweden.
6) Statistics Sweden.

**Position of independent providers in the market**

The position of independent providers in the adult education market is difficult to describe comprehensively since figures for calculating penetration vary between the different areas of the market and also are not available for all areas. It is therefore difficult to estimate the overall market penetration.

In the case of Sfi, participation in courses run by providers other than municipal providers amounted to 32 percent in 2014. This measure of the penetration of independent providers remained stable over the period 2009 to 2014, subject to only minor changes from year to year.[1)]

In higher vocational education, 125 out of a total of 227 education providers[2)] in 2015, equivalent to 55 percent, were independent providers. This can be compared with 117 out of a total of 229 providers, or approximately 51 percent, in 2012. In 2015 these providers had a market share of 64 percent in terms of the number of participants, an increase from 59 percent in 2012.

In the case of municipal adult education, participation – i.e. the total number of courses that the total number of participants were registered in during the year – in courses run by providers other than municipal providers amounted to approximately 46 percent in 2014[3)], an increase from 33 percent in 2009.

## THE PRESCHOOL MARKET IN NORWAY

**Overview of the education system and preschool provision in Norway**

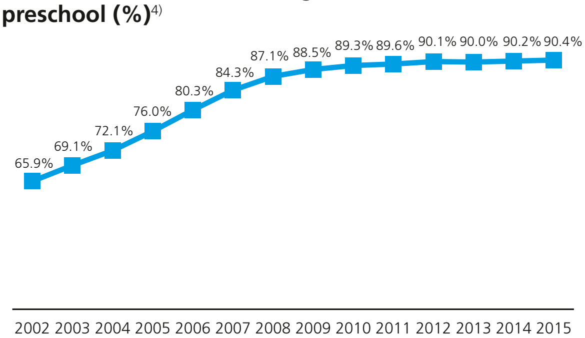
The Norwegian education system can be split into five parts: *barnehage, barneskole, ungdomsskole, videregående skole*, and universities and university colleges.

Children aged from one to five years are able to go to *barnehage*, the equivalent of Swedish preschool. Children and young people aged from 6 to 15 years attend compulsory school. Unlike compulsory schools in Sweden, in Norway this stage is divided into two levels: *barneskole* (6 to 12 years) and *ungdomsskole* (13 to 15 years). All children in Norway have the right to attend compulsory school and are obliged to do so. Compulsory schooling is free of charge and is funded by the municipalities. All adolescents aged from 16 to 19 years have a statutory right to three years' education at a *vidaregående skole*, which is the equivalent of Swedish upper secondary school. This is voluntary and is financed by the county authorities. Secondary level education offers either courses leading to university or vocationally oriented programs, and usually takes the form of either three years in school or two years in school and two years in a workplace. After upper secondary school students, can take their studies further at a university or university college.

However, the conditions for independent providers to operate within these different types of education are somewhat different to those in Sweden. Only preschools can be run for profit at present, and consequently there is very little market penetration by independent providers in the other types of education for children and adolescents from 6 to 19 years of age. Those independent providers that exist within the other types of education are largely foundations and religious communities. However, within the university sector there are a number of independent providers and the institutions are free of charge for students, since both universities and university colleges are financed from public funds.

Just as in Sweden, Norway's preschools should stimulate children's development and learning and offer children safe care. The aim of preschool is to promote all-round contact and social community and to prepare the children for continued education. The preschool market in Norway has developed considerably since 2002, when a government initiative to expand the preschool sector was launched. In this initiative all families were to be given the right to preschool and a guarantee that all children between the ages of one and five years would have a preschool place. To enable the expansion of what was at that time a relatively undeveloped preschool sector and in order to be able to meet its promise of a preschool place for all children between the ages of one and five years, the initiative also included attractive financing for building new preschools and a reimbursement model based on the principle of equal terms. The government initiative has been very successful and has helped increase the number of preschools from approximately 5,800 to 6,100 during the period 2002 to 2015, while at the same time the proportion of children aged from one to five years who attend preschool has increased from 66 percent to 90 percent of the population.

**Number of children in the ages one to five in preschool (%)**[4)]




At present, it is the municipalities that are responsible for preschools and for making sure that sufficient preschool places are available. It is also the municipalities' responsibility to ensure that the preschools comply with all the legislation and regulations, to provide guidance and to ensure that there are sufficient preschools to meet demand.

In Norway, heads of preschools and lead educators must be trained preschool teachers or have other university-level education meeting the established requirements. It is also a legal requirement to have at least one lead educator for every seven to nine children under the age of three, and one for every 14 to 18 children over the age of three.

1) Swedish National Agency for Education.
2) Swedish National Agency for Higher Vocational Education.
3) Swedish National Agency for Education.
4) SSB.

## Reimbursement model

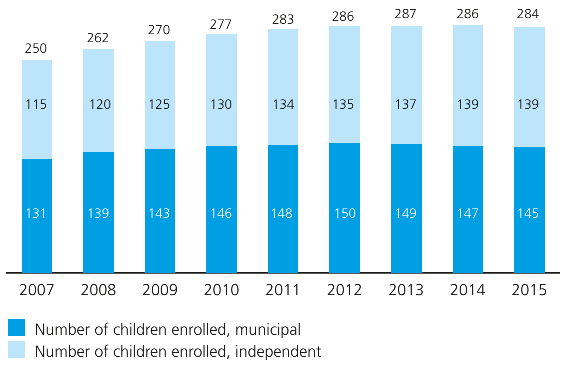
There are many similarities between the Swedish and Norwegian models for reimbursement to preschool providers. Just as in Sweden, the running of Norwegian preschools is primarily financed through public funds, and in some part via parental fees. Reimbursement from the municipality follows the equal terms principle and up until January 1, 2016 corresponded to at least 98 percent of the costs of running preschool operations in the public sector. The cost used as a basis for this calculation is the historical cost for municipal operations in the two prior years, adjusted for inflation. Reimbursement for pension costs consists of a standard amount. As of January 1, 2016 the reimbursement percentage is increased to at least 100 percent of the cost of operating a public preschool, but changes to the cost base on which it is applied contributes to there being no appreciable change in the absolute compensation. In addition to the increase in the reimbursement level, the standard pension has been reduced and the "capital infusion" provided to newer preschools has changed. Reimbursement to independent providers is paid out monthly in advance. Parental fees are also paid monthly. Like the Swedish maxtaxa, there is a maximum fee level in Norway too. In 2015 and 2016 this maximum rate is NOK 2,471 and 2,655 per month respectively, excluding food costs.

In order to be able to expand Norwegian preschool provision in line with the initiative taken in 2002, there are currently very advantageous terms for financing the building of new preschools. The building of preschools is financed up to 100 percent by Husbanken (the Norwegian State Housing Bank) and a VAT discount of 20 percent is given on the construction costs of new preschools, entailing that a major part of Norwegian preschool companies own their properties.

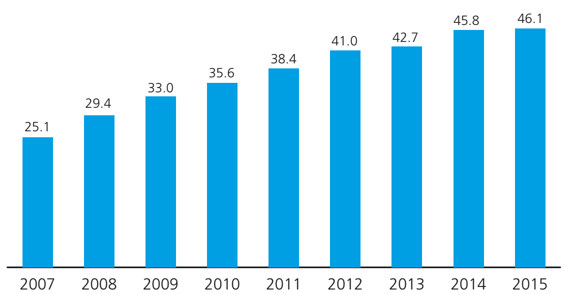
## Market size and growth

Since 2007 the number of children enrolled in preschools in Norway has increased from just under 250,000 to just over 284,000 in 2015, corresponding to average growth of 1.6 percent per year. In the same period, public financing of preschools has increased substantially, from NOK 25.1 billion to NOK 46.1 billion, which corresponds to an average growth of 7.9 percent per year. The substantial increase in public financing has been largely driven by the fact that independent providers have gradually been given more equal treatment in line with public sector providers, which has meant that the levels of reimbursement for independent providers have approached the levels of reimbursement applicable to public sector providers. Demographic forecasts indicate continued growth in the segment, since the number of children in the one to five years age group is expected to increase by nearly 11,900 between 2015 and 2020, from just over 310,700 children to just over 322,600, which corresponds to an average annual growth of 0.8 percent.

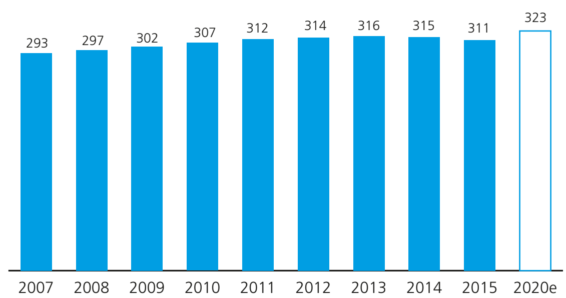
**Number of children enrolled in preschools (thousands)**[1)]




**Trend in total costs in the pre-school operations market (NOK billion)**[2)]




**Demographic trend for children one to five years of age (thousands)**[3)]

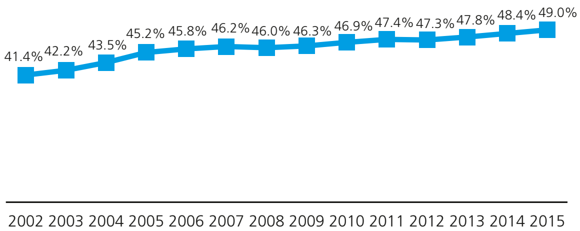



1) SSB.
2) SSB.
3) SSB.

## Position of independent providers in the market

The Norwegian market for preschool provision differs significantly from the Swedish market with regards to the development of the market position of independent providers. As a result of government initiatives, the market has largely been built up and developed by independent providers. In 2015, 53 percent of all preschools were independent and penetration, in terms of numbers of children, was approximately 49 percent. AcadeMedia believes there to be broad political support for the importance of independent providers in preschool operations, which is expected to favor the position of independent providers through more equal treatment in line with public sector providers as regards reimbursement, and also a growing trend for municipal preschools to outsource the operation of preschools to independent providers.

**Share of children enrolled in independent preschools (%)**[1)]




## Competitive landscape

The competitive situation in the market for preschool provision in Norway is similar to the situation in the Swedish market, with a small number of large players continually working to consolidate an otherwise highly fragmented market. The independent providers in the market either conduct operations for-profit or on a non-profit basis. Through its Espira brand, AcadeMedia is the second largest player in the market (in terms of net sales) and its main competitors include the independent providers Trygge Barnehager, Læringsverkstedet, Norlandia and Kanvas. In addition to these, there are a number of small independent providers, often family-run or run by private individuals, and a number of small to medium-sized chains. However, the largest players in the Norwegian preschool market are the municipal providers. AcadeMedia sees an ongoing noticeable trend towards consolidation of the market, with smaller providers continually becoming part of the larger established providers. This trend is also expected to continue in the future.

1) SSB.

## THE PRESCHOOL MARKET IN GERMANY

### Overview

The preschool market in Germany is going through significant evolution, driven mainly by changes in legislation regarding the age at which children are guaranteed a place at a preschool. In August 2013 a law was introduced stipulating that all children over the age of one are entitled to a guaranteed place at a preschool. Previously only children over the age of three had the right to a guaranteed preschool place. Children usually attend preschool until age six. The law on the right to preschool education from one year of age is aimed at improving equality between women and men in the job market and at turning around the trend in the birthrate – one of the lowest in Europe – where access to preschool from an early age is an important factor. The legislation has very quickly created strong demand for new preschools and has, to a large extent, paved the way for independent and for-profit preschool providers. AcadeMedia estimates that over the next three years it will be a shortage of close to 185,000 preschool places, primarily for children under the age of three.

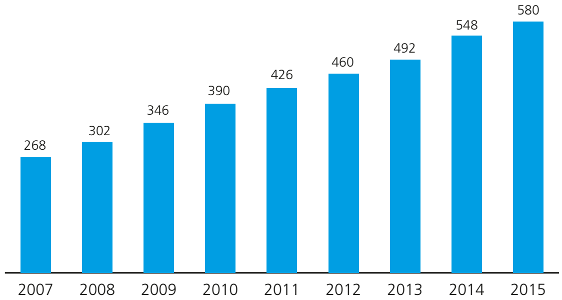
### Reimbursement models

There is a great variation between the different federal states in terms of reimbursement models and regulatory authorization to operate independent preschools, but also as regards which types of legal form are permitted. In some states the reimbursement model is similar to the Swedish and Norwegian model, where part of the funding comes from the municipality/federal state and part from parents in the form of fees. In some municipalities the fees for parents are capped, similar to in Sweden and Norway, while in other municipalities, such as Munich, there is no limit on how high the fees can be. Regarding the type of corporate structure that is permitted, it is the norm for independent preschools to be run by foundations or religious communities through not-profit companies (gGmbH). In recent years, however, the possibilities for running preschools under the GmbH, for-profit, company form have improved. AcadeMedia has identified six federal states where both the reimbursement model and the regulatory environment are particularly attractive for AcadeMedia's expansion. These states are Bavaria, Baden-Württemberg, Brandenburg, Hamburg, Hessen and Mecklenburg-Vorpommern. In Munich, where AcadeMedia has operations, reimbursements are made by the municipality/goverment on a quarterly basis.

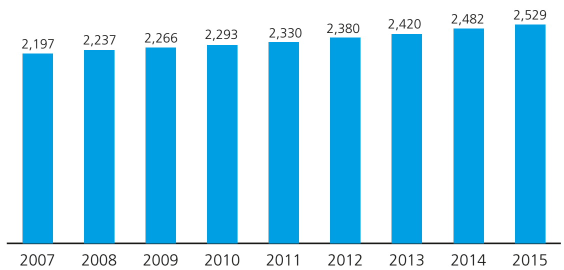
### Market size and growth

Since 2007 the number of children enrolled in preschools in Germany has increased from just under 2,197,000 to just over 2,529,000 children in 2015, which is equivalent to average annual growth of 1.8 percent. The increase is largely related to a broader registration of children of younger age, in general over the period and specifically since the new legislation went into force in 2013. Since 2007 the number of registered children between the ages of one and three increased from around 268,000 to around 580,000 in 2015, corresponding to an average annual growth rate of 10.2 percent during the period. This trend is expected to remain positive and what is worth noting is that there is still a significant difference – approximately 27 percentage points – between Germany and Scandinavia in the share of children under the age of three attending preschools. AcadeMedia estimates that in this age bracket there is a shortage of close to 185,000 preschool places. Demographic forecasts show that the number of children between the ages of one and six is expected to go from an historic negative trend up to an average growth rate of 0.6 percent between the years 2015 and 2020.

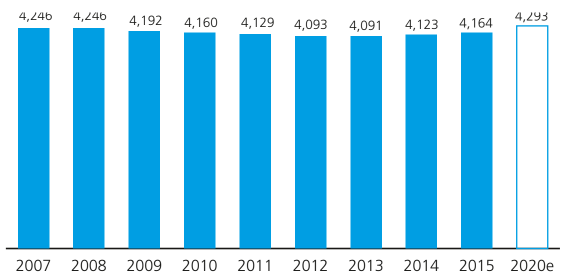
**The number of children aged one to three enrolled in a preschool (thousands)**[1)]




**The number of children aged one to six enrolled in a preschool (thousands)**[2)]




**Demographic trend for children aged one to six (thousands)**[3)]

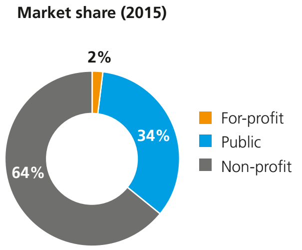



1) Destasis
2) Destasis
3) Destasis

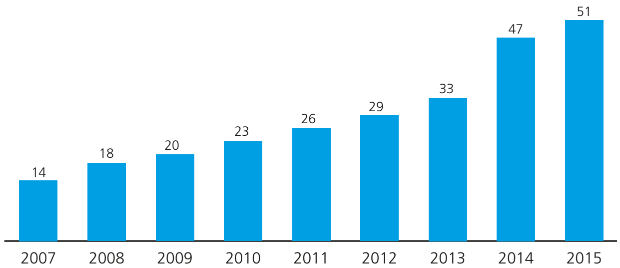
**Position of independent providers in the market**

A large part of the German preschool market is driven by independent players, with around 66 percent of children aged one to six enrolled in independent preschools. But foundations and religious communities, i.e. non-profit companies, make up around 64 percent of the market, while independent for-profit providers make up just 2 percent. Growth for for-profit providers has, however, been strong for a long time. Since the new legislation went into force in 2013, for-profit providers have had an important role in the expansion of preschools, not unlike what happened in Norway, but from relatively low levels. From 2007 to 2015 the number of children in for-profit independent preschools has increased by an average growth rate of 17.2 percent. AcadeMedia believes that, in selected states, there are good opportunities for for-profit providers to significantly bridge the gap between the preschool places demanded and places available today.

**Type of operation in the German preschool market**[1)]




**Number of children aged one to six enrolled in a for-profit preschool**[2)]




**Competitive landscape**

The competitive situation in the preschool market in Germany is characterized by high fragmentation with mostly smaller players, especially with respect to for-profit providers.

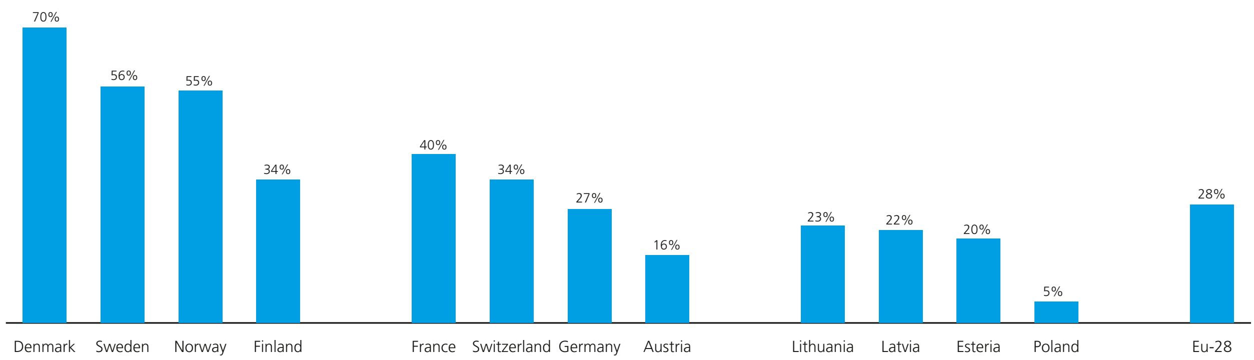
The rate at which new, small local providers, often with only one unit, are being established is high, driven partly by the higher demand for additional preschool places and partly by improved opportunities for starting and running for-profit preschools. AcadeMedia believes that the market for for-profit providers is relatively immature and expects the market going to be relatively fragmented going forward.

## THE MARKET FOR PRESCHOOL OUTSIDE SWEDEN, NORWAY AND GERMANY

Scandinavian preschools are often held up as an example internationally. This is mainly due to the educational model, which places the child clearly at the center and focuses on learning from an early age. The preschool system includes children from the ages of one to five and also integrates all these ages into a cohesive whole, which is unusual internationally. Even children under the age of three are included, which is very much taken advantage of by parents, enabling both parents to further their education and go back to work a relatively short time after the child's birth. As Europe becomes increasingly equal with regards to gender, particularly within working life, ever greater requirements are being made of functioning child care that allows both parents to work. Society also needs an increased share of working women in order to be able to provide for an aging population.

AcadeMedia predicts that the profilieration of preschools in Europe will continue, particularly for children under the age of three years, and sees continued good prospects for exporting the Scandinavian preschool model, within which AcadeMedia is the leading player. AcadeMedia therefore continually evaluates opportunities for expansion into nearby markets.

**Share of children under the age of three enrolled in preschools, divided between countries (2014, %)**[3)]



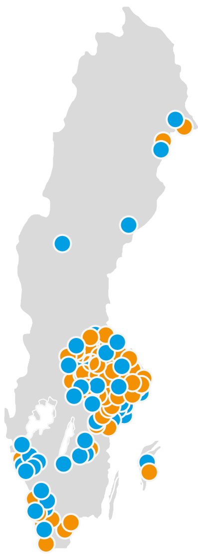

1) Destasis
2) Destasis
3) Eurostat.

# Description of operations

## OPERATIONS IN BRIEF

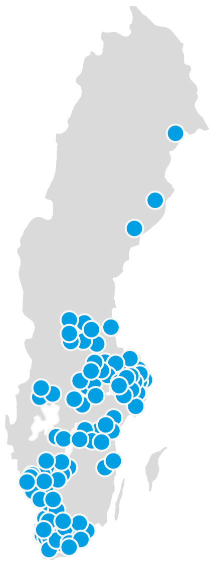
### Pre- and compulsory school

- Preschools in Sweden
- Compulsory schools in Sweden



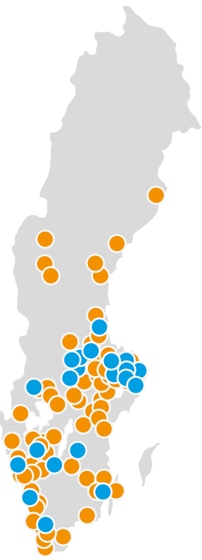
### Upper secondary school

- Upper secondary schools



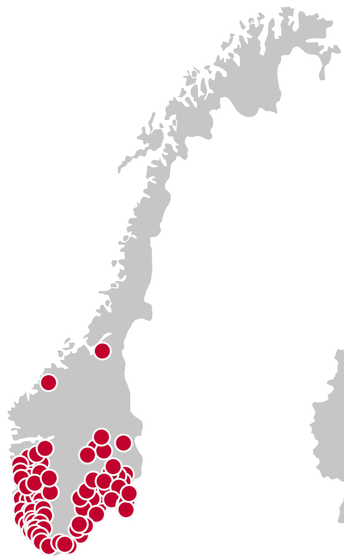
### Adult education

- Language & integration and labor market services[1]
- Higher vocational education and municipal adult education[2]



### Preschool Norway

- Preschools in Norway

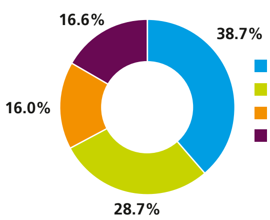


### Preschool Germany

- Preschools in Germany

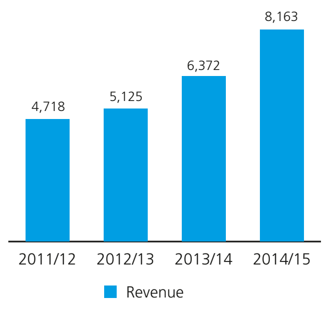
1) Including all Eductus schools and SFI from Hermods (excluding other Hermods schools and municipal co-operations).
2) Including Plushögskolan, NTI skolor, Didaktus vuxenutbildning and KUI.

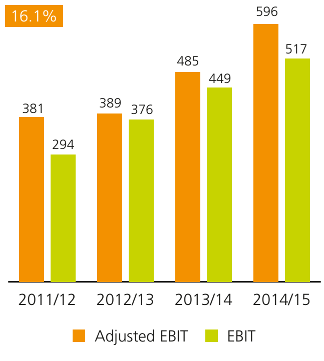
### The segments' share of revenue 2014/15[1]




### Financial development 2011/12–2014/15 (SEK m)

CAGR 2011/12 – 2014/15: 20.1% 16.1%




1) The preschool Germany segment was established in 2016 and will be accounted for together with preschool Norway under "Preschool International" in the Company's financial reports.

AcadeMedia is Northern Europe's leading and largest individual independent education provider. In 2014/15 just over 62,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. A further approximately 80,000 people participated in AcadeMedia's adult education operations. In total, in 2014/15 AcadeMedia had around 400 preschools, compulsory schools and upper secondary schools in Sweden and Norway as well as around 150 adult education units in Sweden. In February 2016 AcadeMedia also took the first step in the Company's expansion outside Scandinavia by acquiring Joki which has seven preschools in the Munich area in Germany.

AcadeMedia has operations throughout the education chain (pre- and compulsory schools, upper secondary schools and adult education) and is organized into five business segments: *Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway* and *Preschool Germany*. In the Company's financial reports, the segments Preschool Norway and Preschool Germany are accounted for under "Preschool International" due to the limited size of the Preschool Germany segment.

Financial information in this section regarding the Company is derived from the Company's audited annual report for the 2014/15 financial year, the reviewed interim reports for the nine month period of 2015/16, as well as from the Company's internal accounting and financial reporting system.

At the end of the third quarter of the 2015/16 financial year AcadeMedia had 222 pre- and compulsory schools, of which 145 were preschools and 77 were compulsory schools, with just over 30,000 children and students in various locations around Sweden. Around a quarter of AcadeMedia's preschools are integrated into compulsory schools, while the rest are separate units of various sizes. The compulsory schools have different grade structures depending on the size and geographical location of the individual school, but the most common structure is preschool through 9th grade.

During the third quarter of 2015/16, AcadeMedia's upper secondary school operations consisted of 106 upper secondary schools in which an average of just under 25,000 students attended during the period.

AcadeMedia's Adult education is divided into four areas: *language and integration, municipal adult education, labor market services* and *higher vocational education*. In the third quarter of 2015/16 AcadeMedia had around 150 adult education units around Sweden and reached a total of around 80,000 participants in various programs.

Within AcadeMedia's Norwegian preschool operations there were 84 preschools with just under 8,000 children in total at the end of the third quarter of 2015/16. During the same period AcadeMedia was operating seven preschools with around 450 children in Germany.

## HISTORY

**1898**
→ Hermods is founded

**1984**
→ Pysslingen is founded

**1996**
→ AcadeMedia is founded

**2004**
→ Strategic decision to enter the adult education by acquiring, among others, Eductus

**2010**
→ EQT acquires majority in AcadeMedia and delists the Company from the Stockholm Stock Exchange

**2011**
→ Continued successful execution of designated M&A strategy with several acquisitions, incl. Pysslingen and ProCivitas

1898 – 1968 – 1984 – 1991 – 1996 – 2001 – 2004 – 2007 – 2008 – 2010 – 2011 – 2014 – 2016

**1968**
→ Nordens Teknikerinstitut (NTI) is founded

**1991**
→ Vittra is founded

**2001**
→ AcadeMedia is listed on the Stockholm Stock Exchange

**2007**
→ Acquisition of NTI

**2008**
→ Merger with Anew Learning, owner of Vittra, Framtidsgymnasiet, IT-gymnasiet, Rytmus and Didaktus makes AcadeMedia the largest education provider in Sweden

**2014**
→ Acquisition of Hermods, one of the oldest education providers in Sweden, making AcadeMedia the largest provider of adult education in Sweden

→ Internationalization of AcadeMedia through the acquisition of Espira, the second largest pre-school operator in Norway

**2016**
→ Expansion into Germany through the acquisition of Joki, pre-school operator with seven units in Munich area

AcadeMedia was founded in 1996. However, some of the education companies that today are part of the Group were founded much earlier. Hermods, founded back in 1898 under the name Malmö Språk- och handelsinstitut, is the oldest. 70 years later, in 1968, NTI was founded. At the time it was mainly a correspondence college for adults. Pysslingen was founded in 1984 and, despite a ban on reimbursements to independent child day care centers being introduced the same year (known as the *Lex Pysslingen*), became the first company in Sweden to run independent preschools. When the independent schools reform was introduced in 1992, a large number of entrepreneurs started up their own schools and many of the education companies that are today part of AcadeMedia – such as Vittra, which was founded in 1993, and IT-Gymnasiet, which was founded in 1998 – are a result of this deregulation.

AcadeMedia's operations were initially focused on internet and multimedia production, and mainly comprised the brands Gravity e-learning, New Media Learning (which included Masters of Media, MacMeckarna and AcadeMedia World) and Rekall. In 2001 AcadeMedia was listed on the then Stockholm Stock Exchange and three years later began its investment in adult education through the acquisition of companies such as Eductus, which remains one of AcadeMedia's training companies within adult education.

In 2007 NTI was acquired and became AcadeMedia's first actual independent school operation. The same year the Group also acquired Ljud & Bildskolan (today renamed LBS Kreativa Gymnasiet) and Drottning Blankas Gymnasieskola. The same year, the Group's strategy of focusing to become a leading provider of publicly funded education within the entire chain of education, was established.

In 2008 AcadeMedia acquired Anew Learning from Bure. Anew Learning included Vittra, IT-gymnasiet, Framtidsgymnasiet, Didaktus, Sjölins Gymnasium and Rytmus. Following this acquisition AcadeMedia had more than 20,000 students and participants, and over 70 schools, and Sweden's largest education company was created.

In 2010 EQT acquired the majority of the shares in AcadeMedia and a new strategic plan was adopted. In the second half of the year, AcadeMedia's shares were delisted from Nasdaq Stockholm.

In 2011 Pysslingen, ProCivitas, Plusgymnasiet and Plushögskolan were acquired.

In 2012, the Group's quality program was enhanced with the addition of the AcadeMedia Model. In the spring of the same year, a decision was made to restructure around ten upper secondary schools whereby admission to grade one was closed. The restructuring costs of SEK 67 million were recognized in the 2011/12 financial year.

In 2013 AcadeMedia took over a number of compulsory schools from the JB group, which was experiencing financial difficulties. These schools are now part of Pysslingen Skolor. This year Designgymnasiet and KompetensUtvecklingsInstitutet also became part of AcadeMedia, having also previously been part of the JB group.

In 2014 Stockholms Internationella Restaurangskola and Klara Gymnasium were acquired, supplementing the Upper secondary school segment. Later the Group also acquired Hermods, which mainly offers adult education, and thereby doubled AcadeMedia's adult education offering to its current size. In 2014 AcadeMedia also expanded beyond Sweden, by acquiring the Norwegian preschool chain Espira.

In spring 2015 it was decided to restructure twelve units. The resulting costs of SEK 65 million were recognized in the 2014/15 financial year. Some of these units are expected to be gradually wound down over the coming two years, so that all students admitted there can finish their education in accordance with AcadeMedia's education guarantee. The purpose of the restructuring carried out in spring 2012 and spring 2015 was to review the unit portfolio and focus on units with long-term quality and survival power. In June 2015, Hammarby Förskolor, comprising three units, was acquired.

In February 2016 the German preschool group Joki became a part of AcadeMedia. The acquisition included seven preschools in Munich and was AcadeMedia's first acquisition outside Scandinavia. At the turn of the month May/June 2016, AcadeMedia carried out a number of add-on acquisitions within preschool Sweden and Norway of approximately 450 children in total. The operations will be integrated in the Swedish and Norwegian preschool operations.

## BUSINESS CONCEPT AND GOALS

### Business concept

AcadeMedia develops attractive, quality leading educational institutions throughout the education chain – from preschool to adult education.

### Vision

AcadeMedia's vision is to be "*An international role model when it comes to quality, results and innovation*." This means that AcadeMedia always shall carefully monitor and control its operations, enabling it to compare results, both between Group units and with other education providers. At the same time, AcadeMedia needs to have a quality management system that supports innovation and development. For this reason, the *AcadeMedia Model*, AcadeMedia's group model for quality and control work (refer to the section "Quality and development – the AcadeMedia Model"), focuses on elements that allow a structured exchange of experiences, both internally within the Group and with external providers.

### Financial targets

#### *Sales growth, operating margin and indebtedness*

AcadeMedia's overall goal is to deliver the best educational quality in the areas where the Group operates. AcadeMedia intends to grow organically by using the available spare capacity in existing units and by launching new units. AcadeMedia also intends to continue to grow by taking over education units and to continue the consolidation of the market through acquisitions. AcadeMedia's growth target for the Group's net sales is to grow by 5 to 7 percent annually, excluding larger acquisitions. AcadeMedia's profitability target for operating profit (EBIT) excluding non-recurring items shall amount to 7–8 percent of net sales over time.

With respect to indebtedness, AcadeMedia's target is to have an interest-bearing net debt in relation to operating profit before depreciation and amortization (EBITDA) excluding non-recurring items with a maximum factor of three. During brief periods, however, there may be deviation from this target, for example in connection with larger acquisitions.

#### *Dividend policy*

AcadeMedia's main responsibility is to provide a good education for the reimbursement received. This must be done as efficiently as possible. AcadeMedia's unrestricted cash flows will primarily be reinvested in the operations in order to maintain high quality and finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia's targets relating to quality and financial position are met.

## STRENGTHS AND COMPETITIVE ADVANTAGES

### Operates in a market that demonstrates strong, durable drivers for long-term sustainable growth of independent providers

AcadeMedia operates in the education market in Sweden and Norway, and as of February 2016, through the acquisition of Joki, in the preschool market in Germany. In 2014, the Group's addressable market amounted to around SEK 209 billion[1)] and in Norway around SEK 50 billion[2)]. Germany constitutes a significant, addressable market where independent for-profit providers such as AcadeMedia are constantly increasing their share of the market. AcadeMedia believes that there are good opportunities for continued stable, long-term growth for independent providers due to a number of underlying drivers, such as:

- Positive demographic trends in all of AcadeMedia's business segments
- A strong urbanization trend and continued high level of immigration
- Increasing investments in schools and education
- Increasing penetration of independent providers
- Significant opportunities for consolidation in a highly fragmented market

For more information concerning the market in which AcadeMedia operates, refer to the section "Market overview."

### The leading independent provider within the Northern Europe education sector

AcadeMedia has established itself as the leading and single largest independent education provider in Northen Europe. The Group operates throughout the education chain; in other words, in the Pre- and compulsory school, Upper secondary school and Adult education segments in Sweden and in the Preschool Norway segment. Very few providers can offer such breadth, with a wide range of educational approaches in each segment. AcadeMedia is therefore relatively alone in being able to offer individually adapted education to a broad spectrum of people. The Group's presence in all education segments also means that students can choose AcadeMedia schools from an early age and then remain with AcadeMedia throughout the education chain, providing continuity throughout the system. In addition, this presence enables AcadeMedia to share knowledge and experience between the different business segments.

During the 2014/15 academic year, more than 62,000 students and parents chose AcadeMedia preschools, compulsory schools and upper secondary schools. A further 80,000 adults, approximately, chose adult education provided by AcadeMedia.

In recent years the Group has continually strengthened its position in the market for independent education providers, both through its ability to grow organically and through acquisitions and today has a leading position in all types of education. Despite this, AcadeMedia's market share in 2014 was only around 2.0 percent in preschool operations, around 1.8 percent in compulsory school operations, around 7.6 percent in upper secondary school operations and around 11.0 percent in adult education[3)]. In Norway, AcadeMedia is one of the largest providers in the Preschool segment with a market share of around 2.6 percent. AcadeMedia believes that the Group's focus on quality and broad educational offering provides good opportunities for continued recruitment of students and participants to the Group's units. The Group's strong presence in major cities and densely populated areas is also expected to contribute to good growth opportunities as a result of the ongoing urbanization trend in both Sweden and Norway.

### Unique position to continue to drive the ongoing market consolidation

Over the past ten years there has been a consolidation of the Swedish and Norwegian education markets, and AcadeMedia has been a driving force in this process. Despite this, the market remains highly fragmented with only a few larger providers and a large number of smaller providers in each segment. The German market is also very fragmented. Only a limited number of these providers focus on more than one type of education, and a vast majority of the providers run only one or a few units.

All of AcadeMedia's markets and business segments are characterized by increasingly strict quality requirements which apply to both public and independent providers. AcadeMedia assesses that this will favor well-established providers that have invested in developing long-term sustainable operations, organizations and structured processes for transparent quality follow-up and reporting, as well as effective organizations that are favored by scalability and scale benefits. AcadeMedia is also of the opinion that, as a result of this, the market will be consolidated further when the requirements of quality from all of the sector's stakeholders increase – which is expected to favor larger and well-established providers such as AcadeMedia. AcadeMedia therefore considers that, thanks to its size, leading market position, good reputation and business model that is sustainable in the long term, the Group is well positioned to continue to drive the consolidation of the Nordic education markets.

### Multi-brand strategy that reinforces the Group's values

Freedom of choice exists throughout the Swedish school system, which means that students, parents and adults have the right to choose the education providers that they consider most appropriate – whether public or independent. Freedom of choice as regards schools has resulted in great diversity among education providers. However, this freedom of choice imposes significant demands on the providers' ability to deliver added value through high quality education that suits the individual student. This means that the provider's brand and reputation is key in attracting new students. Within Adult education a number of different models are used, some of which function in more or less the same way as the freedom of choice for schools, while others are more strictly controlled by the authorities.

1) Swedish National Agency for Education (preschool, compulsory school and upper secondary school) and Statistics Sweden (adult education).
2) Statistics Norway (relates only to preschool).
3) Market share based on number of children/students except for adult education which is based on turnover.

AcadeMedia has chosen to run its operations using a multi-brand strategy that includes a large number of well-known brands such as Pysslingen, Vittra, ProCivitas and Hermods. In total, the Group operates under around 30 brands, all of which are associated with a particular educational model or study focus, which means that AcadeMedia is able to meet the needs of a large share of the addressable market.

As a result of the diverse range of educational models and study focuses within the Group, individual businesses are run with a high degree of independence. What they all have in common, however, is AcadeMedia's quality and reporting requirements. This means that AcadeMedia can effectively integrate new businesses and brands in order to broaden its offering and meet the needs of more students, parents and adults, while at the same time each brand can continue to follow and develop further its own educational model and focus. AcadeMedia believes that its multi-brand strategy will be of great importance for continuing to attract new students and participants to the Group's schools and courses, and also in retaining its existing development potential.

**Well-established quality model that enables an attractive education offering and long-term sustainable profitability**

AcadeMedia's size, diversity and breadth across all types of education give the Group unique opportunities for quality and development work. One result of this is the Group's own quality and control model, the *AcadeMedia Model* (refer also to the section "Quality and development – the AcadeMedia Model"), which aims to create a shared approach and a focus on common goals, to ensure transparency and consistent follow-up of quality, and to carry on systematic quality and development work. The AcadeMedia Model is at the heart of the Group's operations and quality work, and is therefore implemented at all levels of the Group – group level, principal level and unit level. The model also creates the conditions for well-founded decision-making, and for control and management that drive development throughout the organization.

AcadeMedia is in daily contact with many different stakeholders, such as students and course participants, parents, the general public, politicians and the media. It is very important that all AcadeMedia's stakeholders see the Group as a reliable, responsible, long-term provider with a high level of community engagement and employer responsibility. AcadeMedia therefore publishes an annual quality report that describes developments within the various education segments. This report shows that AcadeMedia's operations achieve good quality levels within all the areas measured.

The key to good educational quality lies with the employees and the heads/school principals of each unit. As a large, leading education provider with many different educational approaches and leading quality work, AcadeMedia aims to be Sweden's most attractive employer in its sector. AcadeMedia can offer a workplace where employees thrive and are able to develop. AcadeMedia also invests heavily in skills development, particularly for its heads via the AcadeMedia Academy.

The quality and development work is also closely related to AcadeMedia's work on financial management. AcadeMedia continually evaluates underlying operations based on two comprehensive parameters: quality results and financial results. This is natural, because the Group sees a strong link between the two parameters, with high quality driving profitability in the long term since it makes the operations more attractive to students, parents and adults. A unit or business that is attractive will interest more people, thereby attracting more applicants. This creates the conditions for a long-term sustainable system in which the units' full capacity is utilized. AcadeMedia believes that the Group's continued focus on high quality in its education and the skills of its school principals and teachers will help increase the student and participant base of existing and new units, and will position AcadeMedia as an attractive provider that is sustainable in the long-term.

**Business model characterized by stability, predictability, limited sensitivity to economic fluctuations and large scale benefits**

AcadeMedia operates in a market that is driven by demographic trends and that, compared with other sectors, can be forecast many years ahead with a high degree of reliability. Predictability as regards student vouchers and student numbers is good for the majority of AcadeMedia's operations, even in a short-term perspective, because to a great extent the Group knows at the start of each academic year how large its student base is and which school voucher will apply to each student. AcadeMedia is of the opinion that this helps increase the opportunities to plan the business's resources over the academic year, leading to stable earnings and stable cash flow. Since the school voucher is based on the municipalities' cost of education in each segment, there is no price pressure from other independent providers in the sector.

The education sector is also characterized by having limited vulnerability to economic fluctuations and to the influence of macroeconomic factors. This is because a functioning education system is important for a well-functioning society, with the size of budget allocations to education often having a direct effect on the quality of the education system and, in the long run, also on a country's international competitiveness and ability to increase its growth. AcadeMedia assesses that schools and education will continue to be an area of political priority in the future and that the market will continue to be characterized by having limited vulnerability to economic fluctuations.

AcadeMedia's operations are characterized by large scale benefits, since a large proportion of the Group's cost base consists of fixed or semi-fixed costs. This means that there are good opportunities to improve the Group's profitability as the business grows – both organically and via acquisitions. One of the main drivers for future profitability improvements is considered to be improved capacity utilization within compulsory schools and upper secondary schools that currently have plenty of room to recruit students to existing units.

### Stable and sustainable growth – a combination of organic growth and successful acquisitions

Between 2010/11 and 2014/15 the Group's sales grew from SEK 2,679 million to SEK 8,163 million, corresponding to an average growth rate of 32.1 percent per year, with around 7 percent per year due to organic growth in the form of, for example, recruitment of students and participants to existing units, increased school vouchers and new establishments. During the period 2010/11 to 2014/15 the Group established 40 new units in total. In the current financial year, another 14 units have been established, ten of which are located in Sweden and four in Norway.

During this period AcadeMedia also grew its business through acquisitions. This has resulted in a broader range of education services and study focuses, and also an even more diversified business in terms of the number of types of education and geographic presence. Between 2010/11 and 2014/15 the Group made a number of major strategic acquisitions such as Pysslingen and Hermods in Sweden, as well as Espira in Norway, but also several acquisitions of smaller units. In the current financial year, AcadeMedia, with the acquisition of Joki in Munich, Germany, has completed its first acquisition outside Scandinavia. AcadeMedia has a proven ability to integrate and refine both smaller bolt-on acquisitions and larger strategic acquisitions by improving the quality of the education and by making efficiency improvements as a result of knowledge sharing within the Group and by realizing scale benefits – for example, through an improved cost profile, more efficient operation, lower purchasing costs reduction of tied up working capital.

### Attractive growth opportunities and strong cash-flow generation

AcadeMedia's business is characterized by multiple growth opportunities and strong cash-flow generation. The strong cash flow is a result of the Group's business model, with stable profitability, limited non-current assets and negative working capital. The Group largely leases the premises in which its operations are conducted, which means that AcadeMedia does not have large amounts of capital tied up in real estate. This also limits the Group's continous investments to a large extent to investments in computers, equipment and improvements to property owned by others.

The negative working capital is largely a function of advance payment of school vouchers, which means that growth through student and participant recruitment does not tie up further working capital.

AcadeMedia's business model means that the Group is able to increase the capacity of its business with limited investments, and the Group sees continued good possibilities to finance future growth with funds it has generated itself.

## STRATEGY

### ROADMAP 2020

Over the past year, AcadeMedia has worked with with about 500 managers and employees to develop a new overall strategic plan, known as Färdplan 2020 (Roadmap 2020). This plan outlines AcadeMedia's goals and how the Company is working to become a leader in quality, attractiveness (employees and customers), efficiency and innovation. The objective of the development of the new strategic plan has been to get a joint understanding of the overarching priorities for the near term.

AcadeMedia believes that the Group is in a strong position to continue its sustainable profitable growth in the future. AcadeMedia wants to be an attractive choice for students, parents and education participants, and therefore the basis of the Group's strategy is to continue to be the leading provider from a quality perspective within all the segments in which the Group operates. The Group also plans to continue its expansion within existing and new geographical markets, both organically and through acquisitions.

### Continued work to maintain and develop a market-leading quality level and educational diversity

The Group's objective is to deliver high-quality education with diverse educational models and study focuses. AcadeMedia believes that a focus on quality will be increasingly important for both public and independent providers within the education sector, and that high quality of education will become an increasingly important competitive advantage as awareness increases among students, course participants and parents. The Group will therefore continue to implement the AcadeMedia Model in existing and new establishments in order to ensure consistent quality follow-up and a high degree of transparency. In addition, the Group intends to be a leading provider with regards to systematic quality and development work for the education sector in general. As part of this, AcadeMedia – as the leading provider – aims to have the best school principals, preschool heads and unit heads in the sector.

As Northern Europe's leading and single largest independent education provider, with around 550 education units throughout the education chain, it is inevitable that problems will occasionally arise at the unit level. To ensure that problems are resolved quickly, regardless of whether the problem is due to the unit's or the Group's own mistakes or to factors beyond its control, the size of the Group enables it to have an emergency team able to cover a number of different functions. This team varies somewhat in terms of the functions that will assist in each situation, but generally consists of head teachers with long experience, educational developers, quality specialists, specialists in dealing with people, communications specialists and, where relevant, security personnel. The work is generally carried out both in the unit in question and centrally. This team provides a high degree of security for the Group's individual units and AcadeMedia intends to continue with this model of working in order to be able to minimize the consequences of any problems that arise by acting quickly. None of the members of the team are employed on this full time, but instead they are called in when needed.

**Optimization of capacity utilization in existing units and continued efficiency improvements**
AcadeMedia believes that there is further potential to achieve a higher level of long-term sustainable profitability through efficiency improvements in the operations, particularly through improved capacity utilization in the Group's existing units. At a number of units in each segment there is spare capacity and the possibility of taking in more students and participants. The potential is greatest in the upper secondary schools, where capacity utilization stood at an average of 81 percent in 2014/15 after several years of a decreasing student base as a result of demographic trends. The economic effect of filling up classes is significant, since the cost increase for each additional student or participant in an existing class is only marginal. Other efficiency improvements are expected to come largely from the Group realizing scale benefits, for example in the form of increased negotiating power when purchasing for the Group and in lease negotiations.

**Organic growth by establishing new units**
AcadeMedia sees great opportunities for continued organic growth through the establishment of new units, particularly in the Preschool segment. The Group considers that positive demographic trends and increasing urbanization in the coming years will create good opportunities for establishing new units in large and medium-sized growth municipalities in Sweden, Norway and Germany.

AcadeMedia plans to focus on geographic areas with a high level of population growth and where new homes are being built. As a rule, new preschool units in areas of this type quickly reach satisfactory levels of capacity utilization that are retained over time.

AcadeMedia has historically proven its ability to grow organically by establishing new units and the Group intends to continue to grow by establishing around ten new units annually, focusing on the preschool operations.

**Continued growth within Adult education**
AcadeMedia is the leading provider of adult education in Sweden and has a wide range of educational programs and strong brands. Adult education is a priority area for politicians and the Group is of the opinion that large investments will be made, in both the long and the short term, to improve opportunities for unemployed people and newly arrived immigrants to be integrated into society. The Group is also of the opinion that major investments in education programs will be required in order to maintain satisfactory skill levels within certain job categories, such as healthcare and manufacturing industry.

AcadeMedia has historically demonstrated a good ability to win new contracts through tender processes; in the 2014/15 financial year the Group won more than half of the tender processes in which it participated. AcadeMedia intends to continue to take part in tender processes for adult education in the future and is of the opinion that this, based on the Group's leading position, strong brands and good ability to effectively win tender processes, will contribute to strong growth with good profitability.

**Continued consolidation of the fragmented market in existing geographies**
As the market-leading and largest individual independent provider in northern Europe, AcadeMedia is the natural player to continue to drive the consolidation of the fragmented education market in Sweden and Norway. AcadeMedia can also help drive consolidation in Germany. The Group has historically been successful in integrating and refining both small supplementary acquisitions and major strategic acquisitions. AcadeMedia continually reviews and evaluates potential acquisitions based on a comprehensive acquisition strategy that aims to grow and strengthen the Group's position in areas with a growing and sustainable student base, to make acquisitions where the Group's knowledge, quality focus and size can contribute to raising the quality and efficiency of the acquired operations and to make strategic acquisitions of strong brands. AcadeMedia also intends to continue to grow the Group while maintaining stable profitability by being a driving force in the ongoing consolidation.

**International expansion focusing on the preschool operations**
AcadeMedia's aim is to expand its business over the coming years into new geographic markets. The first step in this international expansion was taken in 2014 through the acquisition of the preschool provider Espira in Norway. At the time of the acquisition Espira was one of the largest independent preschool provider in Norway and had a number of similarities with the Group's other preschool operations in regards to teaching meathods and quality work. The acquisition of Espira and its subsequent integration prove the Group's ability to acquire and develop operations outside Sweden.

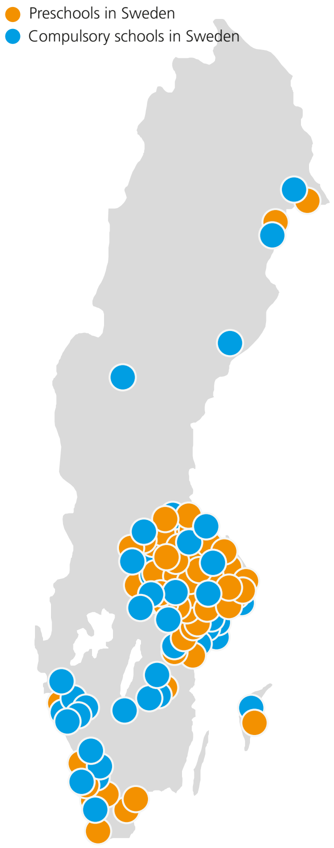
Nordic preschools are often held up as an example internationally. This is mainly due to the educational model, which places the child clearly at the center and focuses on learning from an early age. The preschool system includes children from the ages of one to five and also integrates all these ages into a cohesive group, which is unusual internationally. This enables both parents to continue their education and have active careers. As Europe becomes increasingly gender equal, particularly in the job market, there will be greater demand for functioning child care that allows both parents to work.

AcadeMedia is seeing this development in a number of European countries and continually evaluates opportunities to export the Nordic preschool model, of which AcadeMedia is the leading provider. AcadeMedia has carried out a detailed analysis of the German preschool market over a long period and considers that there are good opportunities for successful expansion, since this market is in many respects similar to the Norwegian and Swedish preschool markets. In February 2016 AcadeMedia expanded its operations into the German market through the acquisition of Joki with seven preschools and a total of around 450 students in the Munich area. AcadeMedia intends to continue its expansion in Germany – both organically and through acquisitions, with Joki as the foundation.

In addition to this, the Group sees good opportunities for expansion into other nearby markets.

## THE BUSINESS SEGMENT PRE- AND COMPULSORY SCHOOL
## Segment description

### Geographical coverage, brands and key ratios




| Key ratios Q3 2015/16 | |
|---|---|
| Number of children in preschools | 10,676 |
| Number of preschool units | 145 |
| Number of students in compulsory schools | 19,795 |
| Number of compulsory school units | 77 |

**MARKET SHARE OF THE INDEPENDENT MARKET (2015)**[1)]

Preschools **11.1%**

Compulsory schools **12.5%**

**MARKET SHARE OF THE TOTAL MARKET (2015)**[1)]

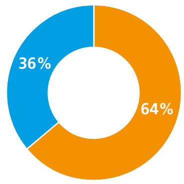
Preschools **2.2%**

Compulsory schools **1.8%**

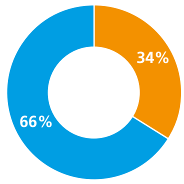
***AcadeMedia conducts operations in 45 of 290 Swedish municipalities with focus on metropolitan areas***

**Distribution between preschools and compulsory schools**

**Number of schools (2014/15)**



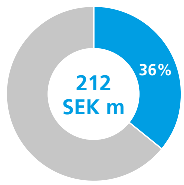

**Number of children/students (2014/15)**




**The segment's share of the Group**

**Net sales (2014/15)**


**Adjusted EBIT (2014/15)**




1) Based on the number of children/students in AcadeMedia's operations during nine months 2015/16, divided with the number of children/students in preschools and compulsory schools in Sweden (independent and in total, respectively).

AcadeMedia's *Pre- and compulsory school* segment is Sweden's largest independent preschool and compulsory school operation. The segment encompasses three areas of operations, each represented by its own brand. These are: *Pysslingen Förskolor, Pysslingen Skolor* and *Vittra*, with units from Norrbotten in the north to Skåne in the south. However, the Group focuses on major cities, however. Like the Group as a whole, AcadeMedia's pre- and compulsory school operations are to be an international role model when it comes to quality, results and innovation.

Preschool covers children between the ages of one and five, while compulsory school covers students aged from 6 to 15, which equals the preschool class plus 1st to 9th grade. Compulsory school operations also include before-school and after-school care that are provided on the school premises before and after scheduled and educational hours. Before-school and after-school care cover children in the preschool class and the 1st to 3rd grade. Separate reimbursement is paid for before-school and after-school provision in addition to the school voucher. Before-school and after-school clubs, which provide before-school and after-school programs for 4th to 6th grade students, are offered to a limited extent.

At the end of the third quarter of 2015/16 there were 145 preschools within the segment under the brands Pysslingen Förskolor (106 units), Pysslingen Skolor (22 units) and Vittra (17 units). About a quarter of AcadeMedia's preschools are integrated into various compulsory schools, while the rest are separate units of varying sizes. The smallest preschool has around 30 children and the largest has around 170 children. During the third quarter of 2015/16, an average of around 10,500 children attended AcadeMedia's preschools.

At the end of the third quarter of 2015/16 there were 77 compulsory schools within the segment under the brands Pysslingen Skolor (51 units) and Vittra (26 units). AcadeMedia's compulsory schools vary in size and in the number of grades that they cover. The smallest compulsory school has around 150 students, while the largest has a capacity of around 650 students. During the third quarter of 2015/16, an average of around 20,000 students were attending AcadeMedia's preschools.

In the 2014/15 financial year the segment's net sales amounted to SEK 3,159 million, of which approximately 42 percent was attributable to preschool operations and approximately 58 percent was attributable to compulsory school operations, and an operating profit excluding non-recurring items was SEK 212 million. In the same period the segment had an average of around 4,000 employees.

The illustration below shows AcadeMedia's brands/business areas in the Pre- and compulsory school segment and their educational approaches.

### Pysslingen förskolor

- The first and today largest pre-school provider in Sweden
- Diversity in pedagogy together with a local perspective where teaching and learning is created in a careful and safe environment
- Focus on learning and knowledge through play
- Established in the Stockholm region, Mälardalen and Skåne

Pysslingen FÖRSKOLOR

→ Founded in **1984**
→ Number of units: **106**
→ Number of children: **7,800**
→ Present in: **22** municipalities

### Pysslingen skolor

- Provides pre-school and compulsory education for children between the ages of 1–16
- Focus on learning and knowledge in a safe environment
- Diversity in pedagogy and local presence
- Developed a "read-write-count-guarantee" which creates the best conditions for every student to reach its full potential
- Established in large and mid-sized cities throughout Sweden

Pysslingen Skolor

→ Founded in **1987**
→ Number of units: **73**
→ Number of children: **15,000**
→ Present in: **33** municipalities

### Vittra

- Provides pre-school and compulsory education for children between the ages of 1–16 based on one concept
- A pedagogical base is established at all Vittra schools and creates a foundation where teaching and learning is possible through the interaction between teacher and student
- Operates a well-thought school environment with open surfaces and inspirational material to create opportunities for communication, good work atmosphere, interaction and fellowship
- Developeda "read-write-count-guarantee"
- Established in the Stockholm region, south-west Sweden, as well as central towns in south and middle Sweden

VITTRA

→ Founded in **1993**
→ Number of units: **43**
→ Number of children: **7,700**
→ Present in: **20** municipalities

As of July 1, 2016 the Pre- and compulsory school segment will be reorganized into two business areas: Pysslingen Preschools and AcadeMedia's Compulsory schools. In connection with this, the business areas' administrative departments: business control, HR, quality and market/communication, will be coordinated at the segment level.

### Vision and strategies

AcadeMedia's vision is for the Group's pre- and compulsory schools to be an international role model when it comes to quality, results and innovation.

#### *Attractive education*

AcadeMedia works actively to create consistently high quality at all of its pre- and compulsory school units. Systematic quality work is key. The staff is a key factor and the Company offers continuous professional development through the AcadeMedia Academy, which also offers leadership and talent programs. A mutual work on maintaining a supply of talent has been initiated. In addition, various tools are developed and offered to support preschool heads and school principals in their work to develop the teaching and raise the quality of each unit. An example of this is the work to produce a common system of teaching assessment. In addition, knowledge and experience are shared on an ongoing basis between the various brands and with the Preschool Norway segment. The Group also works systematically to develop the offering and concept of each brand.

#### *Growth*

The demographic trend is positive and is assessed to be stable going forward, with increasing demand for more places and units within both pre- and compulsory schools. AcadeMedia's strategy for growth within preschool operations focuses mainly on establishing new units in regions with a growing population. The aim is to start up a number of new units each year. Acquisitions of additional preschool units with an attractive profile and/or located in growth areas are also evaluated on a regular basis.

In the Compulsory school segment, AcadeMedia intends to grow primarily by attracting more students to existing units. AcadeMedia also continually evaluates potential acquisitions and the possibility of establishing compulsory schools, albeit to a lesser extent than for preschools.

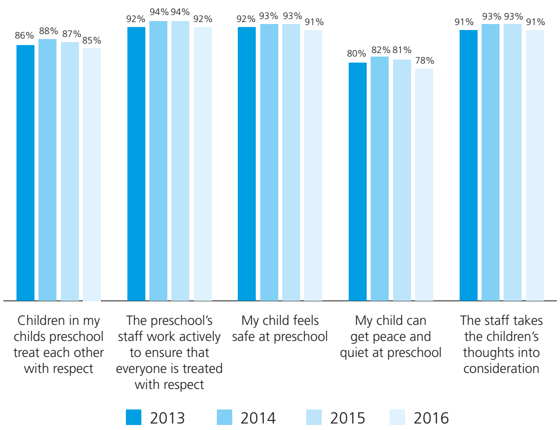
#### *Efficiency*

To improve efficiency within pre- and compulsory school operations AcadeMedia actively conducts quality and development work with the units that are not performing as well as expected. Such units are provided with support to develop the operations going forward. An important part of the Group's efficiency work is the development of tools for reducing both staff absence due to illness and staff turnover, and for more effective follow-up of the quality of the education. In addition, there are opportunities for increased use of framework agreements for the whole Group with various suppliers within the Group. AcadeMedia also works actively to share knowledge concerning quality and efficiency in operations between units and brands, also between Sweden and Norway.

## Quality results and external review of the preschool operations

Within the context of its quality work, AcadeMedia carries out an annual parent survey. The last survey was conducted at the beginning of 2016. The results, shown in the tables below, indicate good results for AcadeMedia's preschools.[1)]

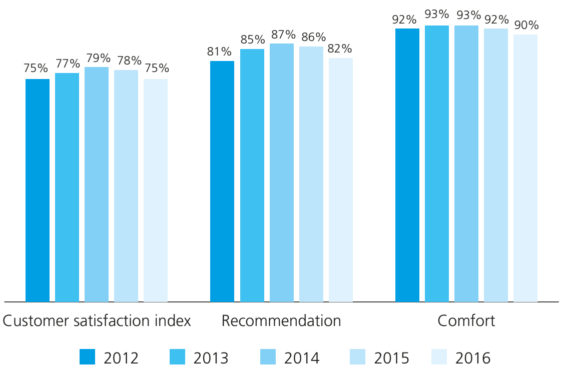
**Study environment – parents to children in preschool (%)**




The result of the 2016 survey shows sustained and very high results for AcadeMedia's preschools, although a decline of about 2 percents is noted across all of the questions. 92 percent of the parents indiced the highest response alternatives in response to the question of whether the preschools' staff takes responsibility for ensuring that everyone is treated with respect. Almost as many (91 percent) stated that the staff takes into account children's opinions and feelings and that their child is safe at the preschool.

The parent survey also includes questions concerning how satisfied the parents are with the quality of the operations. Satisfaction is measured through a Customer Satisfaction Index (CSI), with 100 as the maximum value. The measurements used are "recommendation" and "comfort." Again, the preschool operations indicate very good results.

**Perceived quality – parents to children in preschool (%)**

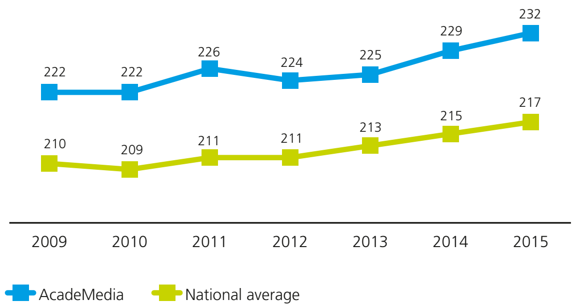



Both public and independent preschools are inspected by the municipality concerned. This means that the inspections are performed differently in different municipalities and there are therefore no national statistics. By compiling what has emerged in the inspections, an overview can nonetheless be obtained of the areas at which AcadeMedia's preschool operations should target their improvement efforts. In 2015 inspections were performed at a total of 37 preschool units. Of the 37 inspections, eleven contained no remarks whatsoever and according to AcadeMedia, none of the preschools received comprehensive and/or serious criticism. It is usual for remarks to be made when inspecting preschool units, both independent and public. AcadeMedia considers that the inspections performed had relatively good outcomes and it has been possible to rectify the remarks made without this resulting in further remarks.

## Quality results and external review of the compulsory school operations

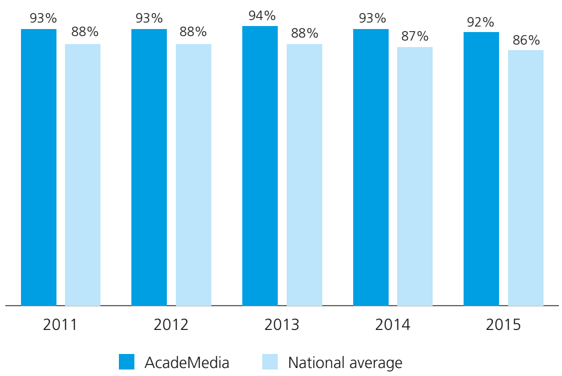
According to national statistics for the 2014/15 academic year, overall AcadeMedia's compulsory school operations are above the national average as regards average assessment levels. The average assessment for the 9th grade in AcadeMedia's compulsory schools improved compared with the preceding academic year, both in absolute figures and in comparison with the national average.

**Average assessment level in 9th grade**




Furthermore, the percentage of 9th grade students in AcadeMedia's compulsory schools qualifying for vocational upper secondary programs has also been clearly above the national average in recent years.

**Percentage of students qualified for upper secondary school**




1) A positive outcome is recorded only for respondents who selected the highest response alternatives (7–10) on a scale of ten. For example, a result of 86 percent means that 86 percent of the respondents answered one of the options 7–10 on a scale of ten.

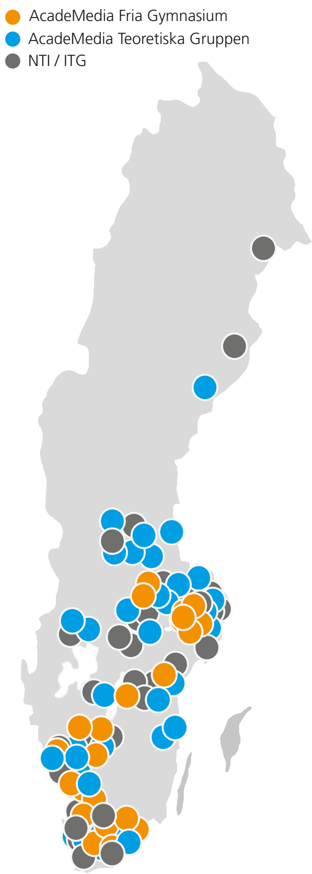
Inspections of compulsory schools are carried out by the Swedish Schools Inspectorate. None of AcadeMedia's compulsory schools were subject to inspection in 2015.

Three schools were, however, chosen to be included in so-called quality audits focusing on efforts to ensure a calm study environment, student health and history education in grades 7–9. After the audits were completed the schools received the conclusions, each containing two to three areas for improvement in areas such as student health and being critical of sources. The decision did not require a conditional fine to be imposed.

## THE BUSINESS SEGMENT UPPER SECONDARY SCHOOL

### Segment description

#### Geographical coverage, brands and key ratios




| Key ratios Q3 2015/16 | |
|---|---|
| Number of students | 24,917 |
| Number of units | 106 |

MARKET SHARE OF THE INDEPENDENT MARKET (2015)[1]

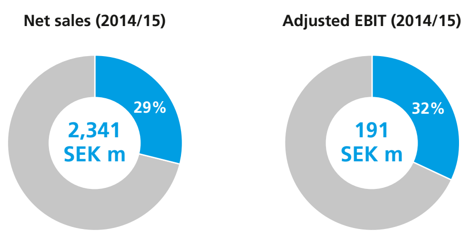
**29.9%**

MARKET SHARE OF THE TOTAL MARKET (2015)[1]

**7.8%**

***AcadeMedia conducts operations in 40 of 290 Swedish municipalities with focus on metropolitan areas***

The segment's share of the group




1) Based on the number of upper secondary school students in AcadeMedia's operations during nine months 2015/16 divided by the number of upper secondary school students in the country (independent and in total, respectively).

AcadeMedia is the largest independent provider of upper secondary school education in Sweden. The Group has focused on major cities and densely populated regions that are experiencing increased urbanization. AcadeMedia's upper secondary school operations can be divided into three main streams: introductory programs, programs leading to university and vocationally oriented programs, with a vast majority of students enrolled in programs leading to university.

During the third quarter of 2015/16, AcadeMedia's upper secondary school operations encompassed 106 upper secondary schools attended by an average of just under 25,000 students during the period. The upper secondary schools are run by 15 different providers (operators) with different brands and orientations. In the 2014/15 financial year the segment's net sales amounted to SEK 2,341 million and an operating profit excluding non-recurring items was SEK 191 million.

The illustration below shows AcadeMedia's business areas within the segment and their educational orientation.

## AcadeMedia Teoretiska Gruppen

- Education within social science and natural science.
- Foundation for further studies.
- Number of units Q3 2015/16: **32**

**Selected examples**

**Leading music upper secondary school in Sweden**

- Founded in 1993 with schools in Stockholm, Gothenburg, Malmö, Norrköping and Örebro
- Experienced advisory board including Lisa Miskovsky, Anders Bagge and Robert Wells, to name a few

**Offers education within:**

→ Music
→ Singer/Songwriter
→ Music production
→ Instruments/Vocals

## NTI/ITG

- Education within IT, data, media.
- Both theoretical and practical education.
- May serve as a foundation for further studie.
- Number of units Q3 2015/16: **24**

**Selected example**

**The digital school**

- Founded in 1968, with the first upper secondary school opened in 2002
- Technology is an integrated part of the education with goal to further develop co-operation, creativity, innovation and networking

**Offers education within:**

→ IT
→ Art, Music & Drama
→ Business
→ Business & Administration
→ Social science
→ Natural science
→ Technology

## AcadeMedia Fria Gymnasium

- Practical education within several different areas such as design, care, construction.
- Number of units Q3 2015/16: **50**

**Selected example**

**A creative upper secondary school**

- First sound and image school opened in 1993
- Educational focus on both practical and creative work that are preparatory for higher education
- Offer various educations within areas such as game graphics, game development, media and architecture

**Offers education within:**

→ Photography/film
→ Journalism/Design
→ Graphic design
→ Game graphics
→ Music production
→ Architecture
→ Game development
→ System development
→ Advertising & communication

As of July 1, 2016 the Upper secondary segment will be reported under two business areas: AcadeMedia's academic upper secondary schools ("ATG") and AcadeMedia's free schools in the upper secondary sector ("AFG"), which will also include the former business area "NTI/ITG".

### Vision and strategies

AcadeMedia possesses some of Sweden's strongest brands and upper secondary school operations with clear pedagogical concepts and niches. AcadeMedia's vision is for the Group's upper secondary schools to offer the most attractive education, both for students choosing programs to prepare for university and for those choosing vocational programs. AcadeMedia is to be at the cutting edge of quality and efficiency and intends to be a leader in innovation and development.

*Attractive education*

The education offering is attractive because the students are happy at their upper secondary schools, the teachers are good, the courses are relevant and student health matters are handled effectively. To enhance AcadeMedia's upper secondary school offering, the Group also actively work on the various brands and concepts, and continuous development of the local offering in order to evaluate whether to broaden existing schools and concepts or establish new ones.

IT is a natural element of all upper secondary operations and work is currently under way within AcadeMedia aimed to create the conditions for improved, more effective learning through better use of the schools' IT platforms. This includes reviewing and enhancing the schools' level of IT sophistication. AcadeMedia also sees great advantages in developing greater coordination with the operations conducted within the Adult education segment in the future, particularly higher vocational education and upper secondary level adult education.

*Growth*

The student classes within upper secondary schools have decreased significantly during recent years. Despite this decrease, AcadeMedia's upper secondary school operations have increased, resulting in a larger market share. The capacity utilization within AcadeMedia's upper secondary schools is however still low and there is great potential to increase the number of students in the schools now that the demographic trend is expected to turn and the number of 16 to 18 year olds increases again. In addition to the turnaround in the demographic trend, AcadeMedia is also expected to benefit from increasing urbanization. Growth within AcadeMedia's upper secondary schools is expected to derive primarily from increased capacity utilization in existing units, which is expected to make a positive contribution to profitability within the segment.

*Efficiency*

In view of the large number of different brands and units that exist within upper secondary school operations, AcadeMedia is trying to create structures for better knowledge sharing and resource allocation between different units. To improve both efficiency and quality, AcadeMedia is closely monitoring the units that are not performing as well as expected and providing support for developing the operations. In the event that the results do not improve as planned, however, some units could be divested or closed down in an orderly manner. In cases where AcadeMedia decides to close a school, new admissions to the school are stopped while existing students are allowed to continue their education in accordance with AcadeMedia's education guarantee.

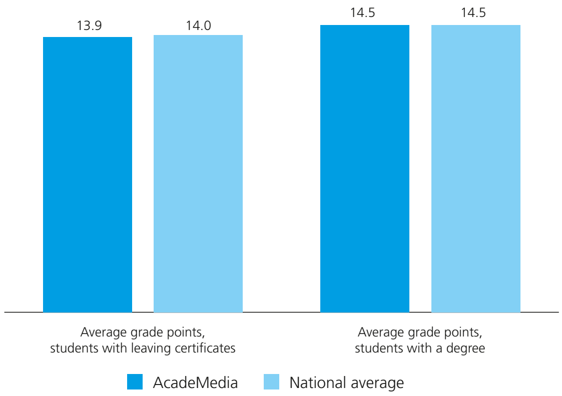
AcadeMedia is continuing to work on developing IT tools and other processes that can be used to better evaluate and compare the knowledge that the students bring with them from compulsory school to upper secondary school – as support for, among other things, the allocation of resources and the Group's continuous improvement efforts.

**Quality results and external review**

When reporting the grades achieved at upper secondary schools from the spring semester 2014 onwards, the Swedish National Agency for Education has decided to report the grade points in two ways: for "students with a school-leaving certificate" and for "students with a diploma." To be awarded a school-leaving certificate from upper secondary school, a student must achieve grades in all courses (2,500 points). To also be awarded a diploma, the student must also have achieved passing grades (grades A–E) in courses equalling at least 2,250 points, a pass in a number of selected courses (in Swedish, English, mathematics and the diploma project), and in the case of vocational diplomas also at least 400 points for program-specific courses.

The average grade points (based on students with a school-leaving certificate) in AcadeMedia's upper secondary schools in the 2014/15 academic year was just below the national average, which is due to lower values from units acquired during the academic year. If the average grade points are based on students with a diploma, however, then overall, AcadeMedia's upper secondary schools are in line with the national average.

**Functional quality – average grade points (2015)**

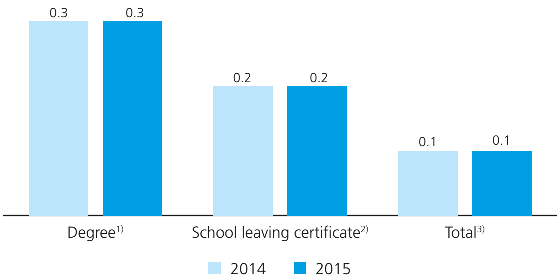



To complement the national statistics, AcadeMedia continuously work on developing new measurement and analysis methods that can provide valuable information on what is working well or less well in different schools. One example of this is to determine how AcadeMedia's upper secondary schools are succeeding in terms of the students' academic results (expressed as grade point average) in relation to the students' level of knowledge (expressed in merit points) when they started their the first year at upper secondary school. AcadeMedia has chosen to call this measurement "added value".

AcadeMedia assigned SCB to analyse all students who graduated in Sweden in spring 2014 and 2015. SCB delivered a linear function indication of the anticipated national average of grades from upper secondary schools in relation to the grade point average of students in upper secondary schools. If one of AcadeMedia's upper secondary schools has a grade average that is higher than can be expected from the students' grade point average in relation to the national average, this is referred to as positive added value.[1)] If the school on the other hand has a lower result than expected this is referred to as negative added value. In order to further develop the result measurement, AcadeMedia has an ongoing dialogue with authorities and other major school principals.

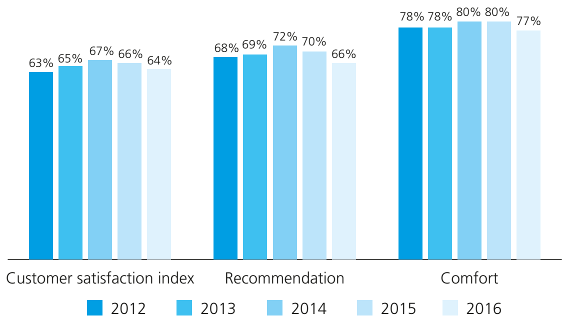
1) If the added value for one school is 1, that means that its students' grade point average, is one point above the expected result, for example, a grade point average of 15 instead of 14.

**Added value for AcadeMedia's upper secondary schools**




1) Students with a degree.
2) Students with a school certificate of at least 2,500 points leaving (including both students with a degree and students without a degree but who nevertheless has 2,500 points in their school certificate).
3) Students in total, i.e. students with a degree, students with a school certificate of more than 2,500 points and students with a school certificate of less than 2,500 points.

**Perceived quality – upper secondary school's students**

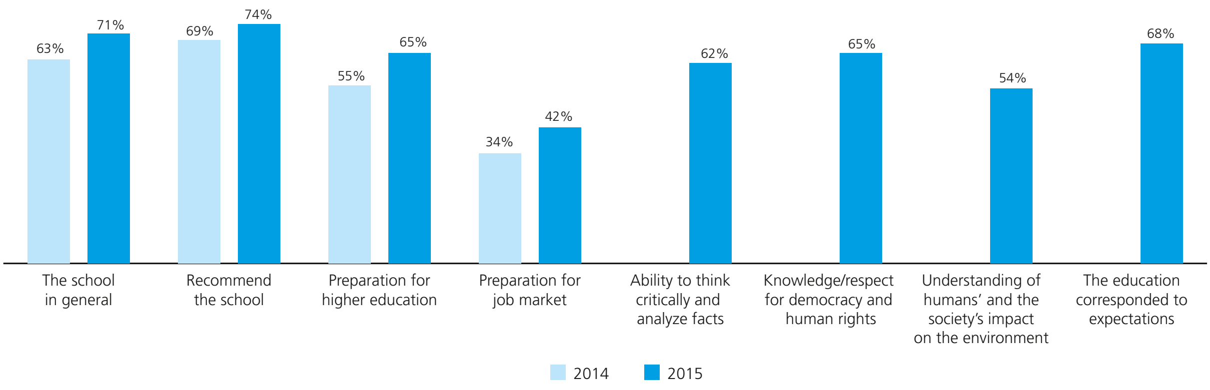



As in the compulsory school operations, the perceived quality in upper secondary school is measured through a Customer Satisfaction Index (CSI) through which the student's willingness to recommend their school to other students and the students' perception of their school are measured. It can be stated that the upper secondary students' satisfaction measured in CSI for the in 2016 has declined somewhat compared with the preceding academic year. The percentage of upper secondary students that would recommend their school and the level of student satisfaction there has also decreased. However, the units added to AcadeMedia's operations through acquisitions in the previous two years have a lower recommendation level than the units that have been part of AcadeMedia for a longer period.

At the end of 2015, the Group conducted a general follow-up process for upper secondary schools graduates 2.5 years after graduation. The purpose was to get an indication of how satisfied the former students were with their time at upper secondary school and if they felt that they had gained the necessary knowledge and skills.

The general conclusion was that students continuing their education in the same field as they studied at upper secondary school were overall more satisfied with their school and more likely to recommend it compared to students in a different field of study. Students working in the same field as they studied in upper secondary school were also overall more satisfied with their school and more likely to recommend it compared to students working in a different field. Also, students that chose to continue studying were in general more satisfied with their school and more likely to recommend it compared to students that started work right after graduating from upper secondary school.

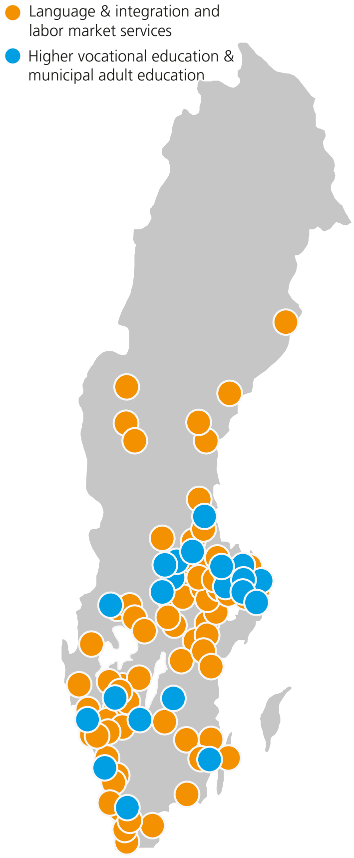
**Efficient quality – former students' satisfaction**




The Swedish Schools Inspectorate is also the supervisory authority for upper secondary schools, and in 2015 it carried out six inspections of AcadeMedia upper secondary schools. However, none went through a full review. Instead there were five inspections of new units and specific scrutiny of efforts to prevent degrading treatment at upper secondary schools with a sports orientation. Inspections of new units were completed with no remarks, while the specific inspection is still ongoing. In January 2016 the Swedish Schools Inspectorate decided to impose a conditional fine on a unit, DCC Västerås (currently in the process of being closed), based on deficiencies noted during an inspection in 2014. In April 2016 the Swedish Schools Inspectorate announced that they were satisfied with the steps taken, and the inspection was concluded. In the 2016 calendar year, nearly all of AcadeMedia's upper secondary schools will go through a regular inspection by the Swedish Schools Inspectorate.

## THE BUSINESS SEGMENT ADULT EDUCATION
### Segment description

#### Geographical coverage, brands and key ratios



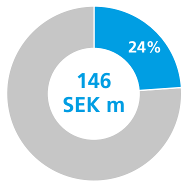

eductus · The Game Assembly · Hermods · nti skolan · KompetensUtvecklingsInstitutet www.kui.se · EC Utbildning · Sälj&Marknadshögskolan · vårdyrkeshögskolan · plushögskolan · teknikhögskolan · affärshögskolan

| Key ratios Q3 2015/16 | |
|---|---|
| Number of participants | ~80,000 |
| Number of contracts/assignments | 660 |
| Number of full time employees | 1,350 |

**The segment's share of the Group**

**Net sales (2014/15)**


**Adjusted EBIT (2014/15)**




**Geographical coverage**

| Business area | Number of cities |
|---|---|
| Language & integration | 50 |
| Labor market services | 75 |
| Higher vocational education | 16 |
| Municipal adult education | 87 |

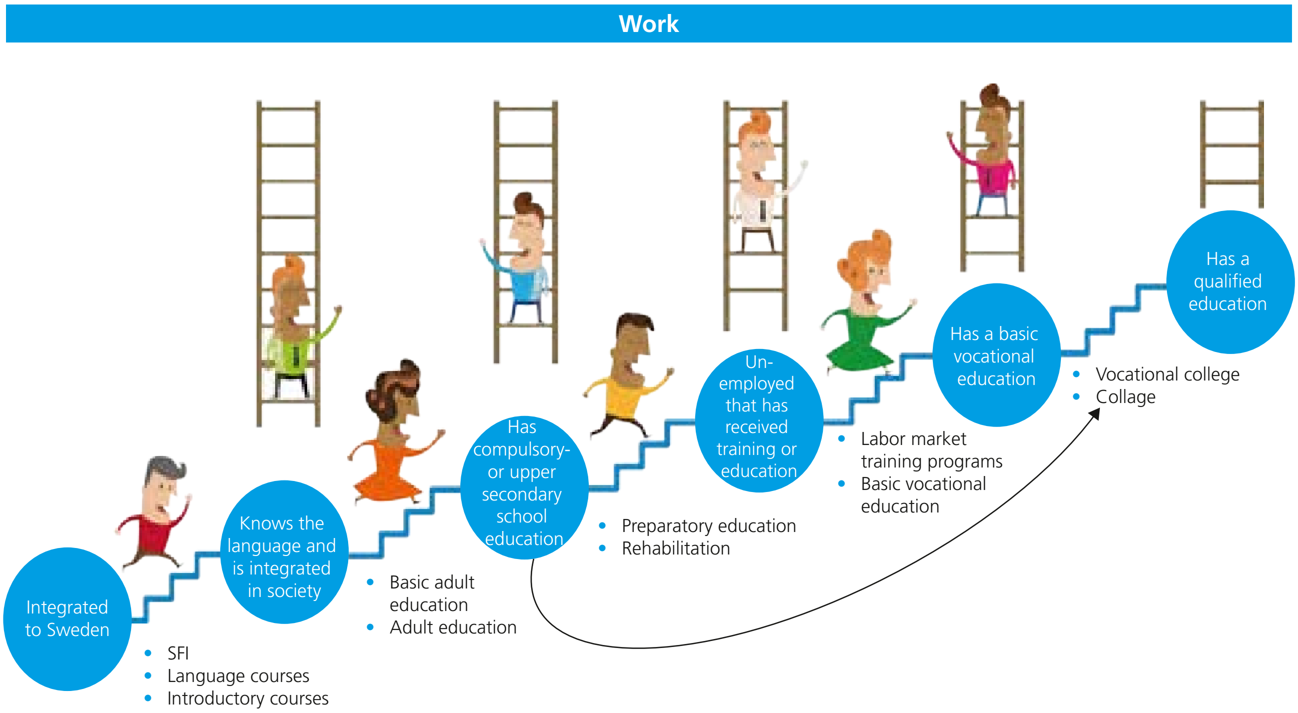
***Distance education gives AcadeMedia 100% geographical coverage***

Unemployment, exclusion and increased immigration have changed what is required of and increased the need for adult education and labor market services. The needs of the individuals concerned are often multifaceted, and combinations of collaborative efforts are needed in areas such as language, social understanding, vocational training, adult education, etc. in order to be successful. These efforts may be either basic or more advanced in nature, as the need for further training in various occupations varies depending on existing skills. Both individuals and companies have an increasing need for relevant and more advanced skills enhancement. To achieve results in the form of further education, retraining, employment and integration, individually adapted efforts are needed based on the needs of the individual and the labor market. Since the society's resources are limited, the specific efforts must be of good quality and the overall form of the efforts must be effective. AcadeMedia has a unique position in the market for adult education and labor market services in Sweden in that it has a number of strong brands/operations with a broad geographic presence and a wide range of education and coaching services covering everything from basic language and integration programs to specialized post-upper secondary vocational educations.

The common thread in the Adult education segment is a focus on jobs, meaning that all operations are aimed at getting the individual into employment or further study. This is manifested by a holistic offering – from the integration of recently arrived refugees through courses in Swedish for immigrants and an introduction to Swedish society, and/or support for individuals needing rehabilitation, through preparatory education to vocational education and employment as well as matching in the labor market. AcadeMedia's holistic adult education offering is summarized in the Staircase, a model that moves individuals on to higher levels of qualification and work. At each stage AcadeMedia not only contributes its specific expertise, but also makes it easier for the individual to move in the shortest possible time from a position of exclusion into work and to succeed in turning their life around. At an overarching level, the Staircase offers decision-makers and politicians a holistic view of how well social programs are working with regards to achieving results for large groups of citizens. This approach, combined with experience in a large number of locations, makes AcadeMedia a natural partner for dialog with authorities, municipalities and politicians, which is of great significance for the design of future solutions to major social challenges.

AcadeMedia is the largest provider of adult education and labor market services in Sweden, with operations at some 150 units around Sweden and a total of approximately 80,000 participants in various programs and courses in the 2014/15 financial year. During the same financial year AcadeMedia's net sales from Adult education amounted to SEK 1,309 million and an operating profit excluding non-recurring items amounted to SEK 146 million.

**The staircase – comprehensive view for customers and participants**




The operations are run under a number of different brands with a clear profile and unique expertise. The overall operations are capable of meeting the needs of each individual in the best way possible, from language to employment. The brands and their different offerings thereby complement each other.

To simplify, AcadeMedia's adult education operations can be split into four areas: language and integration, municipal adult education, labor market services and higher vocational education.

Language and integration encompasses various types of programs:

- **Sfi** (Swedish language courses for immigrants are free of charge for the participants and are offered by municipalities to most categories of adult immigrants to Sweden);
- **Vocational Swedish** (Swedish language courses commissioned by the Swedish National Employment Agency specifically designed for particular sectors and occupations); and
- **Basic Modules** (modular courses commissioned by the Swedish National Employment Agency that provide language skills and a knowledge of how Swedish society works as well as subjects such as computer skills, mathematics and knowledge concerning the Swedish labor market).

These all have in common an approach based on the circumstances of the individual concerned, with a view to helping to develop language skills and enabling them to become an established part of society and join the labor market. Sfi operations are conducted at some 50 locations around the country, from Malmö in the south to Boden in the north. The participants come from all parts of the world and could be either illiterates or university graduates.

Municipal adult education aims to provide adults with knowledge at a level corresponding to upper secondary school education. The education ranges from occasional courses to course packages and complete educational programs, and includes both academic programs and vocational programs. The participants are usually individuals who need to supplement their grades from compulsory school or upper secondary school. The courses are run under contracts with municipalities and are offered in the form of distance learning, classroom-based instruction or a combination of the two (flexible learning). The need for this has increased in recent years in consequence of the fact that more young Swedes have not completed their upper secondary school education as well as in consequence of increased immigration. The issue is a political priority, since there is a strong link between future unemployment and not having completed upper secondary school education.

Labor market services cover many types of contracted services and other education. They are mainly commissioned by the Swedish National Employment Agency and operations are spread across some 100 locations all over the country, from Malmö in the south to Umeå in the north, with around 20,000 participants. The overall aim is to strengthen the participants' position in the labor market and increase their chances of employment. The programs range from initiatives to help new arrivals get established and preparatory programs to job matching and labor market services designed to lead to employment in areas such as healthcare, construction or service occupations.

Higher vocational education is a government-regulated and controlled form of post-upper secondary education. The aim of this type of education is to offer a short, effective program directly linked to the needs of the labor market. The education is conducted at 16 cities around the country, from Malmö in the south to Östersund in the north.

AcadeMedia's adult education courses are operated under the following brands:

**Language & integration**

- Swedish for immigrants and other language/integration education
- Collaborations with a majority of the Swedish municipalities and the National Employment Agency

**Labor market services**

- Support and coaching
- Targeted labor market programs
- Good and long contact with the National Employment Agency

**Municipal adult education**

- Municipal adult education on a compulsory and upper secondary school level
- Solid customer base of municipalities

**Vocational education**

- Theoretical
  - Business, IT, construction etc. offers both distance- and classroom based education
- Practical
  - Care, childcare, assistance

### Vision and strategies

The vision is for AcadeMedia's adult education to be an international role model when it comes to training and developing individuals for work. To achieve this vision, three strategic cornerstones have been identified:

- A holistic view of needs and solutions, with employment as the ultimate aim. In specific terms, the *Staircase* is the framework through which a holistic view is created in day-to-day operations.
- Leading expertise: AcadeMedia's adult education must deliver the best results in adult education and labor market services.
- Attractiveness and effectiveness: AcadeMedia's adult education shall be the first choice of students and participants. Individuals shall achieve their goals in the most efficient way, for the benefit of society and the Company.

An operational strategy has emerged based on these three strategic cornerstones:

*Growth*

AcadeMedia's focus for continued growth in the Adult education segment is to continue its organic growth within existing markets by offering high-quality operations and by winning tender processes. Significant scale benefits can be achieved by integrating the various parts of its education offering more effectively – particularly between language and integration and labor market services – and further improving participant recruitment to the Group's courses. AcadeMedia's adult education has historically enjoyed good growth through a high hit-rate per tenders submitted (during the financial year 2014/15 the Group won more than half of the tender processes in which the Group participated), a trend that AcadeMedia expects to continue. Another focus for growth will be on acquiring small and medium-sized units in certain strategically attractive areas of the segment.

### *Efficiency and profitability*

Work is in progress to develop the operations' offering within the overall framework of the Staircase. The idea is to clarify, streamline and improve AcadeMedia's holistic offering within adult education and to realize the synergies resulting from this offering. This will allow participants to move about more easily within and between AcadeMedia's adult education offerings as they seek to find employment. At the same time, work is under way on the continued implementation of a shared quality management system based on the AcadeMedia Model, which will also include a common approach to assessing the participants' results and progress.

### *Tender process*

Within the Adult education segment AcadeMedia has established a structured, high-quality bidding process that has contributed to its high tender process hit rate to date. This process creates good conditions for doing business while minimizing any evaluation risks in the tender process, and the various types of education in this segment are attracting more target groups. Through its tender process AcadeMedia monitors and proactively work with potential clients, so as to be in the best possible starting position in each bidding situation. Through providing the potential client with operational support that guarantees that the qualification requirements are thoroughly met and assists with evaluating the commercial terms, more attention is paid to the content of each tender submitted. AcadeMedia monitors the Group companies' tender procedures closely, and in the 2014/15 financial year the Group won more than half of the tender processes in which it participated.

## Contract portfolio

AcadeMedia's contract portfolio comprises contracts that have been concluded with the Swedish National Employment Agency, municipalities and the Swedish National Agency for Higher Vocational Education.

In the 2014/15, financial year total net sales from the Group's education contracts within the segment amounted to SEK 1,309 million. Of this, 35 percent came from labor market services, 25 percent each from language and integration and from municipal adult education, and 16 percent from higher vocational education.

The majority of the tender processes that AcadeMedia participates in under the Public Procurement Act are for multiple contracts, known as group contracts. For example, the Swedish National Employment Agency often puts all of its current training and education areas in a particular region out to tender in a single tender process. However, the participating companies are allowed to submit tenders for the specific parts of these areas that will form separate contracts at the end of the tender process. Most of AcadeMedia's contracts fall under larger group contracts. In some of these group contracts AcadeMedia has won contracts via more than one Group company.

The table below shows the end date of the Group's ten largest contracts or group contracts and the value of each contract or group contract based on sales during the most recently concluded financial year, i.e. 2014/15. One of the ten largest group contracts was tendered under the Act on Freedom of Choice Systems and is effective until further notice.

| *End date of contract* | | *Value of group contracts (SEK million)* |
|---|---|---|
| 2015/16 | Q4 | 0 |
| 2016/17 | Q1 | 15 |
| | Q2 | 0 |
| | Q3 | 100 |
| | Q4 | 0 |
| 2017/18 | Q1 | 0 |
| | Q2 | 16 |
| | Q3 | 147 |
| | Q4 | 0 |
| 2018/19 | Q1 | 25 |
| | Q2 | 0 |
| | Q3 | 0 |
| | Q4 | 148 |
| **Total** | | **451** |

## Quality results and external review

Since the various operations within the segment specialize in different types of education and labor market services, they vary – not only as regards who the client is and the profile of the participants, but also in terms of the governing regulations and principles for follow-up. The education may, for example, be commissioned by the Swedish National Employment Agency, municipalities, retraining funds or the Swedish National Agency

The table below summarizes the terms of AcadeMedia's contracts within the Adult education segment, excluding contracts that are effective indefinitely under the Act on Freedom of Choice Systems.

**Contract time per customer**

| Contract/customer | **Swedish Employment Office** | **Municipalities** | **National mediation of higher adult education** |
|---|---|---|---|
| Minimum | 2.8 years | 0.5 years | 1.0 years |
| Median | 4.0 years | 4.0 years | 2.0 years |
| Maximum | 4.2 years | 5.6 years | 3.0 years |
| Remaining time of current contract in average | 2.8 years | 1.8 years | – |

for Higher Vocational Education. This diversity makes quality follow-up more complex in adult education than in other types of schooling and education. In 2014 work on developing the mutual follow-up program was intensified, in order to be able to aggregate and compare the results of adult education to a greater extent. In 2015 quality assurance relating to adult education was developed further in line with the joint goals and parameters in AcadeMedia's model. Some follow-up work still remains to be done and this will continue in 2016 and beyond.

External audits within the segment are carried out by the various commissioning bodies. Access to detailed compilations at the overall level is therefore limited.

### *Language and integration*

The municipalities regularly carry out audits and inspections of AcadeMedia's Sfi courses. No serious criticism was directed at AcadeMedia's Sfi courses in 2014 or 2015.

In 2015 AcadeMedia issued more than 6,000 diplomas within Sfi programs and the students had an average of about 231 hours in order to complete their course. This is in line with the previous year's results and remains slightly above the national average (which, according to the latest figures reported by the Swedish National Agency for Education in 2014, was 213 hours). Here, it should be noted that the Swedish National Agency for Education includes the number of beginners at Sfi who after two years have passed at least one course. At AcadeMedia the calculations are instead based on all students who have received a diploma in the past year.

### *Municipal adult education*

Municipal adult education is inspected more or less continuously by the municipalities and the Swedish Schools Inspectorate. All of AcadeMedia's upper secondary level adult education programs are contracted by more than 170 municipalities around the country, and they are indirectly inspected every time any of these municipalities has an inspection by the Swedish Schools Inspectorate. In addition, many of the municipalities carry out their own evaluations of the schools' operations based on the contracts. In March 2016, the Swedish Schools Inspectorate decided to, after a so-called directed inspection of Hermods AB in its capacity as education provider in Helsingborg municipality, address criticism towards Helsingborg municipality due to lack in their assessment regarding performance of the practical elements of the education. They have also ordered Helsingborg municipality to, no later than in June 2016, take measures to correct the shortcomings. The criticism is directed towards Helsingborg municipality as principal. However, Hermods AB must, as sole supplier of the education services to the municipality, answer to the Swedish Schools Inspectorate, in dialogue with the municipality, in this matter.

### *Labor market services*

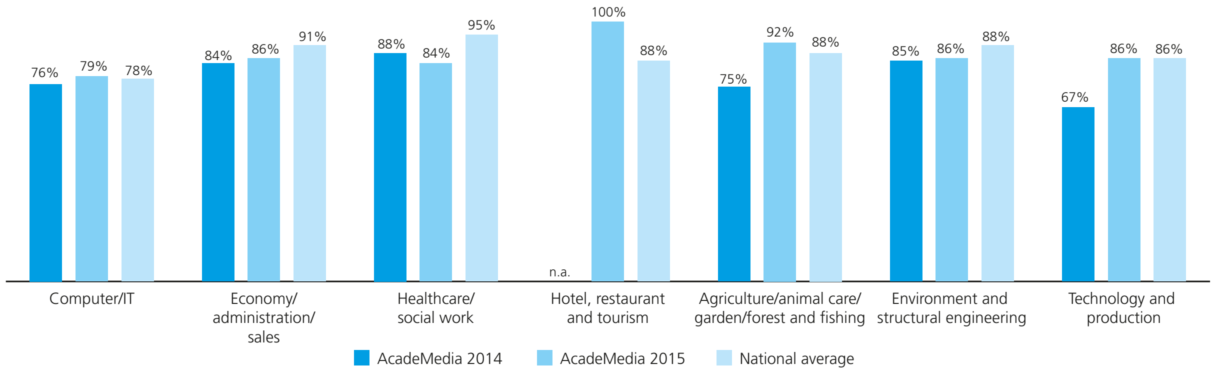
AcadeMedia gets continual feedback from the Swedish National Employment Agency concerning the various projects run within its framework. In 2015 no serious remarks were issued.

### *Higher vocational education*

85 percent of AcadeMedia's students attending higher vocational education programs have a job six months after graduating. This is an improvement compared with 2014 when it was just over 80 percent. The result is therefore approaching the national average which in 2014 was 89 percent in employment 12 months after graduation, despite the shorter measurement period.[1)]

Operations within higher vocational education are under government supervision by the Swedish National Agency for Higher Vocational Education, which uses similar inspection methods as the Swedish Schools Inspectorate. In 2015 a total of 14 initial inspections were carried out (nine of which contained remarks requiring actions to be taken and improvements to be made) and one regular inspection in which some criticism was expressed. This scrutiny was concluded after measures were taken. An initial inspection is carried out when a new course is started up, while regular inspections are performed on courses already operating. In June 2015 the Swedish National Agency for Higher Vocational Education severely criticized Plushögskolan for having failed to provide an adequate amount of instructor-led teaching. Plushögskolan has acted in accordance with the Agency's decision and taken measures to meet the established requirements. In September 2015 the Swedish National Agency for Higher Vocational Education notified that the matter had been closed without further remarks.

**Percentage of graduated students with jobs within a year**




1) The most recent comparable published figures from the Swedish National Agency for Higher Vocational Education.

## PRESCHOOL INTERNATIONAL

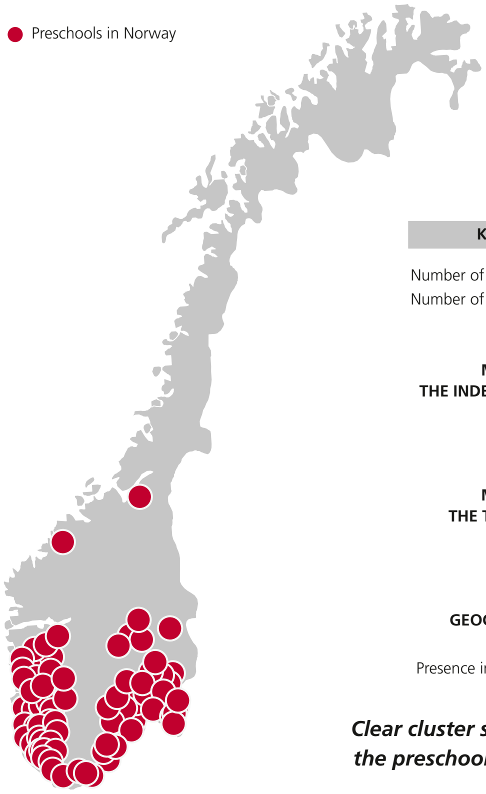
AcadeMedia has two international business segments, Preschool Norway and Preschool Germany. However, in the Company's financial reporting, these business segments are reported together as "Preschool International".

### The business segment Preschool Norway

*Segment description*

AcadeMedia's Norwegian preschool operations are run under the Espira brand, which was formed in 1992 and is Norway's second largest preschool provider in terms of sales. Espira was acquired by AcadeMedia in 2014. At the end of the third quarter of 2015/16 Espira had 84 preschools in southern and central Norway with a total of around 7,900 children. In the 2014/15 financial year AcadeMedia's Norwegian preschool operations had net sales of SEK 1,351 million and an operating profit excluding non-recurring items of SEK 107 million.

### Geographical coverage, brands and key ratios




| Key ratios Q3 2015/16 | |
|---|---|
| Number of children | 7,900 |
| Number of units | 84 |

MARKET SHARE OF THE INDEPENDENT MARKET (2015)[1]

**5.7%**

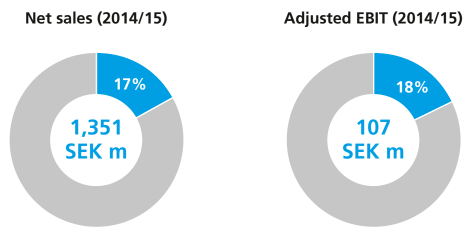
MARKET SHARE OF THE TOTAL MARKET (2015)[1]

**2.8%**

GEOGRAPHICAL COVERAGE

Presence in **40** of **428** municipalities

**The segment's share of the Group**




***Clear cluster strategy with the majority of the preschools in densely populated areas***

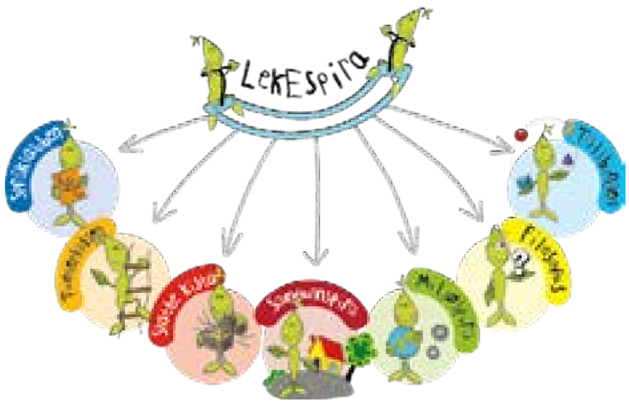
1) Based on the number of children in AcadeMedia's operations during nine months 2015/16 divided by the number of children in preschool in Norway (independent and in total, respectively).

Espira has a vision to lead the development of the preschools of the future in Norway and a clear focus on making the children's everyday lives rewarding, instructive and stimulating. The operations are characterized by contiuous development, assured structural quality and differentiation. A unique educational concept and a focus on its employees having leading expertise through continuous professional development enhances the vision of being Northern Europe's foremost preschool provider with the market's strongest brand. This is supported by the results of a brand survey commissioned by AcadeMedia and carried out in 2015 by the Norwegian market research company Opinion, according to which 40 percent of those questioned are familiar with Espira. This is a higher result than for any other provider included in the survey.

Espira works on quality in various ways and has for a number of years worked intensively to support quality work at the various preschool units. By offering administrative support, the Group has succeeded in freeing up time for quality work in each unit. The administrative assistance covers areas such as assistance with finance, recruitment, personnel matters, communication and media, and purchasing. In addition, Espira supports the quality work at the preschools through the three main parts of its educational concept, LekEspira: educational toolboxes, the Espira Academy and the Espira indoor and outdoor environment.

*Educational toolboxes*

Educational toolboxes are Espira's own tools for working actively based on the Norwegian preschool curriculum. Espira sees the key to quality in the preschools as being competent employees who have tools for implementing the content of the curriculum in daily operations. In the OECD's review of Norway's curriculum the country was advised to develop directives and guidelines for the preschools, to help preschool staff put the overall directives of the curriculum into practice. Espira has therefore developed its own set of tools within the LekEspira concept. Among other things, these include subject cards, support materials, standards and the Spire portal, a digital documentation and communication tool.



**Modular concept developed to fit national curriculum outlines**

| | |
|---|---|
| Språklabben | Language, communication and text |
| Tumleplassen | Physical exercise and health |
| Skattekista | Arts, culture and creativity |
| Samfunnsspira | Society and social sciences |
| Miljøspira | Nature and environment |
| Filosofus | Ethics, religion and philosophy |
| Tallbingen | Numbers, space and form |

*The Espira Academy*

The LekEspira concept also includes a skills development system called the Espira Academy. In 2014 a hundred continuing education courses were completed, with approximately 2,400 participants. The task of Espira Academy is to ensure a holistic view of skills development and systematic work on competence initiatives. For individual employees, the Espira Academy provides opportunities to develop their own skills. A large and varied range of courses are on offer, including courses in several of the curriculum's subject areas. A leadership program is also offered for heads and lead educators, as well as courses covering areas such as recruitment and finance. The majority of the courses at the Espira Academy are led by Espira's own instructors. Within the Espira Academy, Espira has set up a separate board for innovation and development. The board includes employees of Espira and external specialists in the areas in which Espira wants to improve the competence within the organization, such as languages, science and physical activity.

*The Espira outdoor and indoor environment*

Espira places great importance on having challenging and varied outdoor and indoor environments at Espira's preschools, based on providing the best possible layout for both children and staff. When planning the indoor and outdoor environment, Espira's overall concept provides a common starting point. Espira's preschool buildings, signs, printed material and work wear have a consistent, easily recognizable profile. In connection with new preschool establishments in Norway, investments in new preschool properties are regularly made due to the favorable financing model. Today, Espira owns 15 of the properties in which they operate.

**Vision and strategies**

*Attractive education*

AcadeMedia is focusing on developing Espira's educational concept and business model further and on developing its staff within the framework of the Espira Academy, in order to recruit and retain experienced employees, increase employees' job satisfaction and ensure a very high quality of leadership at the preschool level.

*Growth*

AcadeMedia intends growth within Espira to be greater than that of the market, and this is to be achieved by three main measures: establishing new units, market consolidation and participating in municipal tender processes for preschool operations.

There will be a focus on geographic areas and municipalities with attractive demographics driven by population growth and urbanization, with the main focus on selected larger cities. AcadeMedia is currently considering a number of acquisitions within preschool operations in Norway. AcadeMedia also believes that there are good opportunities for expanding the concept to other markets in Europe.

*Efficiency*

AcadeMedia considers its existing organization to be well suited for continued growth, with the capacity to handle a number of new units within the framework of the existing central organization and system. Scale benefits can also be realized through new establishments, the integration of acquired preschools and ongoing sharing of knowledge and experience with Pysslingen in respect of the Swedish preschool model.

**Quality results**

In 2015 Espira, inspired by Pysslingen preschools, developed and tested a new system to monitor the quality at Espira preschools. The system is based on Pysslingen's "Learning Index" based on the Norwegian curriculum and Norwegian governing documents. As only 12 of the 81 Espira preschools have participated so far, no results at the general level can be presented at this time. In 2016 additional preschools will be involved. Espira is working on developing the system, from both a content and digital perspective, to ensure a fair assessment based on the established criteria.

For a number of years Espira has been conducting annual surveys of preschool parents to monitor the perceived quality. The survey contains a general question similar to one that other Norwegian providers and municipalities ask: Overall, how satisfied are you with the preschool? The question is answered on a scale of 1–6. In 2013 the result was 5.10. In 2014 it increased to 5.23 and in 2015 it improved further to 5.31.

## The business segment Preschool Germany
*Segment description*

### Geographical coverage, brands and key ratios

| Key ratios Q3 2015/16 | |
|---|---|
| Number of children | 450 |
| Number of units | 7 |

***Cluster strategy with all preschools in the München area***

AcadeMedia's German preschools are currently operated under the Joki brand which was formed in 2007. Joki was acquired by AcadeMedia in February 2016 and has, as of March 31, 2016, seven bilingual preschools in Munich with a total of 450 children. As of the date of the Prospectus, the preschool operations have annual net sales of approximately SEK 80 million.

All of the children at Joki preschools participate in the bilingual program and parents can choose between the language combinations German/English and German/Spanish. Joki helps to develop children into happy, self-assured and independent individuals.

Joki's mission is to give parents the opportunity to combine work with good parenting. With loving child care combined with generous hours of operation and a high level of service, Joki makes life easier for working parents. Joki's educational concept is based on the Bavarian curriculum, Bayerischen Bildungs- und Erziehungsplan (BEP).

### Visions and strategies
*Attractive education*

AcadeMedia is focusing on further developing Joki's educational concept and business model at new and existing units and also intends to establish Espira's educational concept and business model in the German preschool market.

*Growth*

AcadeMedia aims to expand the business in Germany over the next few years. Growth will come through the opening of additional Joki preschools in selected locations and, in order to address a market segment with a lower price point than Joki's, also launch Espira in the German preschool market.

The focus will primarily be on the federal states of Bavaria and Baden-Württemberg, both of which have a great need for new preschool places and where the climate for new commercial ventures is good. AcadeMedia will also continuously evaluate acquisition opportunities in additional German federal states.

*Efficiency*

To take advantage of the growth opportunities in the German preschool market, AcadeMedia strengthened the Joki organization following the acquisition. Resources have been added, particularly in the areas of business development and finance.

### Quality performance

Joki works on quality in various ways and has for a number of years worked intensively to support the quality work at the various preschool units. To monitor the quality of the preschools, Joki carries out a customer survey annually among parents, equivalent to the customer survey carried out within AcadeMedia's other operations. The customer surveys are mainly based on questionnaires, and Joki has generally seen very good results. There is also a constant exchange of experiences between AcadeMedia's German, Norwegian and Swedish preschool operations.

## GROWTH MODEL

### *Increased capacity utilization*

AcadeMedia is actively working to improve capacity utilization in existing units. In all of the Group's business segments there is spare capacity in a number of units, and thus opportunity to grow by increasing student and participant numbers. Each unfilled place that can be taken by a new student or participant increases net sales but generates only a marginal cost increase, which has a significant positive effect on AcadeMedia's results and profitability. There is considerable potential in improved capacity utilization and this is followed up continually in the Group's operations.

Work to improve capacity utilization is taking place mainly within each business area or brand. Active quality development work and increasing the attractiveness of AcadeMedia's units are important factors in attracting more students and participants in the long-term and filling units with spare capacity. Marketing efforts towards students, participants and parents take place continuously at the local level to create awareness of AcadeMedia's schools. In units with full capacity utilization (of which many also have a waiting list) AcadeMedia continually reviews the possibility of increasing capacity and making room for further growth by reallocating existing premises or building an extension.

### *Model for establishing new units*

AcadeMedia has a great deal of experience of starting new units. In the past five years AcadeMedia has started close to 50 new preschools, compulsory schools and upper secondary schools, and this has made a strong contribution to the Group's growth. The majority of future start-ups are planned for the Preschool segment in Sweden, Norway and Germany. A small number of compulsory schools and upper secondary schools are also planned, where there is a need and demand in the local market. The aim is to start up around ten units per year, focusing on preschools. The investments are expected to amount to around SEK 1.0 to 1.5 million per newly established preschool unit in Sweden and Germany, SEK 2 to 3 million per newly established compulsory school and upper secondary school and approximately NOK 25 to 45 million per newly established unit in Norway. Starting up a preschool in Norway generally involves investing in real estate because of the beneficial financing model, which explains the high initial investment. On the other hand, the above amounts for establishing new units in Sweden do not include rental costs. For more information, refer to the sections "Operational and financial overview – "Investments in non-current assets" and "Growth".

AcadeMedia and its business areas continuously work on evaluating interesting opportunities to open new units. Through good knowledge of demographic trends and current levels of reimbursement, AcadeMedia is able to decide quickly – both in new municipalities and in municipalities where it already has established units – whether a particular municipality is of interest for a new establishment. In municipalities that AcadeMedia has identified as being of interest, the Group and its operations work with real estate companies, real estate developers and the municipality to find suitable premises and/or sites for starting new units.

In connection with AcadeMedia filing a permit application for a new unit to a municipality (for a preschool) or to the Swedish Schools Inspectorate (for a compulsory school or upper secondary school), a market survey is generally carried out to find out whether there is interest in the proposed new unit. The permit process involved in establishing new operations is extensive and includes well-prepared documentation on the new unit.

Within AcadeMedia, decisions on establishing new units are made by segment management and the board of the subsidiary. The availability of suitable premises is a key factor in the decision to establish a new unit, and the commercially decisive point is generally when a lease is signed – which could take place either before or after AcadeMedia has obtained the relevant permit. New leases are approved through a clear approval matrix in which the longest and largest leases are approved by the Chairman of the Board. If a decision is taken before a permit has been granted, the lease is always conditional upon AcadeMedia being granted a permit.

The approach for establishing new units in Norway differs from the situation in Sweden and Germany where premises for the units are rented. This is mainly because it is financially advantageous to own preschool properties when operating preschools in Norway, due to a VAT discount on building costs and the availability of financing on favorable terms from the Norwegian State Housing Bank (*Husbanken*). The operators are therefore often responsible for the initial investment in real estate etc., rather than leasing properties from other real estate owners as is the case in Sweden and Germany. Among other things, the State Housing Bank's financing of new preschool construction in Norway is conditional upon having the relevant municipal support for the planned unit and upon the existence of a model for the financing of ongoing operations.

### *Corporate acquisitions and takeover of units*

AcadeMedia continually evaluates new growth opportunities, both through acquisitions of significant operations or takeovers of individual units or a few units. Within AcadeMedia, employees working in business development are responsible for maintaining a good knowledge of other players in the markets where AcadeMedia currently operates. By continually evaluating potential acquisitions and takeovers, AcadeMedia has a good idea of the operations and individual units that are attractive to acquire.

When evaluating potential acquisitions and takeovers AcadeMedia attaches particular importance to the qualitative and financial position of the operations. The operations must be of good quality and must be attractive, with no significant remarks by the Swedish Schools Inspectorate or equivalent supervisory authority, and must have sound financial ratios. In addition, the operations must complement AcadeMedia's existing offering, or alternatively be able to be integrated into existing operations.

After making an acquisition or taking over a unit AcadeMedia aims to, promptly after the takeover, coordinate administration, including accounting and payroll management, with existing support departments within AcadeMedia as soon as possible. The operations and the units also gain direct access to AcadeMedia's purchasing department. The transition to AcadeMedia's framework agreements takes place gradually as existing contracts within the relevant operations or units expire. In all acquisitions and takeovers the AcadeMedia Model is implemented after the merger.

In the case of acquisitions outside of Sweden – the acquisitions of Espira's Norwegian preschool operations and Joki's German preschool operations were the first and second for the Group – administrative functions have so far been coordinated to a far lesser extent. The focus has instead been set on transferring good practice from the Group's preschool operations to the acquired operations with a view to strengthening these. AcadeMedia continually reviews the possibility of further international expansion of the Group's Scandinavian preschool concept. Through the large number of acquisitions and takeovers that AcadeMedia has made in recent years, the Company has built up a great deal of knowledge concerning how to run acquisition processes and integrate new operations into existing systems and procedures within AcadeMedia, regardless of the size of the operations acquired.

## ORGANIZATION, OPERATIONS AND GOVERNANCE

### Decision-making bodies

#### *General meeting and Board of Directors*

The general meeting is the Company's highest decision-making body and makes decisions concerning, among other things, the adoption of income statements and balance sheets, the appropriation of the Company's profits and the election and remuneration of board members and auditors. The Board of Directors is the Company's highest decision-making body after the general meeting and is the Company's highest executive body, with responsibility for its administration and organization. For more information concerning the responsibilities and tasks of the general meeting and Board of Directors, refer to the section "Corporate governance."

#### *Executive management*

AcadeMedia's executive management comprises the CEO, CFO, Deputy CEO, Head of Communications, Head of HR, the Head of the Pre- and compulsory school segment, the Head of the Upper secondary school segment, Head of the Adult education segment and the Head of the Preschool Norway segment. The Deputy CEO is also the Chief Operating Officer and the Head of the Preschool Germany segment. The Head of HR is also Head of the AcadeMedia Academy. The CEO and executive management together have overall responsibility for strategy, business development, major investment decisions, performance follow-up, HR and communications, among other matters. In accordance with the Board's work plan and instructions for the CEO, certain strategic matters are forwarded to the Board of Directors for a decision. Together, AcadeMedia's executive management represents both the five business segments and the strategic central units, and has the skills and experience needed to lead AcadeMedia. Executive management usually meets twice each month. For more information on the members of executive management, refer to the section "Board of Directors, senior executives and auditors."

Besides the CEO, each member of executive management also has a separate strategic area of responsibility and leads the operations and support departments within this area. Responsibilities, powers, governance and follow-up take place in accordance with this organizational structure and these delegation arrangements.

#### *The boards of subsidiaries*

The operations are managed according to the structure described above, with the heads of the segments having a key role in corporate governance. Many of the subsidiaries are school providers required to have their own permit, and consequently the Board work that takes place within each subsidiary is of crucial importance for ensuring the running of the operations under the permit. The Boards of these subsidiaries are made up of AcadeMedia's CEO, Deputy CEO, CFO and the relevant segment head and business area head. These meet four times a year in accordance with AcadeMedia's annual cycle, to follow up and discuss developments and to make relevant decisions. The Group's education lawyer is also a member of the board in the case of subsidiaries with educational operations.

### Group units and support departments

AcadeMedia has administrative departments at the group, segment and business area levels. The administrative departments, which are tasked with developing and providing ongoing support for the Group's business control, quality assurance, HR and market/communication activities, mainly exist at the segment level and to some extent at the business area level.

AcadeMedia has group-wide units and support departments for quality, HR and training, accounting and finance, IT, communication, business development, legal and for real estate and purchasing. These units are responsible for group-wide matters and joint group directives in each area, and provide support for the segments' administrative departments and business areas. The heads of each group unit report to the CEO, the Company's CFO, the Head of HR or the Deputy CEO.

The main support departments that perform services on behalf of the business areas are described below. The costs of these services are distributed across the business areas.

- Accounting and Finance – responsible for all bookkeeping, accounting, tax returns and other tax, payments, annual reports, supplier invoices, accounts receivable ledger, etc.
- Payroll – AcadeMedia's payroll service in Sweden is being managed entirely by Praktikertjänst until June 30, 2016. After that date it will gradually be insourced and managed by AcadeMedia. Based on the employees' timesheets, which are verified by their managers, the payroll service department takes care of all payroll processes and associated services.
- AcadeMedia IT provides the education and training units, employees, students and participants with networks, computers and tele communications. AcadeMedia IT also has

a support role. In total, around 15,000 clients (computers and tablets) are purchased annually and a large number of user accounts are administered.
- Real Estate and Purchasing – the Real Estate department is responsible for maintaining the Group's real estate strategy. This involves responsibility for all real estate matters, including planning of construction and remodeling, contact with lessors, renegotiation of leases and dealing with damage and insurance claims. The Purchasing department works on supplier contacts and negotiates framework agreements.

In addition to the above support departments, there are the following central departments whose task are partly to support the segments, but also to develop AcadeMedia's business further and to provide support to the executive management.

- HR – works on structures and processes to ensure that AcadeMedia is an attractive employer with a good knowledge supply and knowledge developed.
- Quality – works to maintain and further develop the AcadeMedia Model and coordinate joint group guidelines.
- Legal – the legal department focuses on education law, student rights and school obligations, and enforcement of the statutory principle of equal terms for AcadeMedia as an independent education provider.
- AcadeMedia Academy is AcadeMedia's training and development center. AcadeMedia Academy assists with knowledge concerning research and proven experience, and runs development projects in various areas such as quality, IT and HR/supply of talent.
- Communication – AcadeMedia's central communications unit is responsible for the Group's internal and external communication, its opinion-forming and crisis management. The central unit also supports all of the segments' communication when specifically needed.
- Finance, IR and Group Control – supports the CFO and is responsible for Group reporting, investor relations, controlling processes such as budgets and forecasts, as well as various analyses and matters relating to operations management.
- Business Development – responsible for matters such as strategic market expertise, major acquisitions and business planning for the Group.

## Governance model

Delegation of business responsibilities and principal responsibilities is an important factor in effective governance and control of the Group's business and the risks associated with it. This delegation is based on AcadeMedia's organization and its various levels. In addition, the Group has a quality and governance model that holds all the operations together and represents the shared heart of the Group. This is described in more detail in the section "Quality and development – the AcadeMedia Model."

In parallel with the fact that it is one of AcadeMedia's core strategies to have a clear governance model encompassing all the units in the Group, AcadeMedia ensures that the individual units are able to develop under their own strength. The aim is to combine the group-wide governance model with the individual units' drive and ambition, and to support the preschool and unit heads and the school principals in their important work within each unit. The basic philosophy is that as long as a unit is meeting its targets well, it is to be given great freedom to perform its work in the way that the unit itself considers most appropriate. AcadeMedia's development is stimulated by the fact that the units within the Group protect diversity and learn from each other's experiences.

*Organizational levels*

### Segment heads

AcadeMedia has five business segments: Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway and Preschool Germany. Each business segment is led by a segment head, who is a member of AcadeMedia's executive management. At the segment level, decisions are taken on strategic issues and matters relating to the whole of the segment, such as business development, a management team that typically comprises the head of the segment, the heads of the business areas involved, and, where relevant, one or more administrative managers. Meetings are normally held about twice a month.

### Business area heads and administrative managers at the segment level

Each business area, which may be represented by a single brand or a group of brands, is led by a business area head. A business area head may have the title educational director or CEO. The heads of the business areas report to the head of the segment. At the business area level, decisions are taken concerning the running of each business area. Administrative managers at the segment level report to the heads of the segments.

The level below the business areas comprises either the brands or regions within a business area or brand and is led by operations managers. These report to the heads of the business areas. As of July 1, 2016 the business control, quality, HR and marketing/communications departments will be coordinated at the segment level.

### Preschool heads, school principals and unit heads

The group of managers with the greatest direct significance for AcadeMedia's preschool children, students and adult education participants are those who head the units; in other words, the preschool heads, school principals and unit managers in adult education. It is their responsibility to attract, recruit and retain good teachers. They are also tasked with being lead educators and with leading the unit towards better fulfillment of the students' goals.

Preschool heads, school principals and unit heads report to an operations manager and are responsible for all operational work in their unit or units. The significance and importance of these individuals in the organization is noticeable from the fact that a large proportion of the leadership development programs that exist focus on this category of employees.

## REAL ESTATE STRATEGY

After personnel expenses, the cost of premises is the Group's largest cost item and, in view of the long lease periods, it is generally the cost item that involves the greatest risk. AcadeMedia leases all the premises for its Swedish educational operations and the Group has entered into over 750 leases in Sweden. The leases have generally been entered into on terms that are usual and reasonable for the Swedish market, and the term of the lease varies between 0 and 20 years depending on the business segment.

The Group has in the last five years had a central department for dealing with real estate matters and has prepared guidelines for the real estate contracts entered into within the framework of the Group's Swedish operations. In accordance with the Group's real estate strategy, the Group continuously evaluates the possibility to sell properties in order to not tie up inappropriate capital. In addition, joint location of the Group's operations is to be continually evaluated in order to reduce risk and exploit possible synergies. To ensure low premises costs and good lease terms, the Group must work with a number of real estate owners and the leases are to be concluded so as to achieve a consistent level of risk over time. As far as possible, improvements are to be made by the property owner and the cost added to the rent. In the case of longer leases, the Group tries to introduce clauses for early termination of the lease. This is done to avoid the Group being forced to remain in disadvantageous leases when the business changes. As regards capacity utilization, the focus is to be on maximum utilization of premises and the degree of utilization over the calendar year is to be optimized by subletting and coordination with other possible tenants. In the case of subletting, counterparties and other factors are to be reviewed carefully before an agreement is entered into.

To ensure access to premises for all of the Group's operations, AcadeMedia strives to even out the expiry dates of the Group's leases over time. Within the Pre- and compulsory school segment just over 26 percent of the leases expire before the end of 2016/17 financial year, about 43 percent during the financial years 2017/18 to 2021/22 and about 29 percent during the financial years 2022/23 to 2033/34. Just under 3 percent of the leases are effective indefinitely. Within the Upper secondary school segment just over 52 percent of the leases expire before the end of 2016/17 financial year, about 43 percent between the financial year of 2017/18 to 2021/22, and just under 4 percent during financial years of 2022/23 to 2024/25. About 3 percent of these lease agreements are effective indefinitely. Within the Adult education segment just over 35 percent of the leases expire before the end of financial year 2016/17 and almost 20 percent during the financial years 2017/18 to 2021/22. Just under 44 percent of these leases are effective indefinitely. The reason why a relatively large number of leases will expire in the next three years is primarily that the lease terms in the pre- and compulsory school segment are linked to the great expansion that took place during the years 2000 to 2005, and the fact that within the Upper secondary school and Adult education segments, the Group normally enters into leases for shorter periods – between three to five years and up to three years, respectively. It should be noted, however, that a large proportion of the premises leased have been adapted for school operations and that there is often a right of tenure. AcadeMedia therefore considers that the chances of extending the leases that expire, where relevant, are good.

AcadeMedia has also entered into around 70 leases in Norway with various lessors which have an initial term of up to 20 years. In contrast to Sweden, a number of preschool properties are also owned; currently 15. This is because it is financially advantageous to build and own properties for the operation of preschools, as a VAT discount is given on the building costs and financing is available on favorable terms from the Norwegian State Housing Bank. In brief, the VAT discount means that no VAT is payable initially on acquiring the property. If the property is sold within a ten-year period, a proportion of the VAT must be repaid. After ten years there is no further repayment obligation. However, AcadeMedia's strategy is to balance these advantages against the increase in capital tied up that is involved in real estate ownership. This means that the Group will build and own its own properties for a certain period. However, the Group continuously evaluates the possibilities to sell properties in order to reduce the amount of capital tied up. For the Preschool Germany segment, AcadeMedia has signed seven leases in Germany with various landlords. The length of the lease for new property agreements in Germany is normally up to 25 years.

As regards the expiry dates of the Group's leases in Norway, just over 7 percent expire before the end of the financial year 2016/17, just over 71 percent during 2017/18 to 2020/21 and just under 19 percent 2021/22 to 2034/35 financial years. Just under 3 percent of the leases are effective indefinitely. 85 percent of the Group's German leases will expire at the end of 2023.

## EMPLOYEES

AcadeMedia's operations are labor intensive and as of March 31, 2016 the Group had 7,915 full-time equivalent employees in Sweden and 1,989 full-time equivalent employees in Norway and in Germany. During the financial year 2014/15, the annual average of full-year-employed personnel within AcadeMedia was 9,159. The ability to attract, develop and retain qualified and skilled employees and managers is crucial if AcadeMedia is to achieve the goals set. If employees are to be able to help children, students and participants succeed, they must find their work stimulating and that they are happy in their workplace. AcadeMedia therefore works actively on a number of strategic personnel matters, such as being and profiling itself as an attractive employer, using structured recruitment processes, emphasizing internal mobility, working on the external and internal supply of talent and succession planning, assessment of teachers and educations, and offering leadership development and training. The AcadeMedia Academy is an important parameter in this work (see more below).

Each year AcadeMedia compiles key performance indicators for HR at the Group level in order to get a clearer picture of human resources and to be able to track the changes that take place from year to year and to provide an opportunity for comparison between the units.

The average number of full-year employees (full-time) within AcadeMedia totalled 9,159 in the 2014/15 financial year, of which 76 percent were women. Around 500 individuals have managerial positions and of these, 67 percent are women and 33 percent are men. The percentage of educators (full-time) was 81 percent of the total number of employees. AcadeMedia has appointed 315 lead teachers.[1)]

Total absence due to illness within AcadeMedia was 5.9 percent in the 2014/15 financial year, which breaks down into 3.0 percentage units on short-term absence (1 to 14 days) and 2.9 percentage units on long-term absence (more than 14 days). Both short-term and long-term absences due to illness were highest in the Pre- and compulsory school segment. Within the Preschool Norway segment, absence due to illness (short-term and long-term) was 7.3 percent during the 2014/15 financial year. Work to reduce absence due to illness in the Group's units is ongoing within the business areas, based on the respective segment organization and the Group's HR department.

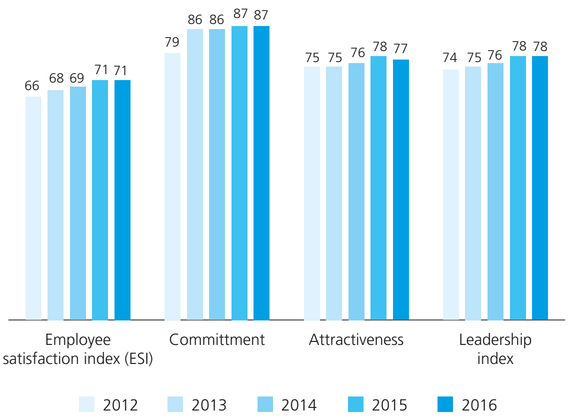
With regards to teachers, AcadeMedia's self-evident aim is to have as high a percentage of qualified teachers as possible. According to the data reported to the Swedish National Agency for Education's SIRIS database in 2015, within the Upper secondary school segment AcadeMedia has a lower percentage of teachers with teaching credentials (74.9 percent) than the national average (79.1 percent). In the compulsory school segment, the percentage of teachers with teaching credentials is again lower (59.3 percent) than the national average (72.7 percent). There are ongoing efforts within the business areas to increase the percentage of qualified teachers, for example by encouraging employees to take courses providing a qualification. Where possible, qualified teachers are recruited to replace unqualified teachers who leave their jobs.

To follow up on how the employees perceive their work situation, AcadeMedia conducts annual staff surveys within all of the units, most recently at the beginning of 2016. The results of the surveys indicate a positive trend for a number of years, with stable high values for all the areas measured: Employee Satisfaction Index (ESI), commitment, attractiveness and leadership index. As shown below, the results of the 2016 surveys are in line with the previous year's results.[2)]

The work environment is important to the Group's employees. In 2013 the Swedish Work Environment Authority began an initiative extending over a number of years in the area of compulsory schools and upper secondary schools. In the period up to 2016 the Swedish Work Environment Authority intends to inspect 30 percent of Sweden's schools and all school providers with five or more units.

The reason for this initiative is that schools are Sweden's biggest workplace in terms of how many people are in the premises, and the Swedish Work Environment Authority has perceived shortcomings in continuous work environment management. Through the inspections the authority intends to start and develop systematic work environment management within schools and create a school work environment with less stress, more security and better physical circumstances.

**Perceived quality – Employees**




AcadeMedia has delegated responsibility for the work environment, with each unit head being responsible for local work environment management.

## ACADEMEDIA'S GUARANTEES

In AcadeMedia's capacity as owner of a number of units and brands, one aspect involves being a guarantor and source of support for the units. AcadeMedia's general guarantee states that "*AcadeMedia guarantees all of our educational units' long-term security and development*."

The quality guarantee states: "*Our common quality management system, the AcadeMedia Model, guarantees the quality assurance of our mission*."

AcadeMedia's education guarantee[3)] states: "*Everyone who starts an education with us is guaranteed to be able to finish their education*."

The safety guarantee states: "*A constant focus on student health of the highest quality guarantees that we provide the best possible conditions in which to successfully create a safe environment for all participants*."

AcadeMedia's transparency guarantee states: "*AcadeMedia publicly accounts for quality results in annual quality reports and has whistle-blower protection for employees, trade union partnership agreements and collective agreements. We also conduct external audits.*"

1) Through the regulation on government subsidies for school governing bodies establishing career steps for teachers (Sw. *Förordningen (2013:70) om statsbidrag till skolhuvudmän som inrättar karriärsteg för lärare*) an opportunity for governing bodies to offer and fill positions called first teachers has been introduced. The purpose of implementing the reform was to improve student goal achievement and to raise the status and attractiveness of the teaching profession.
2) A positive outcome is recorded only for respondents who selected the highest response alternatives (7–10) on a scale of ten. For example, a result of 71 percent means that 71 percent of the respondents answered one of the options 7–10 on a scale of ten.
3) In the Adult education segment, this guarantee covers the participants who have themselves chosen one of AcadeMedia's education programs. In cases where AcadeMedia has been engaged by other players, such as the Swedish National Employment Agency, and the participant for some reason breaks off the partnership, this guarantee does not apply.

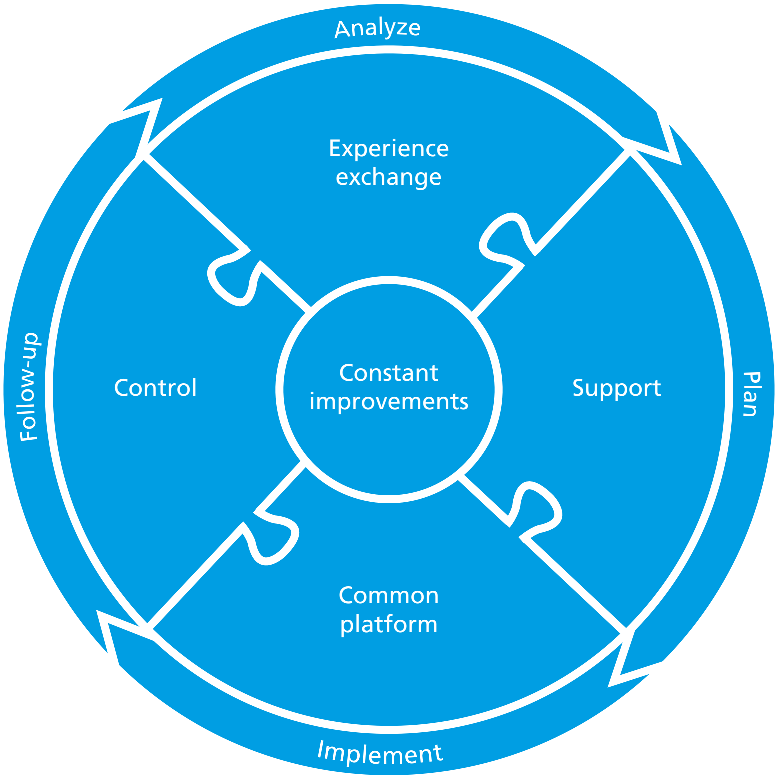
## QUALITY AND DEVELOPMENT

All of the units within AcadeMedia are united in a shared conviction that quality pays off in the end. The Group's most important strategy is therefore to guarantee that all preschool children, school students and adult education participants will be offered an education of sufficient quality in order to enable them to achieve their goals and will be given the conditions they need to reach their full potential. A well-developed quality and evaluation system makes it possible to compare the results achieved within AcadeMedia and among other education providers.

Historically, each provider and unit within AcadeMedia has worked actively on quality in the way prescribed by the Swedish Education Act and in other governing documents. To make the most of the opportunities within the Group, AcadeMedia has assumed an increasingly active role in quality and development work – partly in order to become a more effective sounding board for the various units that make up AcadeMedia, and partly in order to be able to guarantee that all children, students and adult education participants receive good quality education. For this reason, since 2011, quality and development work has been carried out at three levels: group level, provider level and unit level.

AcadeMedia publishes annual quality reports at these three levels, describing the progress within the different educational formats. The Group's comprehensive quality report shows that AcadeMedia overall has achieved satisfying results within all quality aspects.

**The AcadeMedia Model**




To link together the quality and development work carried out at the various levels within the Group and to have a quality management system that supports innovation and development, AcadeMedia has created a common model known as the AcadeMedia Model.

Along with AcadeMedia's size and strength, the AcadeMedia Model provides security both for the business areas that are part of the Group and for the children, students, parents and adult education participants who have chosen education from AcadeMedia. The model is also the Group's quality management system, tasked with creating a common approach and a shared focus on goals, ensuring consistent quality monitoring and transparency, driving systematic quality and development work and providing security and room for the operations to act on their own initiative.

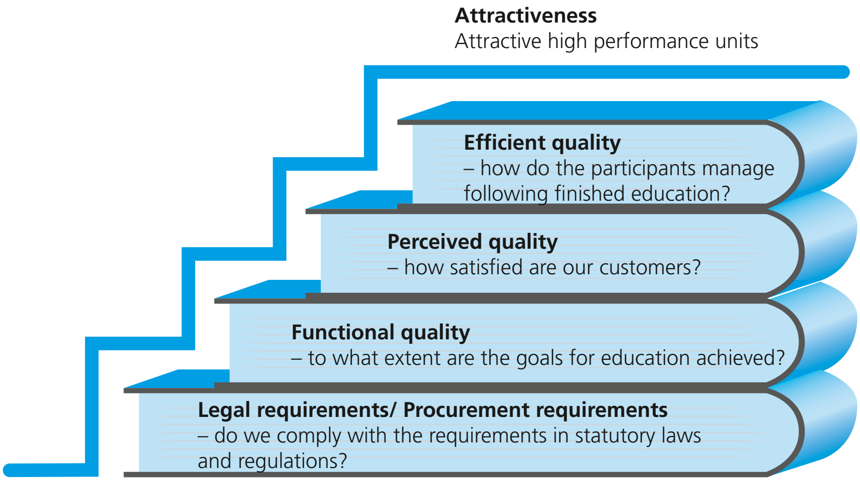
The AcadeMedia Model is based on four cornerstones that are described in more detail below: *Common platform, Control* and *Support and Experience exchange*.

### *Common platform*

AcadeMedia's units have agreed on a common definition of quality that details shared quality aspects. The obvious starting point is the national goals as expressed in the Swedish Education Act and in the curriculums (*functional quality*). To this AcadeMedia has added a further quality aspect (*perceived quality*) to ensure that the units also meet – and preferably exceed – the requirements, needs and expectations of students, parents and adult education participants. There is also follow-up on how the Group's students and adult education participants perform after advancing in the education system and/or in their careers

### Our definition of quality

*"To the largest extent possible reach the national goals for the education/operations (=functional quality), by methods that earn our customers confidence (=perceived quality) and to make our children/ students/participants prepared to move further in the education system or their careers and social life (=efficient quality)."*

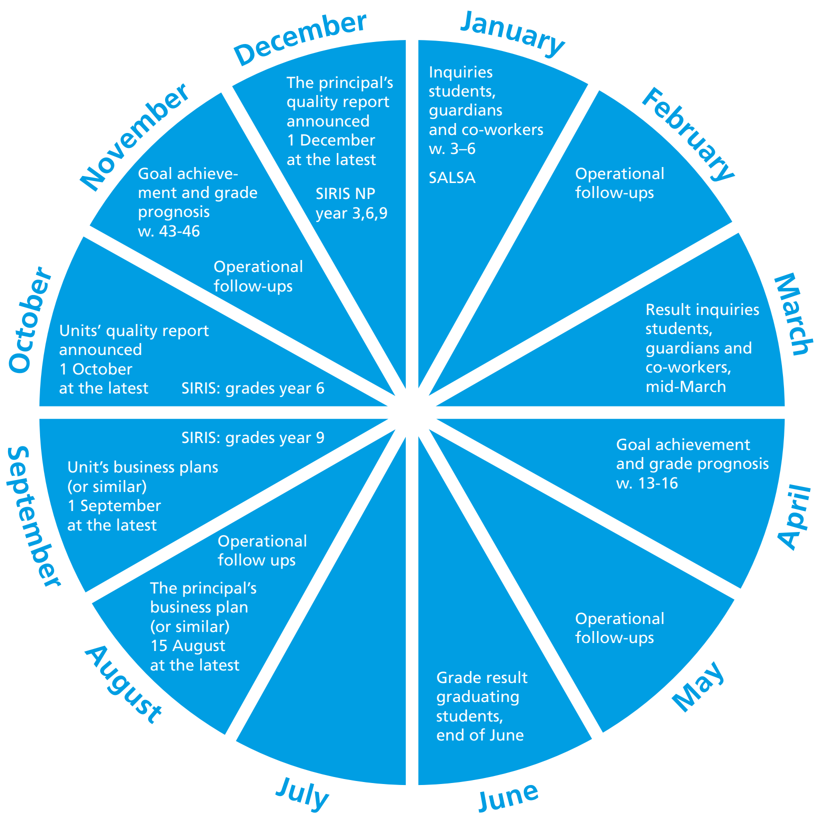



(*purposeful quality*). Apart from these three quality aspects, AcadeMedia also evaluates compliance with basic legal requirements and processes.

A more detailed description of the quality aspects in relation to the Group's various business segments is presented under the description of each business segment.

AcadeMedia has also established joint goal and result indicators. A more detailed description of AcadeMedia's goal and result indicators for each quality aspect is presented in the section for each type of education unit in the annual quality report. With regards to preschool and adult education, AcadeMedia has largely prepared its own methods to monitor quality and report on goal achievement, as there are no national result indicators in many areas. In reporting the academic results at compulsory and upper secondary schools, the same result indicators are used as those used in the rest of the country (with the addition of a so-called "added-value" measurement for the Group's upper secondary schools, developed in cooperation with Statistics Sweden).

AcadeMedia's operations also have a joint and transparent monitoring and evaluation system. As they are all based on the same model for monitoring and evaluation model, results can be compared and experiences can be exchanged with the aim of improving learning and driving development. All follow up processes are carried out at specific times during the year, as illustrated in the calendar diagram, created for each school type. See, for example, the calendar diagram for the compulsory school below.



Another important part of the AcadeMedia Model is transparency – both internally and externally. There are a number of reasons for this. Firstly, AcadeMedia feels it has an obligation to everyone who is to choose a school or preschool to report clearly the results achieved; secondly, transparent reporting of results is an important tool in its quality work at all levels. The more employees of AcadeMedia who think about differences in results between different teachers, teams, subjects, schools, providers, the better. This makes it very certain that there will be well-founded suggestions for solutions and adequate measures to ensure that more children/students/adult education participants succeed, and as a consequence of this, equality will increase. A direct result of this approach is that AcadeMedia publishes quality reports at levels: unit, principal and Group level.

A more detailed description of the quality aspects in relation to the Group's various business segments is presented under the description of each business segment.

### *Control*

The control part of the AcadeMedia Model involves ensuring on a continuous basis that all providers within the Group meet basic legal requirements, that they have well-functioning procedures and that their results are satisfactory based on adopted quality aspects.

This is achieved by, among other things, regular operations evaluations where each provider's leadership shows the Group's executive management how well the goals for various aspects are being met. As a complement to this, AcadeMedia also has implemented an "Early Warning System" (EWS) where all units within the Group are evaluated on a regular basis. If there are signs of inefficiency, that achievement levels are low, results are noticeably declining and/or the trend is downward or stagnating, AcadeMedia and the unit concerned will together investigate the reasons for this and then ensure that action is taken.

Compliance from a qualitative perspective is carried out primarily through internal audits which are based on the Swedish Schools Inspectorate's monitoring model. Through internal audits it is ensured that the schools are meeting the basic requirements laid down in the Swedish Education Act and other statutes. If shortcomings are discovered – for example, in the teaching, the school's work on student health or in the educational leadership and quality work at a unit – special action plans are drawn up. Any shortcomings identified must be rectified within three months.

With regard to monitoring of results, AcadeMedia does not simply monitor the results afterwards – for example, when students have already been graded. By then it is too late to act in regard to the relevant students. All of the compulsory schools and upper secondary schools within AcadeMedia therefore carry out mandatory monitoring and grade forecasts for each semester.

Through these forecasts it is possible to identify at an early stage which students need additional attention if they are to obtain passing grades. In addition, the leadership of each unit can identify the schools/classes/subjects/courses in which there is a risk that many students will not achieve a pass and if necessary review the organization and allocation of resources. These forecasts are also carried out by several of AcadeMedia's preschools. However, in such cases, the main purpose is to conduct a proactive evaluation of the preschool's quality as a whole.

As mentioned above, control of regulatory compliance and results for different quality aspects are central parts of the AcadeMedia model. There is also an additional significant element that needs to be included: that it is ensured that the providers' and units' processes are function well and are appropriate. AcadeMedia requires providers to have methods and processes to evaluate and develop the quality of the education. In connection with various types of follow-ups – for example internal inspections in the preschools/schools – there are follow-ups regarding how the school principal/preschool head organizes and leads the work to strengthen the education, which processes are in use and how well they are functioning.

### *Support*

To be a part of AcadeMedia means that the institutions, in various ways, are offered support and help to manage their engagements. Some resources and competence are available at an overall level to, in the best possible way, be available and utilized by the principals and units. AcadeMedia Support includes for example, IT, Payroll, Purchasing, Real Estate, continuous HR and economy service – to be able to support the operations in the best possible way, professionally and in terms of efficiency. In a difficult situation, support from expertise in, e.g., law, quality, HR and communication is available.

AcadeMedia's size and strength gives the Group, not just the ability to assist with support, expertise and development center. It also brings security to each institution. Parents, students and employees can rely upon that AcadeMedia stands steady and has readiness to act even in regard to unexpected events and difficult situations.

### *Experience exchange*

AcadeMedia has a unique starting position in regard to quality and development work as the Group includes many providers within the same organization. The different providers interact on an almost daily basis and exchange experiences and learn from each other. This allows AcadeMedia to be a very learning organization – something that ultimately ensures a better education for the children, students and the adult education participants in AcadeMedia's institutions. AcadeMedia sees collegial learning as an engine for development and therefore organizes to facilitate this on all levels – segment level, principal level and school level.

Structured exchange of experience takes place within the scope of the AcadeMedia Academy (see below), but also through the Group's overall segment management organization and comprehensive forum groups which connect the business areas/units. One example is the quality group, where quality managers from the different business areas/units regularly meet under the direction of AcadeMedia's head of quality and the central quality unit. Almost all decisions associated with the area of quality are prepared and established at the meetings, which in general means that there is a consensus.

It is of course important for AcadeMedia to cooperate and exchange experiences with external players. AcadeMedia has continuous and good communication with school authorities, municipal and independent education providers as well as organizations such as Sweden's Municipalities and County Councils (SKL) and the Independent School's National Association. Throughout the previous year, together with the City of Stockholm, Kunskapsskolan, the City of Helsingborg and Nacka municipality, AcadeMedia has also initiated a partnership with Ifous, the newly started institution for school research. AcadeMedia sees this as an additional opportunity to exchange knowledge and experiences with other competent education providers in order to jointly carry forward school development.

**The AcadeMedia Academy**

AcadeMedia's training and development center, the AcadeMedia Academy, provides information on research findings and proven experience. It organizes all kinds of training for various target groups, both open and general courses and courses that are targeted and tailored. Conferences and training are also arranged for managers, educational directors and employees of various units to share experiences and discuss shared opportunities and challenges. The training is provided in the form of physical meetings and short courses.

The AcadeMedia Academy brings together knowledge, experience and expertise from both inside and outside the Group and contributes to ideas, inspiration and support that can be turned into specific measures and proposals for developing the core business. The AcadeMedia Academy gives the Group a unique chance to make the most of and develop its diversity, culture and quality. In addition, the AcadeMedia Academy works to integrate the Group's various companies and to increase cooperation in a shared culture that is based on common values as well as the needs of society and of those participating in the programs offered by the Group.

Professional development within the AcadeMedia Academy is aimed at AcadeMedia remaining a long-term, stable and attractive education provider that enables children, students and participants to develop the knowledge, abilities and values on which the goals of the Group's units are based.

## STUDENT HEALTH

Students at compulsory school (including the preschool class) and upper secondary school have a statutory right to student health services covering medical, psychological, psychosocial and special educational needs. This means access to a school nurse, counselor, psychologist, school doctor and special educational needs coordinator. The school must ensure that the students have a good environment in which to develop their knowledge and also for their personal development. The primary role of student health is to promote wellbeing and to provide preventive care. Work to create as positive a learning environment as possible for all students and to enable the students to maximize the fulfillment of their goals takes place in consultation with the school's teachers and other personnel. Student health is intended to support the students' development towards their educational goals.

Within AcadeMedia, student health work takes place at three different levels.

- School level

At each school there is a local student health service to help to create environments that encourage the students' learning, development and health. The student health service is to support the students' development towards their educational goals and remove obstacles to learning and development.

- Principal level

The principal level supports the work carried out locally and follows up the school's student health work in the central quality departments that exist under each principal.

- Segment and Group level

At the segment and Group level, AcadeMedia supports the providers' work to satisfy the students' right to student health services at their schools. Knowledge concerning student health is compiled across the Group in partnership with the various providers within AcadeMedia. One important task is to create equal and qualitative student health for all of the units within AcadeMedia.

The support given includes skills development programs and support tools. Material is placed on AcadeMedia's Group intranet, providing the conditions for achieving equal and qualitative student health within all of AcadeMedia's units.

The concept of student health does not formally exist in preschools or adult education. However, all AcadeMedia preschools also work to promote children's health, learning and development.

## ETHICS AND ENVIRONMENT

AcadeMedia is a company that benefits society. Many social challenges remain in Sweden in areas such as migration and integration, global competition, digitalization, unemployment and equal opportunities for all – all of which are challenges that AcadeMedia is working with. AcadeMedia's Group approach is based on expertise, innovation and responsibility. Among other things, this responsibility is based on the basic view that AcadeMedia keeps its promises, shoulders its social responsibility, respects people's differences and tolerates scrutiny.

**CSR**

AcadeMedia has established a code of conduct in order to make clear AcadeMedia's responsibility for the impact that the Group's decisions and activities have on its surroundings and the wider environment. The code of conduct is a joint framework for matters relating to human rights, labor rights, the environment and anti-corruption and is based on the Global Compact, which was established by the UN in 1999. The code applies to all of AcadeMedia's co-workers and subsidiaries, both in Sweden and abroad, as well as in regard to the Company's suppliers and their subcontractors.

Under this code of conduct, in all of its activities AcadeMedia is to actively give consideration to human rights and avoid involvement in activities that contravene these in any way. All managers and heads within the Group are expected to take responsibility for ensuring that their personnel are granted access to, understand and act upon both the content and purpose of this code of conduct. Measures or acts that are not in compliance with the code, or that may be interpreted as a breach, must be reported to the employee's immediate superior or according to the prevailing whistle blowing policy.

AcadeMedia's code of conduct and whistle blowing policy can be found in full on the AcadeMedia website, www.academedia.se.

**Real estate and purchasing**

AcadeMedia's real estate and purchasing department works on ethics and the environment within three main areas, which are described below.

*Premises*

AcadeMedia does not generally own properties, but it is involved in setting requirements of these in connection with construction or remodeling. In 2014 AcadeMedia's first low-energy school was constructed, with energy consumption around 90 percent lower than that of a regular school. In addition, the school was built using eco-labeled materials. A number of similar schools are under construction. AcadeMedia works continually to ensure that subcontractors choose the right materials and that heating and lighting use as little energy as possible.

*Purchasing*

The Group imposes high requirements on its suppliers in framework agreements, including as regards compliance and signing up to collective agreements. As far as possible, AcadeMedia also demands that eco-labeled products are purchased. Around 50 percent of the cleaning in the Group's Swedish schools is done using products carrying the Swan eco-label, and the aim is to get this up to 90 percent in the next few years. The Group's travel policy endeavors to reduce air travel and the number of flights has reduced considerably since the travel policy was changed.

*School food*

AcadeMedia has clear guidelines for the food served within the Group. Among other things, these guidelines regulate how the Group is to work to minimize its environmental impact. For example, AcadeMedia has around 100 kitchens of its own and these are required to buy only Swedish poultry and pork. Fresh fish must be MSC-labeled.[1)] By way of direct contracts with producers, AcadeMedia endeavours to trace the origin of raw materials and no red-listed or genetically modified ingredients may be used in the school meals. 15 of AcadeMedia's school kitchens became KRAV-certified in 2015 and AcadeMedia is working to get further kitchens KRAV-certified – including those of the Group's suppliers.

**Equality policy**

Equality work is to form a natural and integral part of the work of AcadeMedia and its subsidiaries. The managers responsible must feel a commitment and must actively take part in efforts to achieve equality between men and women. AcadeMedia and its subsidiaries aim to be a model workplace. This aspect must be taken into consideration by managers when putting together teams and distributing tasks.

With a view to this, AcadeMedia has established an equality policy based on the premise that an equal workplace is more creative, effective and enriching. Heads and managers with responsibility for staff must ensure that all employees are given the same opportunities, and AcadeMedia is working to bring about gender balance in all departments and at all levels. This is to be reflected in the Group's recruitment work and promotions.

Working terms and pay must be gender-neutral, and all employees are to be given equal opportunities to develop at work. All employees of the Group have a responsibility to discourage any kind of harassment. Also, the individual businesses must train managers within the organization and establish annual equal treatment plans for each school/unit in order to ensure that harassment does not occur.

AcadeMedia's equality policy can be found in full on the AcadeMedia website, www.academedia.se.

1) A quality label from the Marine Stewardship Council, a non-profit organization that runs an eco-labeling and certification program to promote sustainable fisheries.

# Selected financial information

The summary financial information presented below derives from AcadeMedia's annual reports for the financial years ended June 30, 2015, 2014, 2013 and 2012 and from the interim report for the third quarter of the 2015/16 financial year, which also includes comparative figures for the financial year 2014/15. The annual reports for the financial years ended June 30, 2015, 2014, 2013 and 2012 have been audited by AcadeMedia's auditors. The annual reports have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and interpretation statements from the International Financial Reporting Interpretations Committee as adopted by the EU. The financial information for the nine month period ended March 31, 2016 was reviewed by AcadeMedia's auditors in the interim report for the third quarter of 2015/16, in accordance with the audit report attached to the interim report (refer to the section "Historical financial information"). The interim report has been prepared in accordance with IAS 34.

The Group's current parent company, AcadeMedia AB (publ), was founded in 2011. Financial information in the Prospectus relating to the financial year 2010/11 is therefore derived from the annual report for the wholly-owned subsidiary ACM 2001 AB which during this financial year was the parent company of the Group.[1] The figures are hence not fully comparable with the figures presented for the subsequent financial years. This annual report was prepared in accordance with IFRS.

Certain key performance indicators are presented below, some of which – such as "adjusted EBIT," "adjusted EBITDA," "adjusted EBIT margin" and "adjusted EBITDA margin" – are not required or prepared in accordance with IFRS. Such key performance indicators are nevertheless provided in the Prospectus as AcadeMedia believes these figures to be important in connection with investors' assessment of the Company and the Offering. AcadeMedia further believes that the figures provide important information as they enable a more meaningful evaluation of relevant trends when read in conjunction with (but not instead of) key performance indicators defined under IFRS. These key performance indicators are however not audited by the Company's auditors and must not be considered as substitutes for information prepared in accordance with IFRS. Since companies do not always calculate these key performance indicators in the same manner, it is not certain that the key performance indicators in question are comparable to other companies' key performance indicators with the same names.

The following information should be read in conjunction with the section "Operating and financial review" and the Company's audited consolidated financial statements and the reviewed interim report for the third quarter of 2015/16, including notes, in the section "Historical financial information".

1) The annual report is considered unaudited as some prospectus information has been fractured from the income statement of the annual report.

## CONSOLIDATED INCOME STATEMENT DATA

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2014/15* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|---|
| Net sales | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 |
| **Total income** | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 |
| Cost of goods sold | –594 | –519 | –705 | –581 | –483 |
| Other external expenses | –1,390 | –1,367 | –1,805 | –1,536 | –1,257 |
| Personnel expenses | –3,780 | –3,571 | –4,854 | –3,607 | –2,856 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 |
| Non-recurring items | –13 | –3 | –79 | –35 | –14 |
| **Total costs** | –5,916 | –5,609 | –7,646 | –5,923 | –4,749 |
| **OPERATING INCOME** | **317** | **355** | **517** | **449** | **376** |
| Interest income and similar profit/loss items | 3 | 12 | 24 | 10 | 0 |
| Interest expenses and similar profit/loss items | –98 | –185 | –293 | –219 | –255 |
| **Total financial items** | –94 | –173 | –269 | –209 | –255 |
| **INCOME BEFORE TAXES** | **223** | **182** | **248** | **240** | **121** |
| Tax for the current period | –44 | –40 | –26 | –51 | 7 |
| **PROFIT/LOSS FOR THE PERIOD** | **179** | **142** | **222** | **189** | **128** |
| **Other comprehensive income:** | | | | | |
| *Items that will not be reclassified to profit/loss* | | | | | |
| Remeasurement of defined benefit pension plans | 19 | – | –123 | – | – |
| Deferred tax relating to defined benefit pension plans | –5 | – | 33 | – | – |
| | **14** | **0** | **–90** | | |
| *Items that will be reclassified to profit/loss* | | | | | |
| Translation differences | –23 | –11 | –18 | –2 | – |
| **TOTAL OTHER COMPREHENSIVE INCOME** | **–9** | **–11** | **–108** | **–2** | **–** |
| **TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD** | **170** | **131** | **115** | **187** | **128** |
| **Comprehensive income for year attributable to:** | | | | | |
| Stockholders of the parent company | 179 | 142 | 222 | 189 | 128 |
| Non-controlling interests | – | – | – | – | – |

## CONSOLIDATED BALANCE SHEET DATA

| *SEK million* | *Mar 31, 2016* | *Mar 31, 2015* | *Jun 30, 2015* | *Jun 30, 2014* | *Jun 30, 2013* |
|---|---|---|---|---|---|
| Intangible non-current assets | 5,013 | 4,941 | 4,941 | 4,960 | 3,785 |
| Buildings | 498 | 667 | 502 | 589 | – |
| Other tangible non-current assets | 411 | 368 | 340 | 338 | 298 |
| Other non-current assets | 109 | 58 | 101 | 58 | 68 |
| **Total non-current assets** | **6,031** | **6,034** | **5,884** | **5,945** | **4,151** |
| Current receivables | 704 | 690 | 670 | 653 | 536 |
| Cash and cash equivalents | 517 | 574 | 695 | 562 | 338 |
| **Total current assets** | **1,220** | **1,264** | **1,366** | **1,216** | **875** |
| **TOTAL ASSETS** | **7,251** | **7,298** | **7,250** | **7,161** | **5,026** |
| **Total equity** | **2,507** | **2,320** | **2,304** | **2,189** | **1,566** |
| **Total non-current liabilities** | **2,644** | **3,299** | **2,806** | **3,151** | **2,396** |
| **Total current liabilities** | **2,100** | **1,679** | **2,140** | **1,821** | **1,064** |
| **TOTAL EQUITY AND LIABILITIES** | **7,251** | **7,298** | **7,250** | **7,161** | **5,026** |

## CONSOLIDATED CASH FLOW DATA

| *SEK million* | *Jul–Mar 2015/16* | *Jul–Mar 2015/16* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|---|
| Operating profit/loss | 317 | 355 | 517 | 449 | 376 |
| Adjustment for items not affecting cash flow | 124 | 137 | 160 | 155 | 101 |
| Tax paid | –48 | –46 | –54 | –4 | –13 |
| **Cash flow from operating activities before changes in working capital** | **393** | **446** | **623** | **600** | **464** |
| Cash flow from changes in working capital | –11 | 40 | 61 | 20 | –55 |
| **Cash flow from operating activities** | **382** | **486** | **684** | **620** | **409** |
| **Cash flow from investing activities** | **–222** | **–206** | **–68** | **–864** | **–95** |
| **Cash flow from financing activities** | **–324** | **–265** | **–476** | **469** | **–270** |
| **CASH FLOW FOR THE PERIOD** | **–164** | **15** | **140** | **225** | **44** |
| Cash and cash equivalents at beginning of year | 695 | 562 | 562 | 337 | 293 |
| Exchange-rate differences in cash and cash equivalents | –14 | –4 | –7 | 0 | – |
| **Cash and cash equivalents at end of year** | **517** | **573** | **695** | **562** | **337** |

## ANNUAL PERFORMANCE INDICATORS

| | *Jul–Mar* | | *Full year* | | | | |
|---|---|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* | *2011/12* | *2010/11* |
| Net sales | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 | 4,718 | 2,679 |
| EBITDA[1)] | 456 | 505 | 720 | 614 | 514 | 419 | 302 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 | –126 | –74 |
| Operating income (EBIT) | 317 | 355 | 517 | 449 | 376 | 294 | 228 |
| Non-recurring items[1)] | –13 | –3 | –79 | –35 | –14 | –87 | –10 |
| Adjusted EBIT[1)] | 330 | 358 | 596 | 485 | 389 | 381 | 238 |
| Adjusted EBITDA[1)] | 469 | 507 | 799 | 649 | 528 | 507 | 312 |
| **Key ratios** | | | | | | | |
| Operating margin (EBIT) % | 5.1 | 6.0 | 6.3 | 7.1 | 7.3 | 6.2 | 8.5 |
| Adjusted EBIT margin, %[1)] | 5.3 | 6.0 | 7.3 | 7.6 | 7.6 | 8.1 | 8.9 |
| EBITDA margin, %[1)] | 7.3 | 8.5 | 8.8 | 9.6 | 10.0 | 8.9 | 11.3 |
| Adjusted EBITDA margin, %[1)] | 7.5 | 8.5 | 9.8 | 10.2 | 10.3 | 10.7 | 11.6 |
| Capital expenditures | 198 | 161 | 185 | 187 | 178 | 142 | – |
| Number of employees, annually[1)] | 9,551 | 9,081 | 9,159 | 6,997 | 6,087 | 5,299 | 2,851 |
| Number of children/students[1)] | 62,754 | 60,764 | 60,897 | 51,815 | 46,239 | 44,000 | 26,500 |
| Number of education units[1)] | 419 | 392 | 394 | 394 | 292 | 259 | 120 |
| Dividend per share[2)] | – | – | – | – | – | – | – |

1) Not calculated in accordance with IFRS.
2) The Company has not paid any dividends during the relevant financial periods.

## DEFINITIONS OF CERTAIN PERFORMANCE INDICATORS

| | |
|---|---|
| **Absence due to illness** | Short-term and long-term absence due to illness recalculated to full-time equivalents divided by the number of full time employee equivalents (FTE). |
| **Adjusted EBIT** | Operating profit/loss before net financial items and tax excluding non-recurring items. |
| **Adjusted EBIT margin, %** | Adjusted EBIT as a percentage of net sales. |
| **Adjusted EBITDA** | Operating profit/loss before depreciation/amortization on tangible and intangible non-current assets excluding non-recurring items before net financial items and tax. |
| **Adjusted EBITDA margin, %** | Adjusted EBITDA as a percentage of net sales. |
| **Capital expenditure** | In previous financial reports referred to as "capex". The measure includes expenditures on intangible and tangible non-current assets, excluding buildings (Norway) and also investments financed through leases. |
| **Cash flow from investments** | Cash flow from investing activities according to the cash flow statement. This includes investments in buildings, acquisitions and investments in tangible and intangible non-current assets. Investments financed through leases are not included. |
| **Cash flow from operating activities** | Cash flow from operating activities including change in working capital and before cash flow from investing and financing activities. |
| **EBITDA** | Operating profit/loss before depreciation and amortization on tangible and intangible non-current assets. |
| **EBITDA margin** | EBITDA as a percentage of net sales. |
| **Employee turnover** | The number of employees who left the Company during the period in relation to the average number of employees. (Number of permanent and probationary employees who left the Company) / (Average number of permanent and probationary employees). |
| **Interest coverage** | Adjusted EBIT for the past twelve months plus financial income in relation to interest expense. |
| **Non-recurring items** | Non-recurring items are accounted for separately in order to make clear the underlying operations. Non-recurring items are items which relate to properties, such as capital gains on divestments or property damage not covered by company insurance, advisory fees in connection with acquisitions, severance pay to senior executives, substantial costs for the integration of acqusitions and costs as a result of strategic decisions and major restructuring activites leading to the closing-down of operations. |
| **Net debt** | Interest-bearing liabilities (short-term and long-term) less cash and cash equivalents. |
| **Number of children/students** | Average number of enrolled children/students during the given period. Participants in adult education programs are not included in the Group's total number of children/students. |
| **Number of education units** | Refers to the number of preschools, compulsory schools and/or upper secondary schools operating during the period. Integrated units consisting of both pre- and compulsory schools are counted as two units as they each have their own permit. |
| **Number of employees, annually** | The average number of full- time equivalents (FTE), during the period. |
| **Operating margin (EBIT margin)** | Operating profit as a percentage of net sales. |
| **Operating profit/loss (EBIT)** | Operating profit/loss before net financial items and tax. |
| **Profit/loss per share** | Profit/loss for the year in SEK in relation to the average number of outstanding shares before/after dilution. |

## BUSINESS SEGMENTS[1)]

AcadeMedia's operations are organized into five business segments: Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway and Preschool Germany. In the Company's financial reporting, the segments Preschool Norway and Preschool Germany are accounted for under "Preschool International" due to the limited size of the Preschool Germany segment. For more information on the financial key ratios presented below, see the text at the beginning of this section, "Selected financial information."

### Pre- and compulsory school

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 2,483 | 2,288 | 3,159 | 3,022 | 2,717 |
| Non-recurring items | 0 | – | –19 | – | – |
| EBITDA | 153 | 149 | 244 | 253 | 257 |
| EBITDA margin, % | 6.2 | 6.5 | 7.7 | 8.4 | 9.5 |
| Operating profit, EBIT | 116 | 111 | 193 | 203 | 209 |
| EBIT margin, % | 4.7 | 4.9 | 6.1 | 6.7 | 7.7 |
| Adjusted EBITDA | 153 | 149 | 263 | 253 | 257 |
| Adjusted EBITDA margin, % | 6.2 | 6.5 | 8.3 | 8.4 | 9.5 |
| Adjusted operating profit, EBIT | 116 | 111 | 212 | 202 | 209 |
| Adjusted EBIT margin, % | 4.7 | 4.9 | 6.7 | 6.7 | 7.7 |
| Number of children/students | 29,793 | 28,543 | 28,709 | 28,271 | 25,930 |
| Number of education units | 217 | 208 | 211 | 211 | 199 |

### Upper secondary school

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 1,766 | 1,719 | 2,341 | 2,087 | 1,830 |
| Non-recurring items | – | – | –57 | – | – |
| EBITDA | 205 | 187 | 237 | 308 | 259 |
| EBITDA margin, % | 11.6 | 10.9 | 10.1 | 14.8 | 14.2 |
| Operating profit, EBIT | 128 | 111 | 134 | 208 | 172 |
| EBIT margin, % | 7.2 | 6.5 | 5.7 | 10.0 | 9.4 |
| Adjusted EBITDA | 205 | 187 | 294 | 308 | 259 |
| Adjusted EBITDA margin, % | 11.6 | 10.9 | 12.6 | 14.8 | 14.2 |
| Adjusted operating profit, EBIT | 128 | 111 | 191 | 208 | 172 |
| Adjusted EBIT margin, % | 7.2 | 6.5 | 8.2 | 10.0 | 9.4 |
| Number of children/students | 25,102 | 24,864 | 24,739 | 22,285 | 20,309 |
| Number of education units | 106 | 106 | 105 | 108 | 96 |

### Adult education

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 990 | 986 | 1,309 | 1,005 | 577 |
| Non-recurring items | –3 | – | –15 | – | – |
| EBITDA | 97 | 136 | 143 | 95 | 52 |
| EBITDA margin, % | 9.8 | 13.8 | 10.9 | 9.5 | 9.0 |
| Operating profit, EBIT | 93 | 128 | 131 | 86 | 50 |
| EBIT margin, % | 9.4 | 13.0 | 10.0 | 8.6 | 8.7 |
| Adjusted EBITDA | 100, | 136 | 158 | 95 | 52 |
| Adjusted EBITDA margin, % | 10.1 | 13.8 | 12.1 | 9.5 | 9.0 |
| Adjusted operating profit, EBIT | 95 | 128 | 146 | 86 | 50 |
| Adjusted EBIT margin, % | 9.6 | 13.0 | 11.2 | 8.6 | 8.7 |

1) For information on which financial measures not calculated in accordance with IFRS, see "Annual Performance Indicators".

### Preschool International

| SEK million | Jul–Mar[1)] 2015/16 | Jul–Mar[1)] 2014/15 | Full year[1)] 2014/15 | Full year[1)] 2013/14 |
|---|---|---|---|---|
| Net sales | 991 | 970 | 1,351 | 256 |
| Non-recurring items | 6 | – | 16 | 0 |
| EBITDA | 61 | 75 | 156 | 49 |
| EBITDA margin, % | 6.2 | 7.7 | 11.5 | 19.1 |
| Operating profit, EBIT | 43 | 51 | 123 | 44 |
| EBIT margin, % | 4.3 | 5.3 | 9.1 | 17.2 |
| Adjusted EBITDA | 55 | 75 | 140 | 49 |
| Adjusted EBITDA margin, % | 5.5 | 7.7 | 10.4 | 19.1 |
| Adjusted operating profit, EBIT | 38 | 51 | 107 | 44 |
| Adjusted EBIT margin, % | 3.8 | 5.3 | 7.9 | 17.2 |
| Number of children/students | 7,859 | 7,357 | 7,449 | 1,259 |
| Number of education units | 84 | 77 | 78 | 75 |

1) As Espira was acquired in May 2014 and Joki was acquired in February 2016, the figures are not fully comparable.

### Group total

| SEK million | Jul–Mar 2015/16 | Jul–Mar 2014/15 | Full year 2014/15 | Full year 2013/14 | Full year 2012/13 |
|---|---|---|---|---|---|
| Net sales | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 |
| Non-recurring items | –13 | –3 | –79 | –35 | –14 |
| EBITDA | 456 | 505 | 720 | 614 | 514 |
| EBITDA margin, % | 7.3 | 8.5 | 8.8 | 9.6 | 10.0 |
| Operating profit, EBIT | 317 | 355 | 517 | 449 | 376 |
| EBIT margin, % | 5.1 | 6.0 | 6.3 | 7.0 | 7.3 |
| Adjusted EBITDA | 469 | 507 | 799 | 649 | 528 |
| Adjusted EBITDA margin, % | 7.5 | 8.5 | 9.8 | 10.2 | 10.3 |
| Adjusted operating profit, EBIT | 330 | 358 | 596 | 485 | 389 |
| Adjusted EBIT margin, % | 5.3 | 6.0 | 7.3 | 7.6 | 7.6 |
| Number of children/students | 62,754 | 60,764 | 60,897 | 51,815 | 46,239 |
| Number of employees, annually | 9,551 | 9,081 | 9 159 | 6,997 | 6,087 |

## NON IFRS-BASED PERFORMANCE INDICATORS

The performance indicators presented below are not calculated in accordance with IFRS, not audited by the Company's auditors and must not be seen as a substitutes for information calculated in accordance with IFRS. For further information, refer to the introductory text to this section "Selected financial information".

### Pre- and compulsory school

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Operating profit, EBIT | 116 | 111 | 193 | 203 | 209 |
| Non-recurring items | 0 | – | –19 | 0 | 0 |
| *Restructuring costs* | – | – | –11 | – | – |
| *Operating non-recurring costs* | 0 | – | –8 | – | – |
| Adjusted operating profit, EBIT | 116 | 111 | 212 | 202 | 209 |
| Depreciation/amortization | –37 | –38 | –51 | –50 | –48 |
| EBITDA | 153 | 149 | 244 | 253 | 257 |
| Adjusted EBITDA | 153 | 149 | 263 | 253 | 257 |

### Upper secondary school

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Operating profit, EBIT | 128 | 111 | 134 | 208 | 172 |
| Non-recurring items | – | – | –57 | 0 | 0 |
| *Restructuring costs* | – | – | –54 | – | – |
| *Operating non-recurring costs* | – | – | –3 | – | – |
| Adjusted operating profit, EBIT | 128 | 111 | 191 | 208 | 172 |
| Depreciation/amortization | –77 | –76 | –103 | –100 | –87 |
| EBITDA | 205 | 187 | 237 | 308 | 259 |
| Adjusted EBITDA | 205 | 187 | 294 | 308 | 259 |

### Adult education

| | *Jul–Mar* | | *Full year* | | |
|---|---|---|---|---|---|
| *SEK million* | *2015/16* | *2014/15* | *2014/15* | *2013/14* | *2012/13* |
| Operating profit, EBIT | 93 | 128 | 131 | 86 | 50 |
| Non-recurring items | –3 | – | –15 | 0 | 0 |
| *Restructuring costs* | – | – | – | – | – |
| *Operating non-recurring costs* | –3 | – | –15 | – | – |
| Adjusted operating profit, EBIT | 95 | 128 | 146 | 86 | 50 |
| Depreciation/amortization | –5 | –8 | –12 | –9 | –2 |
| EBITDA | 97 | 136 | 143 | 95 | 52 |
| Adjusted EBITDA | 100 | 136 | 158 | 95 | 52 |

## Preschool International

| SEK million | Jul–Mar[1] 2015/16 | Jul–Mar[1] 2014/15 | Full year[1] 2014/15 | Full year[1] 2013/14 |
|---|---|---|---|---|
| Operating profit, EBIT | 43 | 51 | 123 | 44 |
| Non-recurring items | 6 | 0 | 16 | 0 |
| *Profit from the divestment of properties in Norway* | 6 | 0 | 16 | 0 |
| *Restructuring costs* | – | 0 | – | 0 |
| *Operating non-recurring costs* | – | 0 | – | 0 |
| Adjusted operating profit, EBIT | 38 | 51 | 107 | 44 |
| Depreciation/amortization | –18 | –24 | –33 | –5 |
| EBITDA | 61 | 75 | 156 | 49 |
| Adjusted EBITDA | 55 | 75 | 140 | 49 |

1) As Espira was acquired in May 2014 and Joki was acquired in February 2016, the figures are not fully comparable.

## Group aggregate

| SEK million | Jul–Mar 2015/16 | Jul–Mar 2014/15 | Full year 2014/15 | Full year 2013/14 | Full year 2012/13 | Full year 2011/12 | Full year 2010/11 |
|---|---|---|---|---|---|---|---|
| Operating profit, EBIT | 317 | 355 | 517 | 449 | 376 | 294 | 228 |
| Non-recurring items | –13 | –3 | –79 | –35 | –14 | –87 | –10 |
| *Profit from the divestment of properties in Norway* | 6 | – | 16 | 0 | 0 | 0 | 0 |
| *Restructuring costs* | 0 | – | –65 | 0 | 0 | –62 | 0 |
| *Operating non-recurring costs* | –3 | – | –23 | 0 | 0 | 0 | 0 |
| *Transaction costs (Group level only)* | –7 | –3 | –7 | –35 | –14 | –25 | –10 |
| *Costs for listing process* | –9 | – | – | – | – | – | – |
| Adjusted operating profit, EBIT | 330 | 358 | 596 | 485 | 389 | 381 | 238 |
| Depreciation/amortization | –139 | –149 | –203 | –164 | –139 | –126 | 74 |
| EBITDA | 456 | 505 | 720 | 614 | 514 | 419 | 302 |
| Adjusted EBITDA | 469 | 507 | 799 | 649 | 528 | 507 | 312 |

# Operating and financial review

*The operating and financial overview is intended to facilitate the understanding and evaluation of trends and fluctuations in AcadeMedia's operational earnings and financial position. The information presented below should be read in conjunction with the sections "Selected financial information" and "Capital structure and indebtedness," the Company's audited consolidated financial statements for the financial years 2014/15, 2013/14 and 2012/13, and the reviewed financial information for the first three quarters of 2015/16 and comparative figures for the corresponding period of 2014/15 in the section "Historical financial information." The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of many different factors, including, but not limited to, those described in the section "Risk factors." In certain cases, figures included in this section have been rounded off, and consequently the tables do not necessarily add up.*

## OVERVIEW

### Business segments

AcadeMedia has five business segments: Pre- and compulsory school, Upper secondary school, Adult education, Preschool Norway as well as Preschool Germany. In the Company's financial reports, the segments Preschool Norway and Preschool Germany are accounted for under "Prechool International" due to the limited size of the Preschool Germany segment.

At of the end of the third quarter of the 2015/16 financial year, AcadeMedia had 222 preschools and compulsory schools with just over 30,000 children and students around Sweden.

AcadeMedia's Upper secondary school segment had 106 schools in the third quarter of 2015/16, which an average of just under 25,000 students attended during the period, spread across 15 brands in Sweden.

AcadeMedia's Adult education segment is divided into four areas: language and integration, municipal adult education, labor market services and higher vocational education. In the third quarter of 2015/16 AcadeMedia's Adult education segment had a total of around 150 units in Sweden and a total of around 80,000 participants in various programs.

At the end of the third quarter 2015/16 Academedia's Preschool Norway segment had 84 preschools with a total of just under 8,000 children. During the same period, AcadeMedia was operating seven preschools with approximately 450 children in Germany.

### Factors influencing AcadeMedia's net sales, earnings and cash flow

AcadeMedia is of the opinion that primarily the factors below have contributed to the development of its net sales, earnings and cash flow during the accounting periods included in this Prospectus.

#### *Demand for education services and economic conditions*

The development of AcadeMedia's net sales and earnings is dependent on the demand for the education services provided by the Group. In turn, demand is to a large extent dependent on demographic trends in the school segments in Sweden, Norway and Germany, and the need for and public investments in adult education. This drives the volume in the addressable market. Net sales is also affected by the level of public reimbursement for these services, such as the childcare voucher, school voucher, payment under contracts for adult education, etc. This applies in particular to the Group's adult education operations, which may from time to time be subject to net sales fluctuations. The extent of such fluctuations is mainly affected by the Group's ability to win new contracts and retain existing education contracts, and its ability to attract participants to the relevant programs.

The overall trends and the prevailing economic conditions within the educational system that have affected demand for education services in recent years are described further in the section "Market overview."

#### *AcadeMedia's competitive strength relative to other providers*

In addition to the underlying market growth, AcadeMedia's net sales and earnings are affected by AcadeMedia's ability to attract children, students and participants to its education facilities. The competition for students and program participants is generally local, with alternative preschools, schools and adult education units – independent as well as public – competing with each other. AcadeMedia's competitiveness depends on a number of factors, such as the breadth of education offered by the Group, the reputation of the individual brands and units and of the Group, as well as the commitment, quality and knowledge of each unit's employees and heads.

#### *Pricing of the Group's education operations*

In the Pre- and compulsory school, Upper secondary school and Preschool Norway and Preschool Germany segments, AcadeMedia primarily receives reimbursement from the various municipalities in which the Group conducts education operations. In Germany, AcadeMedia also receives reimbursement from the parents whose children attend the Group's preschools. Outside Germany this reimbursement is largely based on the school voucher, which is decided by the individual municipalities and consists of a basic amount for each student and an additional amount for students requiring significant special support. In addition, socioeconomic support is given to students from areas in need of such support. The price for the different types of education delivered by the Company is affected by the municipalities' costs for public preschools and schools. These vary considerably between different jurisdictions and municipalities and are mainly affected by the municipality's cost level, but also to some extent by political decisions concerning investments and resource allocation in the respective municipality's school operations. Examples of such investments might be IT equipment for the school's students or teachers' salaries. Thus, the municipalities in the country or internationally where AcadeMedia conducts business have an influence over the reimbursement received by the Company.

Within Adult education, payment is received under publicly tendered contracts, concessions and permit applications. Reimbursement for programs under the Swedish National Employment Agency is normally based on a fixed payment per education participant and week. For programs that are under the responsibility of the municipalities, the payment is partly based on the number of participants, the estimated number of hours per participant as well as the actual hours attended by the participants. The reimbursement model for programs falling under the Swedish National Agency for Higher Vocational Education is similar to the reimbursement model for preschools, compulsory schools and upper secondary schools, with payments made monthly per participant.

The school voucher in Sweden is paid monthly or quarterly in advance, while the payment model for sales from adult education varies, generally being invoiced to the municipalities or the Swedish National Employment Agency and usually paid in arrears. The Norwegian school voucher is paid monthly in advance. In Germany, the payment method varies between municipalities. For the seven units in Munich, that have been acquired by AcadeMedia, the childcare voucher is paid on a quarterly basis.

For further information regarding the reimbursement models within the Group's business segments, refer to the section "Market overview – Reimbursement model" under each business segment.

In the 2014/15 financial year 39 percent of the Group's net sales derived from operations within the Pre- and compulsory school segment and 29 percent from operations within the Upper secondary school segment. 17 percent derived from Preschool Norway operations and 16 percent from operations within Adult education. AcadeMedia's German operations were acquired in February 2016. As of March 31, 2016, the corresponding figures were 40 percent for Pre- and compulsory school, 28 percent for Upper secondary school, 16 percent for Adult education and 16 percent for Preschool International.

### *Cost development*

The Group's total costs for the 2014/15 financial year amounted to SEK 7,646 million and the corresponding figure for the first three quarters of the 2015/16 financial year was SEK 5,916 million. Of the total costs, approximately 10 percent directly correlate to the number of students and participants in the Group's education operations. This relates to costs such as school food and education materials. Given this relatively low figure, AcadeMedia sees great opportunities for improved profitability following increased capacity utilization in all of AcadeMedia's units. For further information, refer to the section headed "Growth" below.

The Group's largest cost item is personnel costs. During the 2014/15 financial year 63 percent (61 percent) of AcadeMedia's total costs were personnel costs. In recent financial years the Group's personnel costs have been affected by the Group's growth, both organically and through acquisitions, but also by general increases in teacher salaries in Sweden and Norway. Increases in personnel resources for children with certain needs have also increased the share of personnel costs. The personnel density, the mix of operations and also to some extent the mix of students affect the proportion of AcadeMedia's costs accounted for by personnel costs. AcadeMedia's personnel costs have increased by an average of 30 percent annually over the past three financial years. The future development of teacher salaries primarily depends on the general level of salary increases in society and the municipalities' investments in teacher salaries, as future collective agreements will not contain any fixed figures for salary increases. The general shortage of teachers, especially certified teachers, may force teacher salaries upwards for both municipalities and independent providers, and personnel costs could thus constitute an even larger share of total costs. The equal terms principle means that the municipalities' increase in costs should be reflected in the reimbursement given to independent providers. However, there is a risk of delays in reimbursement increases, with increased personnel costs temporarily not fully compensated by corresponding increases in reimbursement. Furthermore, the trade association for Norwegian kindergartens is planning a change from defined benefit pensions to defined contribution pensions in this year's collective bargaining negotiations which can have both long and short term consequences on the earnings of the Group's pre-school segments.

In 2015 the Swedish parliament decided to increase social security contributions for young people, the first stage of which took effect in 2015. On June 1, 2016, the increase took full effect. The increase in 2015 affects AcadeMedia's cost base by approximately SEK 25 million annually, of which approximately SEK 17 million in increased costs are reflected in the operating result for the nine-month period ended on March 31, 2016. The expected increase in 2016 is anticipated to have an effect of approximately an additional SEK 15 million on an annual basis. AcadeMedia is of the opinion that the Group has a higher proportion of young teachers and educators than public providers, which may mean that these cost increases are not fully compensated by increased levels of reimbursement. This is primarily expected to affect AcadeMedia's operations at the preschool and compulsory school level.

AcadeMedia's second largest cost item is the cost of premises, which is included in the item "Other external costs" in the Company's accounts. During the 2014/15 financial year the cost of premises amounted to SEK 1,167 million (SEK 914 million). In Sweden, leases for preschools and compulsory schools usually have a term of 5–15 years, leases for upper secondary schools usually have a term of between three and five years and leases for adult education premises usually have a term of up to three years. In Norway, leases are usually entered into for an initial term of up to 20 years and in Germany up to 25 years. The leases are usually index-linked with the local consumer price index, which means that expected increases in price principally follow inflation. In 2015, AcadeMedia sold 13 preschool properties in Norway, which decreased the Group's debt by SEK 230 million. In connection with the sale, the Group entered into lease agreements with the new property owner. These lease agreements increase the Group's costs for leases by approximately SEK 12 million on an annual basis, of which SEK 9 million of the costs are reflected in the nine-month period ended on March 31, 2016. AcadeMedia still owns 15 preschool properties in Norway. For more information, refer to the section "Investments in non-current assets".

AcadeMedia's operating costs in the 2014/15 financial year amounted to SEK 7,567 million (excluding non-recurring items of SEK 79 million), of which SEK 705 million was directly attributable to the number of students and participants within the Group's operations. SEK 4,854 million related to salaries and other personnel costs, SEK 203 million to depreciation and SEK 1,805 million to other external costs such as IT expenses, rental of premises and other costs for premises.

Moreover, AcadeMedia has resolved to carry out a reorganization which entails certain changes in the business activities in each business segment. The reorganization is expected to achieve cost savings of SEK 20 to 25 million on an annual basis. Savings from the reorganization are expected to take full effect by the end of the coming financial year and are expected to result in extraordinary costs of approximately SEK 15 million in the fourth quarter of 2015/16. For additional information, refer to section "Description of operations".

### *Composition of the Group's operations*

AcadeMedia's net sales development, operating profit (EBIT) and operating margin are also affected by the Group's business mix; i.e. the proportion of the Group's aggregate business that each of the segments represents. Changes in working capital are also affected by the business mix. The business mix fluctuates due to a number of factors, mainly acquisitions that result in major changes, but also expansion through new establishments or the closure of units, capacity utilization and the inflow of students or participants within the various segments. In the past three financial years the Group's net sales have increased, primarily as a result of acquisitions made within preschool Norway and adult education but also to a certain extent within the Upper secondary school segment.

As a result, the Adult education segment has increased its share of net sales from 11 percent in 2012/13 to 16 percent in 2014/15. Adult education operations normally have a higher margin but on the other hand these operations are also subject to greater volatility. Another characteristic is that adult education operations require more working capital than the other three segments, since reimbursement is largely paid in arrears.

Preschool Norway has also increased its share of the Group's operations, representing 17 percent of net sales in 2014/15. Like the other school segments, however, payment is made in advance and the working capital requirement is therefore negative.

The Pre- and compulsory school segment has grown through small acquisitions and new establishments over the past three years, and despite the addition of new businesses in other segments it remains the largest segment with 39 percent of net sales in 2014/15, although this has decreased from 53 percent of net sales in 2012/13.

Upper secondary school operations have grown though a few small acquisitions (Klaragymnasierna, Nya Designgymnasiet, Hermods and the DCC upper secondary schools). There have also been five new establishments over the past three operating years.

### *Growth*

Organic growth is an important factor in AcadeMedia's growth model, and since the 2010/11 financial year the average organic growth rate has been approximately 7 percent annually (see illustration below). Organic growth is generated partly by taking on more students and participants at existing units, which improves capacity utilization, and partly by establishing new units.

For units that do not have full capacity utilization, growth can be achieved by an increase in the number of students and participants in the relevant units. Whether such an increase is possible depends on local demand for the education services provided and the unit's attractiveness and competitiveness. Increased capacity utilization is a very important factor in increasing the earnings and profitability of each unit within the Group. The Group therefore works actively to improve the quality and attractiveness of all units, and especially those with full capacity utilization.

As stated above, the Group's direct costs per student and participant correspond to approximately 10 percent of income. However, costs vary between the various business areas and also between different units within a particular business area. This means that provided the Group is able to fill an empty place in a unit without requiring additional teachers or premises, each additional student or education participant provides AcadeMedia with a substantial marginal contribution. In the 2014/15 financial year AcadeMedia's preschools, compulsory schools, upper secondary schools and Norwegian preschools had an average capacity utilization of approximately 97[1)] percent, 86[2)] percent, 81[3)] percent and 95[4)] percent respectively.

In places with a general population increase, such as newly built residential areas, or in places where AcadeMedia believes that it can meet an as yet unmet education need, new units can be established and AcadeMedia works actively within each business segment in order to identify growth opportunities through new establishments. It takes a certain amount of time for newly established units to reach a positive result, and a further period of operation before a mature margin is acheived. Newly established units normally reach the required level of capacity utilization and satisfactory earnings growth in two to five years. How long this actually takes depends partly on the business segment in which the unit operates. Generally, preschools in Sweden, Norway and Germany increase capacity utilization faster than other business segments, which means

1) Based on the maximum number of students according to permits granted.
2) Based on the maximum number of students according to AcadeMedia's assumptions concerning the capacity of premises.
3) Based on the maximum number of students according to AcadeMedia's assumptions concerning the capacity of premises.
4) Based on the maximum number of students according to permits granted.

that a positive profit contribution may be achieved more quickly. AcadeMedia had intended to open 14 new units during the 2015/16 financial year, focusing on the Preschool segments in Sweden and Norway. As of the date of this Prospectus, all 14 of these units have opened. Nine units in the Pre- and compulsory school segment, one upper secondary school and four preschools in Norway were opened during the current financial year. The negative profit contribution from new establishments within Pre- and compulsory school (including units which have been relocated or expanded) in 2015/16 amounts to approximately SEK 26 million on an annual basis, of which SEK 20 million is reflected in operating profit for the nine months ended on March 31, 2016. These units are expected to make a positive profit contribution during the following operating year.

The table below illustrates the typical financial profile of a new establishment and AcadeMedia's planned new establishments within the Pre- and compulsory school, Upper secondary school, Preschool Norway and Preschool Germany segments during the 2016/17 financial year.

| | Preschools Sweden | Compulsory schools | Upper secondary schools | Preschools Norway | Preschools Germany |
|---|---|---|---|---|---|
| **Start-up expenditure** | SEK 1.0–1.5 million | SEK 2–3 million | SEK 1.5–2.5 million | NOK[1] 30 million | SEK 1 million |
| **Time to break-even profitability** | 1–2 years | 3 years | 2 years | 1 year | 1 year |
| **Time to mature profitability** | 2–3 years | 5 years | 3 years | 2 years | 2 years |
| **Number of students at maturity** | 90–120 | ~400 | 200–220 | 80–90 | 60–80 |
| **Target revenues** | SEK 12 million | SEK 40 million | SEK 19 million | NOK 13 million | SEK 10–12 million |
| **Target profitability** | 12–13 percent (excl. allocated overhead) | 12–13 percent (excl. allocated overhead) | 13–14 percent (excl. allocated overhead) | ~12 percent (excl. allocated overhead) | ~12 percent (excl. allocated overhead) |
| **New establishment pipeline 2016/17** | **2 units** | **–** | **–** | **4 units** | **n.a.** |

1) Espira owns its properties at an initial stage. Property investments 100 percent debt financed. For more information, see the section "Investments in non-current assets".

Admissions numbers for first year students in the Upper secondary school segment for the autumn semester 2015 were positive, and as of March 31, 2016, the number of students joining the first year of AcadeMedia's upper secondary schools, excluding those schools undergoing restructuring (refer also to the section "Description of operations – History"), totaled 9,007. This can be compared with the number of students in the second and third years of the Group's upper secondary schools, which were 7,971 and 7,469 respectively as of March 31, 2016. The application and admissions process for first year students for the autumn semester 2016 is under way.

In adult education, organic growth is achieved primarily through AcadeMedia winning new tender processes and being able to attract participants to the contracted operations. AcadeMedia's Adult education segment therefore works actively to identify contracts being put out to tender process and to optimize its bids. In 2014/15 AcadeMedia won more than half of the tender processes in which it participated.

Growth can also be achieved by taking over individual units or providers that operate just a few units. Such takeovers are usually characterized by the fact that the operations are limited in extent (five or fewer units and less than SEK 100 million in net sales) and that the units are fully integrated into the relevant business segment within AcadeMedia. The purchase price for such takeovers is generally relatively low and in many ways they resemble new establishments, but with the difference that the investment costs are often slightly higher and the units are already in a mature phase. Examples of such takeovers in recent years include the compulsory schools Galären, Växthuset, Karin Boye and Björkenässkolan (previously schools within the JB Group). The schools were taken over in July 2013 and are today part of the operations of Pysslingen Skolor. Designgymnasiet, now part of the Upper secondary school business segment, and Hammarby Förskolor (three preschool units), now part of Pysslingen Förskolor, are also included in this growth category. Such takeovers are included when making comparisons with the growth target set by the Group of 5 to 7 percent growth excluding larger acquisitions. Historically, AcadeMedia has paid approximately four to five times the operating profit (enterprise value/earnings before interest, taxes and amortization (EBITA)) for acquired units within this category.

Acquisitions of larger and strategically important operations are a further essential part of AcadeMedia's growth model. In recent years, a number of large acquisitions have been made. In 2011 Pysslingen and ProCivitas were acquired. In 2013 KompetensUtvecklingsInstitutet (in the Adult education business segment) was acquired. In 2014 Stockholms Internationella Restaurangskola, KLARA Gymnasium and Hermods – one of Sweden's oldest education providers – were acquired. In 2014 AcadeMedia also expanded beyond Sweden for the first time with the acquisition of the Norwegian preschool group Espira, which has become part of the Group. In 2016 the German preschool group Joki was acquired, with seven preschool units in the Munich region.

By integrating acquisitions into AcadeMedia's quality management system, AcadeMedia is able to add value and secure good financial performance. In addition, cost synergies can be achieved as the acquired businesses utilize scale benefits in support functions and purchasing costs. Historically, AcadeMedia has paid approximately eight times the operating profit (EV/EBITA) for acquired units within this category.

The acquisitions that have had the greatest influence on the Group's net sales and operating profit (EBIT) in the last three financial years, are the acquisitions of Hermods and Espira in February and May 2014 respectively.

In the 2014/15 financial year Hermods had net sales of SEK 824 million and EBIT of SEK 71 million. Espira's net sales in the 2014/15 financial year amounted to SEK 1,351 million and adjusted EBIT was SEK 107 million. A significant part of the increases in net sales and earnings in the past financial year is thus attributable to these acquisitions. At the time of the acquisition of Hermods, its operations consisted mainly of adult education, but also of eight upper secondary schools under the brands Hermods Gymnasium and Design & Construction College. As of the acquisition, Hermods' upper secondary school operations have been separated out and are reported in the Upper secondary school business segment. Hermods' adult education operations have been coordinated with the Adult education business segment. This integration process has given rise to certain non-recurring costs related to system changes and some redundancy, but will in the long term result in a more cost-effective organization.

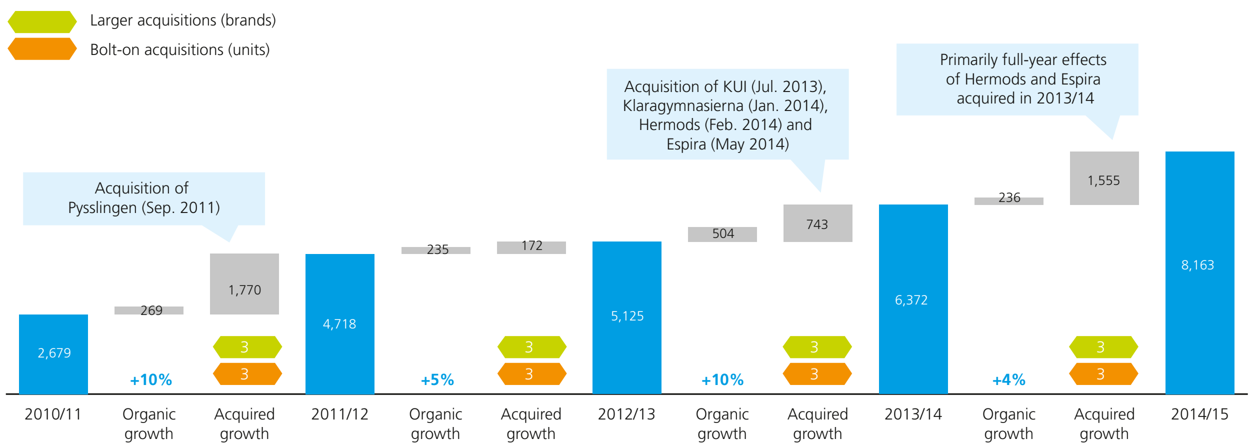
The Espira acquisition was AcadeMedia's first strategic acquisition outside Sweden, and Espira's strong preschool concept is seen as an asset for further growth in Norway as well as possible expansion elsewhere in Europe. Espira is Norway's second largest preschool provider in terms of sales, and has since the acquisition enjoyed extensive knowledge and experience sharing within education with Pysslingen Förskolor, in order to complement the strengths of the respective operations. The Norwegian preschool market differs from the Swedish in that a favorable financing model provides strong financial incentives to build and own preschool units in Norway. Despite this, AcadeMedia has chosen to sell some of Espira's properties in order to decrease the capital tied up within the Group.

AcadeMedia's German preschool operations consist of seven preschools. Their annual sales as of the date of the Prospectus amounted to approximately SEK 80 million.

AcadeMedia continuously reviews the potential for further international expansion of the Group's Scandinavian preschool concept, and particularly the Espira concept.

The graph below illustrates AcadeMedia's net sales growth since 2010/11, split into organic growth and acquisitions.

**Revenue development 2010/11–2014/15**[1)]




### *Investments in non-current assets*

The Company's investments in tangible and intangible non-current assets principally include investments in equipment, IT equipment for students, participants and personnel, and to some extent investments in leased properties. During the 2014/15 financial year these investments amounted to SEK 185 million. The corresponding figure for the prior financial year was SEK 187 million. SEK 3 million of the investments for the 2014/15 financial year (SEK 4 million in the prior year) related to intangible non-current assets, SEK 143 million (SEK 146 million) to investments in equipment (including leased IT equipment) and SEK 39 million (SEK 37 million) to improvements to leased properties. Of these investments, SEK 67 million (SEK 79 million) related to investments in IT equipment etc., financed through finance leases.

Investments in tangible non-current assets also include investments in properties made in connection with new establishments of preschools in Norway as a result of the favorable financing model. The financial incentives for such investments consist of a VAT discount on building costs, which reduces the

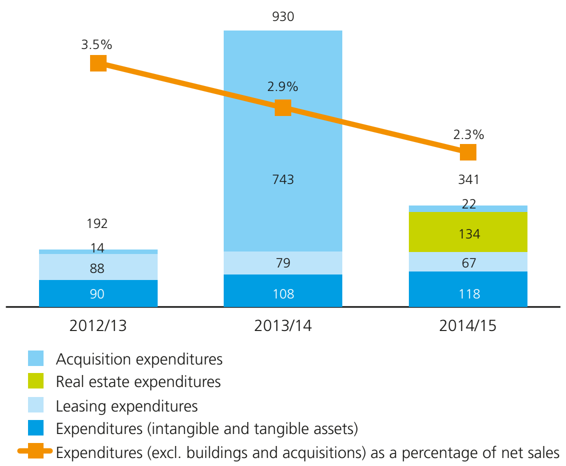
1) Organic growth relates to growth within existing, new and acquired units. Acquired growth relates to net sales pertaining to acquisitions, both during the year of the acquisition and any potential full-year effect in the following year.

building costs by 20 percent, and the fact that 100 percent of the building costs can be financed through the Norwegian State Housing Bank (Nor. Husbanken) at a very favorable interest rate and repaid over a period of 30 years. The Norwegian State Housing Bank is the Norwegian government's central agency for the implementation of government policy in the housing and welfare sector. The Norwegian State Housing Bank was founded in 1946 and has had a major role in building up the Norwegian housing and welfare sector by providing loans at favorable terms to private individuals, municipalities and companies. Among other things, the State Housing Bank's financing of new preschool construction in Norway is conditional upon having the relevant municipal support for the planned unit and upon the existence of a model for the financing of ongoing operations. In the 2012/13, 2013/14 and 2014/15 financial years, and the nine-month period ended on March 31, 2016, the Group's property investments amounted to SEK 0, 0, 134 and 94 million, respectively (Espira was acquired in May 2014). The investments in 2014/15 were a result of the acquisition of a number of new preschools in Norway. Leasehold and building costs per child for a new Norwegian preschool amount to approximately NOK 400,000. For a normal preschool of approximately 80 children the investment cost is thus approximately NOK 30 million. This type of new preschool establishment normally involves a two-year process including land acquisition, planning and design, obtaining a permit from the municipality as well as construction and commissioning. Despite the favorable financing, AcadeMedia intends to strategically balance capital tied up in properties. For this purpose certain Norwegian properties have been sold.

In the 2012/13, 2013/14 and 2014/15 financial years, and in the nine-month period ended on March 31, 2016, the total price for acquired companies and operations amounted to SEK 14, 743, 22 and 75 million respectively. The amounts are attributable to major acquisitions such as Pysslingen, Hermods and Espira, but also a large number of minor acquisitions.

The diagram below shows the Group's investments divided into investments in tangible non-current assets, property investments in Norway and acquisitions.

**Capital expenditures 2012/13 – 2014/15**




The Group's investment needs for tangible non-current assets, excluding property investments in Norway but including finance leases, are estimated at approximately 2 to 3 percent of the annual net sales. Investments in properties in Norway are estimated at approximately NOK 150 to 200 million annually depending on the availability of new construction projects for the Group.

### *Working capital and operating cash flow*

The Group's financial profile is characterized by strong cash flow generation, especially within the Pre- and compulsory school, Upper secondary school, Preschool Norway and Preschool Germany segments. This is partly a result of the Group's business model with its limited non-current assets and negative working capital. This means that growth through student recruitment in these segments does not tie up additional working capital.

The working capital consists of accounts receivable (parental fees and payments for adult education), prepaid costs (rents), deferred income (school voucher) and accounts payable. AcadeMedia normally receives municipal reimbursement such as school vouchers monthly or quarterly in advance, while sales from adult education is subject to varying payment models, generally involving invoicing municipalities and the Swedish National Employment Agency and payments being made in arrears. The Group's rental costs are paid monthly or quarterly in advance. Other suppliers invoice their goods and/or services and the Group's purchasing department works actively to negotiate more favorable payment terms with the Group's framework agreement suppliers. In the 2014/15 financial year the average payment period for supplier invoices within the Pre- and compulsory school and Upper secondary school segments was 36.6 days, an increase from 34.6 days in the prior financial year.

The Adult education business segment does not have the same cash flow profile as the pre- and compulsory school and Upper secondary school segments. Instead it has a certain need for working capital since income is normally paid following performance of the relevant service.

AcadeMedia's business model enables the Group to expand the capacity of its operations with limited investments, and the Group expects to continue to be in a good position to finance future growth with internally generated funds.

The development of the Group's net working capital is shown in the table on the following page.

| SEK m | 30 June 2013 | 30 June 2014 | 30 June 2015 | 31 March 2015 | 31 March 2016 |
|---|---|---|---|---|---|
| Current non-interest bearing assets | 537 | 654 | 671 | 690 | 704 |
| Accounts payable and other current liabilities | –357 | –569 | –545 | –466 | –544 |
| Accrued expenses and pre-paid income | –500 | –783 | –880 | –971 | –893 |
| **Net working capital** | **–320** | **–698** | **–754** | **–747** | **–733** |
| **Percent of annualized three months revenues** | **–** | **–8.7%** | **–8.6%** | **–8.6%** | **–7.9%** |

### *Currency exposure*

As a result of AcadeMedia's operations in Norway and Germany, the Group's earnings and financial position are affected by fluctuations in SEK/NOK and SEK/EUR exchange rate. The currency exposure primarily consists of translation exposure and AcadeMedia continually monitors exchange rate effects on translation to assess the Group's underlying performance adjusted for changes in currency rates. Currency effects can, however, affect total earnings and segment earnings for a certain period. The Group's exposure in respect of NOK and EUR is limited by the fact that both income and costs arise in NOK and EUR. To some extent, exposure in the translation of operating results and net assets has been hedged through financing in NOK and EUR.

During the 2014/15 operating year, NOK has weakened in relation to SEK. During the nine-month period ended on March 31, 2016, exchange rates negatively affected the Group's EBIT, by SEK 5 million.

### *Income tax*

The Group calculates and pays income taxes in Sweden, Norway and Germany. The corporate tax rate is 22 percent in Sweden, 27 percent in Norway and just under 16 percent in Germany. This means that the Company's earnings and cash flow depend on the respective country's tax rates, changes to these tax rates and the income and earnings distribution between the countries.

As of June 30, 2015, AcadeMedia's tax loss carry-forwards amounted to SEK 164 million. As of the same date the Group did not have the right to fully use tax loss carry-forwards to offset a surplus due to changes in the Group structure. The full right to use tax loss carry-forwards in Sweden with the current Group structure will be available in 2021. The Group only has tax loss carry-forwards in Sweden. The tax loss carry-forwards have no time limit.

Deferred tax assets are recognized as an asset to the extent it is likely that the tax loss carry-forward can be used to offset a surplus in future tax returns. SEK 164 million of the Group's tax loss carry-forwards are expected to be able to offset future tax surpluses.

### *Interest rates*

The Group's loans mainly have variable interest rates. AcadeMedia has only to a limited extent entered into agreements or other arrangements concerning hedging for higher interest rate levels. The majority of the loans are in SEK, with only a small proportion in NOK or EUR. For more information concerning the Group's credit agreements, refer to the section "Capital structure and indebtedness – Credit agreements."

### *Goodwill*

Since AcadeMedia has an active strategy of acquiring operations that typically have relatively limited fixed assets, surplus values normally arise relative to the acquired equity. Value that cannot be attributed to a particular asset class, such as brands, is recognized as goodwill. As of March 31, 2016, the Group's goodwill amounted to SEK 4,809 million. The corresponding figure at the end of the previous financial year was SEK 4,740 million. The increase is due to acquisitions while the weakening of NOK against SEK resulted in a lower goodwill value attributable to the Preschool Norway segment.

The Company's goodwill impairment during the 2014/15 financial year amounted to SEK 0 million. The corresponding figure for the previous financial year was SEK 4 million. During the nine-month period ended on March 31, 2016, amortization of goodwill amounted to SEK 0 million. The Group usually tests the need for goodwill impairment at least once a year but more often if needed.

The Company's management has concluded that, as of March 31, 2016, there are no indications that any impairments are required. The usual impairment test will be performed in connection with the closing of the books for the 2015/16 financial year.

### *Seasonal variations*

AcadeMedia's earnings are affected by seasonal variations, with net sales normally lower in the first quarter of each financial year and then gradually increasing in the subsequent quarters, as shown in the table on the following page. This is due to a number of factors that are described in the following paragraphs.

The first quarter of the Group's financial year runs to a large extent during the schools' summer vacation and during the holiday season when the preschools are closed, which means that the teaching period is shorter than under the other quarters. Income during this period is therefore generally considerably lower than during the other quarters. Also, in the first quarter, major vacation and holiday withdrawals result in lower personnel costs which partly compensate the income shortfall in the first quarter.

In the Adult education segment, the activity, as well as income, is lower during the summer months, but also during the Christmas and New Year. There are no other apparent seasonal variations in Adult education, but variations may occur during quarters where new agreements are procured or procured agreements expire. The general flow of participants referred by the National Employment Agency and municipalities also has an impact.

The salaries of the Group's personnel are adjusted annually. The majority of the Group's personnel are teachers, for whom salary adjustments take effect from and including September 1 each year. Following this date, personnel costs increase without any corresponding increase in the school voucher. This means that margins are usually lower in the second quarter compared to the third and fourth quarter. The school voucher is not adjusted until the end of the calendar year, in both Sweden and Norway. As a result, income increases in the third and fourth quarters without any significant change in the cost structure. In the Pre- and compulsory school segment the number of children and students also generally increases during the course of the year and there is a relatively large intake to preschools in January each year. The fourth quarter is normally the strongest in terms of earnings, partly for the reason mentioned above and partly because direct costs for elements such as meal provision decrease and the vacation period begins while net sales usually remain at the same level or are higher than in the third quarter. In preschools the positive effect in the fourth quarter is reinforced by the fact that children join the preschools on an ongoing basis during the year, particularly in May and June, which increases net sales accordingly. The financial effect of further children being added to existing groups and classes is significant, since the cost increase is only marginal.

During the fourth quarter of 2014/15, the Group received a positive contribution from the preschool and compulsory school operations due to repayment of rents. During the same quarter, certain adjustments were also made in the accounts. The result of the Group's upper secondary school operations was positively affected due to a reallocation of costs to the Adult education. These positive effects amounted to approximately SEK 13 million for preschools and compulsory schools and SEK 8 million for upper secondary schools. Corresponding effects are not expected during the fourth quarter of 2015/16.

Seasonal trends for preschool Norway are somewhat different, partly because of the Norwegian rules regarding personnel density, with younger children requiring greater personnel density than older children. At the beginning of autumn the older children start compulsory school and younger children take their place. This results in increased staffing levels in order to meet the requirements of personnel density. At the end of the calendar year the childcare voucher increases and the required personnel density is reduced, as the younger children are now considered one year older. The consequence of this is that the second quarter of the financial year is the weakest of the year within the Preschool International segment, with zero or even slightly negative earnings. In addition, in the fourth quarter of 2014/15, allocation of pension debt in the Group's Norwegian operations had a positive impact on EBIT of SEK 21 million.

| | *2015/16* | | | *2014/15* | | | | *2013/14* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *SEK m* | *Q3* | *Q2* | *Q1* | *Q4* | *Q3* | *Q2* | *Q1* | *Q4* | *Q3* | *Q2* | *Q1* |
| **Pre- and compulsory schools** | | | | | | | | | | | |
| Net sales | 933 | 889 | 661 | 872 | 844 | 831 | 613 | 830 | 809 | 790 | 594 |
| EBIT | 79 | 35 | 2 | 82 | 61 | 42 | 8 | 91 | 56 | 41 | 14 |
| EBIT margin, % | 8.5 | 3.9 | 0.3 | 9.4 | 7.2 | 5.1 | 1.3 | 11.0 | 6.9 | 5.2 | 2.4 |
| Non-recurring items | 0 | 0 | 0 | –19 | – | – | – | – | – | – | – |
| Adjusted EBIT | 79 | 35 | 2 | 101 | 61 | 42 | 8 | 91 | 56 | 41 | 14 |
| Adjusted EBIT margin, % | 8.5 | 3.9 | 0.3 | 11.6 | 7.2 | 5.1 | 1.3 | 11.0 | 6.9 | 5.2 | 2.4 |
| **Upper secondary school** | | | | | | | | | | | |
| Net sales | 641 | 640 | 485 | 623 | 625 | 621 | 472 | 601 | 583 | 515 | 388 |
| EBIT | 63 | 43 | 22 | 23 | 51 | 39 | 20 | 82 | 61 | 39 | 25 |
| EBIT margin, % | 9.8 | 6.7 | 4.5 | 3.7 | 8.2 | 6.3 | 4.2 | 13.6 | 10.5 | 7.6 | 6.4 |
| Non-recurring items | 0 | 0 | 0 | –57 | – | – | – | – | – | – | – |
| Adjusted EBIT | 63 | 43 | 22 | 80 | 51 | 39 | 20 | 82 | 61 | 39 | 25 |
| Adjusted EBIT margin, % | 9.8 | 6.7 | 4.5 | 12,8 | 8.2 | 6.3 | 4.2 | 13.6 | 10.5 | 7.6 | 6.4 |
| **Adult education** | | | | | | | | | | | |
| Net sales | 364 | 353 | 274 | 323 | 338 | 357 | 291 | 324 | 283 | 228 | 171 |
| EBIT | 46 | 35 | 12 | 3 | 40 | 52 | 36 | 17 | 23 | 33 | 14 |
| EBIT margin, % | 12.6 | 9.9 | 4.4 | 0.9 | 11.8 | 14.6 | 12.4 | 5.2 | 8.1 | 14.5 | 8.2 |
| Non-recurring items | 0 | –1 | –2 | –15 | – | – | – | – | – | – | – |
| Adjusted EBIT | 46 | 35 | 14 | 18 | 40 | 52 | 36 | 17 | 23 | 33 | 14 |
| Adjusted EBIT margin, % | 12.6 | 9.9 | 5.1 | 5.6 | 11.8 | 14.6 | 12.4 | 5.2 | 8.1 | 14.5 | 8.2 |
| **Preschool International** | | | | | | | | | | | |
| Net sales | 376 | 356 | 259 | 380 | 368 | 337 | 265 | 256 | | | |
| EBIT | 28 | 2 | 13 | 72 | 32 | 4 | 15 | 44 | | | |
| EBIT margin, % | 7.4 | 0.6 | 5.0 | 18.9 | 8.7 | 1.2 | 5.7 | 17.2 | | | |
| Non-recurring items | 0 | 0 | 6 | 16 | – | – | – | – | | | |
| Adjusted EBIT | 28 | 2 | 8 | 56 | 32 | 4 | 15 | 44 | | | |
| Adjusted EBIT margin, % | 7.4 | 0.6 | 3.1 | 14.7 | 8.7 | 1.2 | 5.7 | 17.2 | | | |

For more information concerning the key performance indicators presented above, refer to the introduction to the section "Selected financial information."

*Non-recurring items*

To clarify the performance of the underlying operations the Company has chosen to classify certain types of operating costs as non-recurring items. Non-recurring items include restructuring programs (costs of discontinuing operations and personnel redundancy) or other non-recurring costs. Non-recurring items are: non-recurring property costs such as capital gains/losses on the sale of properties or property damage not covered by company insurance, advisory fees for acquisitions that are not capitalized in the acquisition cost calculation, severance pay for senior executives, major integration costs resulting from acquisitions and costs associated with the operation of units following a decision to discontinue operations. The latter is a result of AcadeMedia's education guarantee.

Non-recurring items are reported on a separate line in the income statement, specifying the business segment to which they relate. The aim is to more clearly illustrate the underlying performance of each segment's operations.

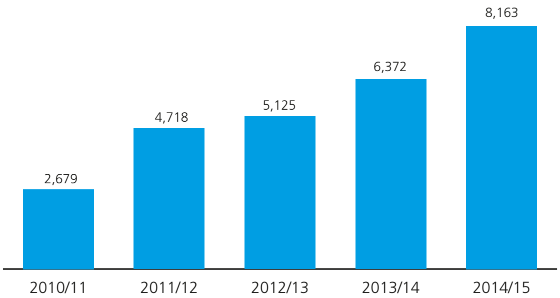
The result for the 2014/15 financial year includes non-recurring items totaling SEK 79 million (SEK 35 million for the prior financial year). The majority of this relates to provisions for restructuring costs for 12 units. Non-recurring operating costs mainly relate to integration costs in Adult education, but also include costs of damage to properties and certain severance pay.

A non-recurring income from the sale of properties within the Preschool Norway business segment reduces costs by SEK 16 million.

For further information, refer to the section "Selected financial information – Non-IFRS based performance indicators."

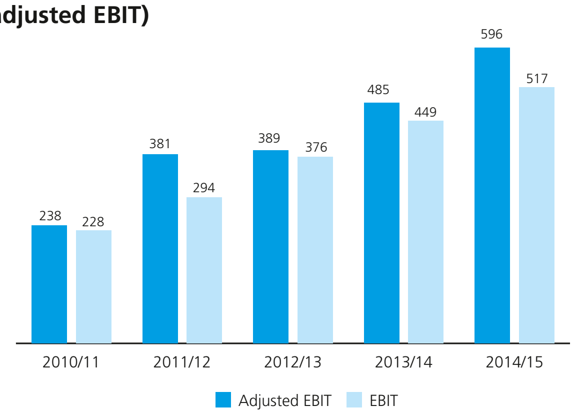
LONG-TERM HISTORICAL DEVELOPMENT

**Net sales development 2010/11 – 2014/15**




AcadeMedia's net sales have increased consistently every year since the 2010/11 financial year, with an average growth rate of 32 percent annually, of which 7 percent per annum is due to organic growth.

**Operating result development 2010/11 – 2014/15 (adjusted EBIT)**




AcadeMedia has also demonstrated stable growth in EBIT and adjusted EBIT since the 2010/11 financial year. EBIT has increased by an annual average growth rate of 23 percent and adjusted EBIT has increased by on average 26 percent per year. The adjusted EBIT margin is affected by the operational mix and has been seven to eight percent.

COMPARISON BETWEEN THE PERIOD JULY 2015 – MARCH 2016 AND JULY 2014 – MARCH 2015

| | *First three quarters* | | |
|---|---|---|---|
| | *2015/16* | *Change* | *2014/15* |
| Net sales, SEK m | 6,233 | 4.5% | 5,964 |
| Non-recurring items, SEK m | –13 | 333.3% | –3 |
| EBITDA, SEK m | 456 | –9.7% | 505 |
| EBITDA margin, % | 7.3 | –1.2 p.p. | 8.5 |
| Operating result EBIT, SEK m | 317 | –10.7% | 355 |
| EBIT margin, % | 5.1 | –0.9 p.p. | 6.0 |
| Adjusted operating result EBIT, SEK m | 330 | –7.8% | 358 |
| Adjusted EBIT margin, % | 5.3 | –0.7 p.p. | 6.0 |
| Profit after net financial income/expense, SEK m | 223 | 22.5% | 182 |
| Result of the period | 179 | 26.1% | 142 |
| Number of children and students | 62,754 | 3.3% | 60,764 |
| Number of full-year employees | 9,551 | 5.2% | 9,081 |
| Cash of flow from operating activities, SEK m | 382 | –21.4% | 486 |

**Net sales**

Net sales for the period July 2015 – March 2016 increased by 4.5 percent and amounted to SEK 6,233 million compared to SEK 5,964 million for the same period in previous financial year. The net sales increase was primary related to the number of children and students, which increased by 3.3 percent compared to the corresponding period in the prior year. At the same time, in comparison with the previous year both Adult education and Preschool Norway had certain negative volume effects and currency effects on net sales for the period.

Net sales for the period July 2015 – March 2016 for Pre- and compulsory school increased by 8.5 percent and amounted to SEK 2,483 million compared to SEK 2,288 million for the same period in 2014/15. The increase in net sales was primarily driven by growth in existing units, but also by acquisitions and establishments as well as an increased school voucher amount compared to the same period the previous year.

For the Upper secondary school segment, net sales for the period July 2015 – March 2016 amounted to SEK 1,766 million, an increase of 2.7 percent compared with the same period in 2014/15 when net sales amounted to SEK 1,719 million. Factors that primarily influenced net sales were the number of students, which increased by 1.0 percent, and the average school voucher per student, which was higher than in the prior period. In this context it should be noted that seven upper secondary schools have stopped their intake, which limited the increase in student numbers compared with the prior period.

For Adult education, net sales for the period July 2015 – March 2016 was 0.4 percent higher than for 2014/15 and amounted to SEK 990 million compared to SEK 986 million for the same period in 2014/15. The moderate increase in net sales was primarily related to lower participant numbers on preparatory programs at the beginning of the year.

Preschool International reported an increase in net sales of 2.2 percent for the period July 2015 – March 2016. Net sales amounted to SEK 991 million compared to SEK 970 million for the same period in 2014. The increase is due to a number of factors. However, the average NOK exchange rate was 8 percent lower during the period than in the same period the previous year which had a negative impact on net sales in SEK of SEK 5 million. Adjusted for the effect of exchange rates, net sales increased by 9.4 percent as a result of four new units and the associated 6.8 percent increase in the number of students. The acquisition of Joki in Germany also contributed some net sales as of February 2016.

**Operating costs**

Operating costs amounted to 95 percent of net sales for the period July 2015 – March 2016, compared to 94 percent for the same period in 2014/15. The difference was primarily due to an increase in the share of personnel costs, from 60 to 61 percent of net sales. The increased share of costs is also affected by weak net sales growth in Adult education and higher rental costs in the Preschool Norway segment resulting from the sale of properties.

**Operating result**

Operating profit (EBIT) amounted to SEK 317 million for the period July 2015 – March 2016 compared to SEK 355 million for the corresponding period in 2014/15, a decrease of SEK 38 million or 10.7 percent. The decrease was a result of the negative trend in participation in adult education, certain start-up and relocation costs within the Pre- and compulsory school segment in autumn 2015 (SEK 20 million) as well as increased costs for social security fees for young people of SEK 17 million. Non-recurring items in the period amounted to SEK –13 million (SEK –3 million in the prior period) and consisted of a positive effect from capital gains on the sale of properties in Norway of SEK +6 million, integration costs in Adult education of SEK –3 million and transaction expenses of SEK –16 million, the bulk of which comprises the costs of the planned listing on Nasdaq Stockholm. Adjusted EBIT for the Group amounted to SEK 330 million, compared to SEK 358 million for the same period in 2014/15. The reasons for the decrease were the same as for the change in EBIT.

EBIT for the period July 2015 – March 2016 for the Pre- and compulsory school segment amounted to SEK 116 million, compared to SEK 111 million for the same period in 2014/15. The moderate increase was in part expected and is due to losses made in new establishments and relocation costs for units relocating to larger premises of a total of SEK 20 million. Higher social security contributions for young people, which were introduced on August 1, 2015, had a negative effect on the results of SEK 16 million (of which the majority is attributable to Pre- and compulsory school), while the increase of students at the same time had a positive effect. There were no non-recurring items in the period or in the same period last year. Adjusted EBIT for the Pre- and compulsory school segment was thus the same as EBIT.

For the Upper secondary school segment, EBIT for the period July 2015 – March 2016 amounted to SEK 128 million, which was 15.3 percent better than SEK 111 million in the same period in 2014/15. The increase is mainly due to improved capacity utilization as the increase in students was moderate due to admissions were being closed at seven units. In addition, the recruitment of teachers and special needs teachers for certain units had a negative effect on profitability, but increased the quality level of such units. There were no non-recurring items either in the period or in the same period last year. Adjusted EBIT for the Upper secondary school segment was thus the same as EBIT.

Adult education's EBIT for the period July 2015 – March 2016 decreased by SEK 35 million or 27 percent and amounted to SEK 93 million, compared to SEK 128 million for the same period in 2014/15. The decrease was primarily related to delayed participant volumes in new areas contracted by the Swedish National Employment Agency. During autumn 2015, the adult education operations were adjusted for the new, lower volumes. AcadeMedia has, however, experienced increased volumes in other areas in the current year, which has affected the operations positively. Integration costs, which are reported as non-recurring items, also amounted to SEK 3 million (SEK 0 million in the prior period). Adjusted EBIT for Adult education amounted to SEK 95 million compared to SEK 128 million for the same period in 2014. The reasons for the decrease are the same as those described above.

Preschool International reported an EBIT of SEK 43 million for the period July 2015 – March 2016, compared to SEK 51 million for the same period in 2014/15, which is a decrease of SEK 8 million. The decrease was expected and due to increased rental costs of SEK 9 million resulting from the sale of 13 properties. EBIT was also positively affected by a capital gain of SEK 6 million on the sale of three properties. The average SEK/NOK exchange rate fell by 8 percent, which had a negative effect on EBIT of SEK 5 million. Adjusted EBIT for the Preschool International reporting segment was SEK 38 million, compared to SEK 51 million for the same period in 2014/15.

**Investments and depreciations**

Cash flow from investing activities in the period July 2015 – March 2016 amounted to SEK –222 million (SEK –206 million). Investments in tangible and intangible non-current assets (excluding properties and leases) totalled SEK 115 million (SEK 93 million) which is 24 percent higher than the previous year due to a large number of new units. Investments in properties amounted to SEK 94 million (111) which as a result of new school construction in Norway, while the sale of properties also resulted in a positive effect of SEK +63 million (SEK 0 million). Property investments therefore amounted to a net amount of SEK 31 million (111). Depreciation of non-current assets during the period July 2015 – March 2016 amounted to SEK 139 million (149), which is equivalent to 2.2 percent (2.5) of net sales. Depreciation relates to tangible and intangible non-current assets, including properties and depreciation of leased assets according to IFRS.

**Liquidity and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 393 million in the period July 2015 – March 2016, compared to SEK 446 million for the same period in 2014/15. Changes in working capital had a negative effect on cash flow of SEK –11 million for the period July 2015 – March 2016, compared to SEK 40 million for the same period in 2014/15.

Cash flow from the financing activities amounted to SEK –324 million compared to SEK –265 million for the same period in the prior year. Larger repayments were made than in the same period in the prior year because of the refinancing that took place on July 7, 2015. Due to a property sale, the Group's interest-bearing debt has decreased by SEK 250 million, partly consisting of loans with the Norwegian Housing Bank, that have been repaid, but also down payments on other bank loans in connection with the loan rescheduling. This partly took place in connection with the sale on June 30, 2015 and partially thereafter, and is additional to the normal loan repayment and reduction of variable loans.

Total cash flow amounted to SEK –164 million in the period July 2015 – March 2016 compared to SEK 15 million for the same period in 2014/2015, while cash and cash equivalents amounted to SEK 517 million as of March 31, 2016, compared to SEK 573 million for the corresponding period the previous year.

## COMPARISON BETWEEN THE FINANCIAL YEAR JULY 2014 – JUNE 2015 AND JULY 2013 – JUNE 2014

| | Full year | | |
|---|---|---|---|
| | *2014/15* | *Change* | *2013/14* |
| Net sales, SEK m | 8,163 | 28.1% | 6,372 |
| Non-recurring items, SEK m | –79 | 125.7% | –35 |
| EBITDA, SEK m | 720 | 17.3% | 614 |
| EBITDA margin, % | 8.8 | –0.8 p.p. | 9.6 |
| Operating result EBIT, SEK m | 517 | 15.1% | 449 |
| EBIT margin, % | 6.3 | –0.7 p.p. | 7.0 |
| Adjusted EBITDA, SEK m | 799 | 23.1% | 649 |
| Adjusted EBITDA margin, % | 9.8 | –0.4 p.p. | 10.2 |
| Adjusted operating result, EBIT, SEK m | 596 | 22.9% | 485 |
| Adjusted EBIT margin, % | 7.3 | –0.3 p.p. | 7.6 |
| Profit after net financial income/expense, SEK m | 248 | 3.3% | 240 |
| Result of the period | 222 | 17.5% | 189 |
| Number of children and students | 60,897 | 17.5% | 51,815 |
| Number of full-year employees | 9,159 | 30.9% | 6,997 |
| Profit/loss per share, SEK | –1,647 | 56.6% | –1,052 |
| Cash flow from operating activities, SEK m | 684 | 10.3% | 620 |

**Net sales**

Net sales for the 2014/15 financial year amounted to SEK 8,163 million compared to SEK 6,372 million for the 2013/14 financial year. The increase in net sales was 28.1 percent and was mainly related to the acquisitions of Espira and Hermods, which were included in the Group with full-year effect.

Net sales for the Pre- and compulsory school segment for the 2014/15 financial year increased by 4.5 percent and amounted to SEK 3,159 million compared to SEK 3,022 million in the prior financial year. The net sales increase was primarily due to an increase of the student base and higher reimbursement levels from municipalities.

For the Upper secondary school segment net sales increased by 12.2 percent and amounted to SEK 2,341 million for the 2014/15 financial year, compared to SEK 2,087 million in the previous financial year. The strong growth was a result of several acquisitions (such as Klaragymnasierna and Hermods Gymnasier) made in the 2013/14 financial year being included in the Group with full-year effect as from the 2014/15 financial year.

Net sales from Adult education increased by 30.2 percent for the 2014/15 financial year and amounted to SEK 1,309 million, compared to SEK 1,005 million for the 2013/14 financial year. The increase in net sales was mainly due to the acquisition of Hermods in February 2014, which was included in the Group with full-year effect in the 2014/15 financial year.

Net sales for Preschool Norway was SEK 1,351 million for the 2014/15 financial year compared to SEK 256 million for the 2013/14 financial year. Preschool Norway is entirely attributable to Espira, which was acquired in May 2014. Comparisons between years are therefore difficult since the operations were only included in the Group for two months of the 2013/14 financial year.

**Operating costs**

Operating costs increased by 29.1 percent and totaled SEK 7,646 million for 2014/15, compared to SEK 5,923 million in the previous financial year. The increase was mainly due to the increased volume of business resulting from acquisitions with full-year effect and organic growth. The largest cost item was personnel costs, which amounted to SEK 4,854 million compared to SEK 3,607 million for the previous financial year. In the 2014/15 financial year personnel costs amounted to 63.5 percent of total costs compared with 60.9 percent in the previous financial year. The increase was mainly driven by an increased proportion of preschool operations in the Group following the acquisition of Espira, where personnel density is higher, but also by an increased personnel cost share in other operations. Depreciation increased by 23.8 percent and amounted to SEK 203 million in the 2014/15 financial year compared to SEK 164 million in the previous financial year. This represented 2.7 percent of the costs, compared with 2.8 percent in the previous financial year.

**Operating result**

Operating profit (EBIT) increased by 15.1 percent and amounted to SEK 517 million for the 2014/15 financial year, compared to SEK 449 million in the previous financial year. The increase was mainly attributable to acquired operations. Underlying operating profit adjusted for non-recurring items increased by 22.9 percent to SEK 596 million, compared with SEK 485 million in the prior financial year. This represents an adjusted EBIT margin of 7.3 percent compared with 7.6 percent in the previous financial year. The margin decline was primarily attributable to the Upper secondary school segment, where the number of students reduced and capacity utilization was lower than planned. The business segment Pre- and compulsory school also had a lower margin while the margin of the Adult education was strengthened during the financial year as a result of new agreements with high profitability.

EBIT for Pre- and compulsory school amounted to SEK 193 million for the 2014/15 financial year, compared to SEK 203 million for the prior financial year. While higher volumes positively affected earnings for 2014/15, non-recurring items amounting to SEK 19 million (SEK 0 million the prior financial year) and increased personnel costs affected earnings negatively. Adjusted EBIT for Pre- and compulsory school was SEK 212 million compared to SEK 202 million for the 2013/14 financial year. The increase was mainly a result of the income increase but also due to the fact that no new establishments were conducted in 2014/15.

For the Upper secondary school segment EBIT decreased by 36 percent for the latest financial year and amounted to SEK 134 million, compared to SEK 208 million in the prior financial year. Extensive work has been carried out in the Upper secondary school segment to review the unit portfolio. Some units not deemed to have the long-term strength needed for survival have undergone restructuring in the form of being wound up, merged or restarted. Seven units will thus be restructured, certain of which will be wound up by stopping student intake while current students are allowed to finish their education. In addition, one unit has been sold and one unit merged with another school. The total cost of this restructuring has been charged to the segment's earnings for the year at SEK 57 million, compared with SEK 0 million in the previous financial year. Adjusted EBIT for the Upper secondary school segment was SEK 191 million, compared to SEK 208 million in the 2013/14 financial year. The decline was primarily attributable to lower student numbers and lower capacity utilization than estimated, as well as higher personnel costs.

Operating profit (EBIT) for the Adult education segment increased by 52 percent, from SEK 86 million to SEK 131 million. The increase was mainly related to the full-year effect of the Hermods acquisition, but new contract areas with good margins also made a contribution. The Group's Adult education segment also had integration costs related to the merger of systems and organizations. Integration costs totaling SEK 15 million (SEK 0 million in the prior financial year) have been reported as non-recurring items. Adjusted EBIT for Adult education increased by 70 percent and amounted to SEK 146 million compared to SEK 86 million in the 2013/14 financial year. The increase was mainly a result of the full year effect of the Hermods acquisition.

EBIT for Preschool Norway was SEK 123 million for the 2014/15 financial year, compared to SEK 44 million for the prior financial year, which covered only two months of operations. The difference is mainly explained by the full-year effect of the acquisition. The operating result for the 2014/15 financial year includes capital gains from the sale of properties of SEK 16 million, which have been reported as non-recurring items. In addition, the operating result for the 2014/15 financial year includes a positive accrual effect of premium based pension costs of SEK 21 million. Adjusted EBIT for Preschool Norway was SEK 107 million, compared to SEK 44 million for the 2013/14 financial year. The increase was mainly a result of Preschool Norway only being part of the Group for two months during the financial year 2013/14.

**Investments and depreciation**

Cash flow from investing activities in the 2014/15 financial year amounted to SEK –68 million, compared to SEK –864 million the prior financial year. The year's cash flow from investing activities is a combination of investments in tangible non-current assets in the Swedish operations as well as ongoing investments in new preschool properties in Norway. However, this is offset by the divestment of ten Norwegian preschool properties during the year. In a comparison with the previous financial year it is worth stating that extensive acquisitions, particularly Hermods, Klaragymnasierna and Espira, were made during the 2013/14 financial year.

Depreciation of non-current assets during the 2014/15 financial year amounted to SEK 203 million, compared to SEK 164 million in the prior financial year, corresponding to 2.5 percent (2.6 percent) of the net sales. The increase was primarily related to the higher business volume from acquisitions as well as organic growth.

**Liquidity and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 623 million in the 2014/15 financial year, compared to SEK 600 million in the prior financial year. The change in working capital affected cash flow positively by SEK 61 million in the 2014/15 financial year compared with SEK 20 million in the previous financial year. The change was mainly due to an increased volume of business, but also to the streamlining of various payment flows. Preschool Norway operations also include advance payments of municipal reimbursements.

Cash flow from finance the financing activities amounted to SEK –476 million compared to SEK 469 million the previous year. The difference is due to the fact that in 2013/14, major acquisitions requiring new financing, both from a new share issue and loans, were made while net amortization loans were made during 2014/15.

Total cash flow and the change in cash and cash equivalents amounted to SEK 140 million in the 2014/15 financial year, compared to SEK 225 million in the prior financial year. Cash and cash equivalents amounted to SEK 695 million at the end of the 2014/15 financial year, compared to SEK 562 million at the end of the prior financial year. Some of the cash and cash equivalents at the end of the 2014/15 financial year were directly due to property sales and were later used to repay bank loans in conjunction with the refinancing.

## COMPARISON BETWEEN THE FINANCIAL YEAR JULY 2013 – JUNE 2014 AND JULY 2012 – JUNE 2013

| | *Full year* | | |
|---|---|---|---|
| | *2013/14* | *Change* | *2012/13* |
| Net sales, SEK m | 6,372 | 24.3% | 5,125 |
| Non-recurring items, SEK m | –35 | 150.0% | –14 |
| EBITDA, SEK m | 614 | 19.5% | 514 |
| EBITDA margin, % | 9.6 | –4.0% | 10.0 |
| Operating result EBIT, SEK m | 449 | 19.4% | 376 |
| EBIT margin, % | 7.1 | 0.2 p.p. | –7.3 |
| Adjusted EBITDA, SEK m | 649 | 22.9% | 528 |
| Adjusted EBITDA margin, % | 10.2 | –0.1 p.p. | 10.3 |
| Adjusted operating result, EBIT, SEK m | 485 | 24.7% | 389 |
| Adjusted EBIT margin, % | 7.6 | 0.0 p.p. | 7.6 |
| Profit after net financial income/expense, SEK m | 240 | 98.3% | 121 |
| Result of the period | 189 | 47.7% | 128 |
| Number of children and students | 51,815 | 12.1% | 46,239 |
| Number of full-year employees | 6,997 | 14.9% | 6,087 |
| Profit/loss per share, SEK | –1,052 | –20.7% | –1,327 |
| Cash flow from operating activities, SEK m | 620 | 51.6% | 409 |

### Net sales

Net sales for the 2013/14 financial year increased by 24.3 percent and amounted to SEK 6,372 million, compared to SEK 5,125 million for the 2012/13 financial year. The increase in net sales was mainly related to a number of acquisitions.

Pre- and compulsory school net sales for the 2013/14 financial year increased by 11.2 percent to SEK 3,022 million, compared to SEK 2,717 million in the previous financial year. The increase in net sales was primarily related to the takeover of four compulsory schools from the JB Group and increased student numbers in growth units.

Net sales for the Upper secondary school segment for the 2013/14 financial year increased by 14 percent to SEK 2,087 million, compared to SEK 1,830 million in the 2012/13 financial year. Factors primarily affecting the net sales were the acquisitions of the Hermods upper secondary schools and the Klara upper secondary schools in 2014.

Adult education net sales increased by 74 percent for the 2013/14 financial year to SEK 1,005 million, compared to SEK 577 million in the 2012/13 financial year. The increase in net sales was mainly related to the acquisition of Hermod's adult education operations.

The acquisition of Espira in 2014 brought about the formation of a new business segment, Preschool Norway. Over a two-month period the business segment reported net sales of SEK 256 million for the 2013/14 financial year.

### Operating costs

Operating costs increased by 24.7 percent and totaled SEK 5,923 million in the 2013/14 financial year, compared to SEK 4,749 million in the previous financial year. The increase was mainly attributable to the increased business volume resulting from acquisitions and to organic growth. Personnel costs increased by 26 percent to SEK 3,607 million (corresponding to 60.9 percent of total costs), compared with SEK 2,856 million (corresponding to 60.1 percent of total costs) in the prior financial year. Personnel costs in relation to total costs have thus increased slightly, which to a certain extent is an effect of the increased proportion of preschool operations in the Group following the acquisition of Espira, where personnel density is higher. Depreciation increased by 18 percent and amounted to SEK 164 million compared with SEK 139 million in the previous financial year, which represented 2.8 percent of costs compared with 2.9 percent in the previous financial year.

### Operating result

Operating profit (EBIT) increased by 19.4 percent for the 2013/14 financial year and amounted to SEK 449 million, compared to SEK 376 million for the previous financial year. The increase in operating profit (EBIT) was primarily a result of contributions from acquisitions. The result for the 2013/14 financial year included non-recurring items totaling SEK -35 million, which were costs related to acquisitions during the financial year. Adjusted EBIT for the Group increased by 24.7 percent and amounted to SEK 485 million in the 2013/14 financial year, compared to SEK 389 million for the 2012/13 financial year. The increase was mainly a result of contributions from acquisitions.

EBIT for the Pre- and compulsory school segment in the 2013/14 financial year amounted to SEK 203 million, compared to SEK 209 million for the 2012/13 financial year. The decrease was primarily related to costs for a total of eight newly established units (four preschools and four compulsory schools). Adjusted EBIT for the Pre- and compulsory school segment was SEK 202 million, compared with SEK 209 million for the 2012/13 financial year. The decrease was mainly due to costs from eight newly established units.

EBIT for the Upper secondary school segment in the 2013/14 financial year amounted to SEK 208 million, compared with SEK 172 million in the 2012/13 financial year. Factors that primarily affected the increase were the acquisitions of the Hermods upper secondary schools and Klara upper secondary schools. Adjusted EBIT for the segment amounted to SEK 208 million, compared to SEK 172 million in the 2012/13 financial year. The increase was mainly a result of the acquisitions of Hermods upper secondary schools and the Klara upper secondary schools.

Adult education increased its EBIT significantly in the 2013/14 financial year, by 72 percent, as a result of the acquisition of Hermods in February 2014. Operating profit (EBIT) amounted to SEK 86 million, compared to SEK 50 million for the 2012/13 financial year. Adjusted EBIT for the Adult education totaled SEK 86 million, compared to SEK 50 million in the 2012/13 financial year. The increase was mainly a result of the Hermods acquisition.

Preschool Norway reported an EBIT of SEK 44 million for the 2013/14 financial year, which was the profit contribution for the two months following the acquisition. Adjusted EBIT for Preschool Norway was SEK 44 million.

**Investments and depreciation**

Cash flow from investing activities in the 2013/14 financial year amounted to SEK –864 million, compared to SEK –95 million in the prior financial year. The increase was primarily related to acquisitions, the most significant of which were Hermods and Espira. Depreciation of non-current assets during the 2013/14 financial year amounted to SEK 164 million compared to SEK 139 million in the prior financial year. The increase was primarily related to increased business volumes.

**Liquidity and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 600 million in the 2013/14 financial year, compared to SEK 464 million in the prior financial year. Changes in working capital had a positive effect on cash flow of SEK 20 million in the 2013/14 financial year, compared to SEK –55 million in the prior financial year. As working capital in the operations is negative due to extensive advance payments, this means that increased business volumes generally mean positive changes in cash flow from working capital.

Cash flow and the change in cash and cash equivalents during the 2013/14 financial year amounted to SEK 225 million, compared to SEK 44 million in the prior financial year. At the end of the 2013/14 financial year cash and cash equivalents amounted to SEK 562 million, compared to SEK 337 million in the prior financial year.

## SIGNIFICANT EVENTS

The events of significance for the Group's financial position or position in the market that have occurred over the past three financial years and in the first three quarters of the 2015/16 financial year are detailed in the sections above.

No events of significance for the Group's financial position or position in the market have occurred since March 31, 2016.

## SENSITIVITY ANALYSIS

A number of important factors that affect the Group's results are presented below in a sensitivity analysis. The estimated effect of the changes is based on the Group's results for the 2014/15 financial year and assumes for each individual factor that all other factors are unchanged. The sensitivity analysis illustrates the effects on the Group's results as if the changes had occurred during the 2014/15 financial year, but are not a forecast of future effects on results.

- A +/– 1 percent change in the number of students within the Group's school operations would change Group net sales by SEK +/–65 million. Since certain direct and variable costs decrease/are added in the event of a change in student numbers, the effect on operating profit is estimated at SEK +/– 20–30 million. The analysis does not take into account the change in fixed costs which may arise in connection with an increase/decrease in the number of students.
- A +/– 1 percent change in the average personnel cost per employee would result in a change in the Group's operating profit of SEK +/– 50 million.
- A +/– 1 percent change in the average student voucher in the Group's school operations would result in a change in the Group's operating profit of SEK +/– 65 million.
- A +/– 1 percentage unit change in the interest rate for the Group's loans would result in a change in the Group's profit after net financial income/expense of SEK +/– 30 million, based on total interest-bearing borrowing after the refinancing carried out on July 7, 2015.
- A +/– 10 percent change in the NOK/SEK exchange rate would change consolidated sales in the full year by approximately +/– SEK 140 million, and would change EBITA by of +/– SEK 8 million.

| *Factor* | *Change* | *Effect* |
|---|---|---|
| Number of students | +/– 1 % | +/– SEK 65 million in net sales and +/– SEK 20–30 million in operating profit. |
| Average personnel cost per employee | +/– 1 % | +/– SEK 50 million in operating profit |
| Average student voucher | +/– 1 % | +/– SEK 65 million in operating profit |
| Interest rate change the Group's loans | +/– 1 percentage point | +/– SEK 30 million in net financial income/expense |
| Exchange rate change NOK/SEK | +/– 10 % | +/– SEK 140 million net sales and +/– SEK 8 million in EBITA |

In addition to the sensitivity analysis described above, the investigation described in the section "Risk Factors – Future possible changes or limitations in the ability to conduct education services for the purpose of profit may entail significant negative effects for AcadeMedia" could result in proposals to change or limit the possibility to provide for-profit education services. If the proposals would result in new laws or regulations, this could have material adverse effects on AcadeMedia's earnings and financial position. However, it is difficult to estimate the economic impact as it is very unclear how any profit or dividend limitation could be devised, especially since the investigation's proposals are expected to be submitted in late 2016.

## TRENDS

For information concerning existing and expected trends, refer to the section "Market overview – Trends and drivers within the education market."

# Capital structure and indebtedness

The tables in this section show the Group's capitalization and indebtedness as of March 31, 2016. See section "Share capital and ownership structure" for further information about the Company's share capital and shares. The tables in this section should be read in conjunction with section "Operating and financial review" and the Company's historical financial information, including the related notes, included elsewhere in this Prospectus.

## CAPITALIZATION

| *SEK million* | *As of March 31, 2016* |
|---|---|
| **Current debt** | |
| Guaranteed | – |
| Secured[1)] | 606 |
| Unguaranteed/unsecured | 1,493 |
| **Total current debt** | **2,100** |
| **Non-current debt** | |
| Guaranteed | - |
| Secured[2)] | 2,115 |
| Unguaranteed/unsecured | 529[3)] |
| **Total non-current debt (excluding current part of non-current debt)** | **2,644** |
| **Shareholders' equity** | **2,507** |
| Share capital | 81 |
| Legal reserve | – |
| Other reserves | 2,426 |
| **Total capitalization** | **7,251** |

1) The securities relate to pledged subsidiaries, property mortgages and company mortgages.
2) The securities relate to pledged subsidiaries, property mortgages and company mortgages.
3) Of this amount, SEK 296.3 million relates to a loan from an indirect minority shareholder in AcadeMedia. The Company intends to use the proceeds of the new share issue carried out as part of the Offering to repay the entire loan amount including interest. As of March 31, 2016, accrued interest amounted to SEK 13 million and capitalized interest amounted to SEK 138 million (the capitalized interest is part of the loan).

## NET INDEBTEDNESS

| *SEK million* | *As of March 31, 2016* |
|---|---|
| (A) Cash | 0 |
| (B) Cash equivalents | 517 |
| (C) Marketable securities | – |
| **(D) Liquidity (A)+(B)+(C)** | **517** |
| **(E) Current financial receivables (interest bearing)** | **0** |
| (F) Current bank debt | 487 |
| (G) Current part of non-current debt | 176 |
| (H) Other current financial debt (interest bearing) | 0 |
| **(I) Other current financial debt (F)+(G)+(H)** | **663** |
| **(J) Net current financial indebtedness (I)–(E)–(D)** | **146** |
| (K) Non-current bank loans | 2,115 |
| (L) Bonds issued | – |
| (M) Other current financial debt | 352 |
| **(N) Non-current financial indebtedness (K)+(L)+(M)** | **2,467** |
| **(O) Net financial indebtedness (J)+(N)** | **2,613** |

SEK 259 million of the non-current debt above relates to loans by Husbanken (the Norwegian State Housing Bank), which in turn relates to properties held by the Company within Preschool Norway.

## CAPITAL STRUCTURE FOLLOWING COMPLETION OF THE OFFERING

In connection with the Offering, the Company's net indebtedness will decrease as a result of the proceeds from the new share issue in connection with the Offering. Under the assumption that (i) the full proceeds from the Offering of SEK 350 million, less the remaining part of the expenses related to the Offering of approximately SEK 26 million were available to the Company as of March 31, 2016, (ii) the loan from an indirect minority shareholder in the Company of SEK 309 million (including accrued interest of SEK 13 million mentioned under note 3 on the previous page) has been repaid as of March 31, 2016 and (iii) loans from certain shareholders of SEK 14 million (including accrued interest of SEK 1 million) has been repaid as of March 31, 2016, the Company's net indebtedness would have declined by SEK 324 million to SEK 2,289 million.

The table below sets forth AcadeMedia's net indebtedness as of March 31, 2016, assuming that the above stated events occurred on March 31, 2016.

| *SEK million* | *As of March 31, 2016* | *New share issue*[1] | *Repayment of loan, including loans from certain shareholders*[2] | *Pro forma as of March 31, 2016* |
|---|---|---|---|---|
| (A) Cash | 0 | 324 | –323 | 1 |
| (B) Cash equivalents | 517 | | | 517 |
| (C) Marketable securities | – | | | – |
| **(D) Liquidity (A)+(B)+(C)** | **517** | **324** | **–323** | **518** |
| **(E) Current financial receivables (interest bearing)** | **0** | | | **0** |
| (F) Current bank debt | 487 | | | 487 |
| (G) Current portion of non-current debt | 176 | | | 176 |
| (H) Other current financial debt (interest bearing) | 0 | | | 0 |
| **(I) Other current financial debt (F)+(G)+(H)** | **663** | **0** | **0** | **663** |
| **(J) Net current financial indebtedness (I)–(E)–(D)** | **146** | **–324** | **323** | **145** |
| (K) Non-current bank loans | 2,115 | | | 2,115 |
| (L) Bonds issued | – | | | – |
| (M) Other current financial debt | 352 | | –323 | 29 |
| **(N) Non-current financial indebtedness (K)+(L)+(M)** | **2,467** | **0** | **–323** | **2,144** |
| **(O) Net financial indebtedness (J)+(N)** | **2,613** | **–324** | **0** | **2,289** |

1) Including the gross proceeds from the new share issue in connection with the Offering of SEK 350 million with deduction for remaining expenses of SEK 26 million related to the Offering.
2) Including a loan from an indirect minority shareholder in the Company which, as of March 31, 2016 amounted to SEK 309 million (including accrued interest of SEK 13 million) and loans from certain shareholders which, as of March 31, 2016, amounted to SEK 14 million (including accrued interest of SEK 1 million).

## CREDIT AGREEMENTS

On June 30, 2015, a credit agreement of SEK 2,580 million was entered into between, on the one hand, the wholly owned subsidiaries ACM 2010 AB, ACM 2001 AB, P-PY 2009 AB, Pysslingen Förskolor & Skolor AB and Espira Holding AS as original borrowers and, on the other hand, DNB Sweden AB and Nordea Bank AB (publ) as arrangers and original lenders and Nordea Bank AB (publ) as agent and security agent. The facilities under the credit agreement carry a floating interest based on IBOR (applicable IBOR depends on the currency of the facility extended under the agreement) plus a variable margin based on the Group's net indebtedness in relation to the Group's EBITDA. As of March 31, 2016, the Company had utilized SEK 2,362 million of the total facility. After the listing on Nasdaq Stockholm, the intention is that AcadeMedia AB (publ) will adhere to the credit agreement as guarantor, provided that the Company fulfils certain customary conditions.

The credit agreement is divided into three facilities: facility A, with an initial amount of SEK 600 million and an amortization plan of SEK 120 million per annum; facility B, which as of March 31, 2016 amounted to SEK 1,458 million payable upon expiration on June 30, 2020; and an overdraft facility of SEK 500 million. As of March 31, 2016, facility A has been amortized to SEK 540 million and as of the same date, SEK 365 million of the overdraft facility has been utilized.

The credit agreement contains certain customary undertakings from AcadeMedia and the other borrowers and guarantors, regarding, for example, maintenance of permits, compliance with laws and restrictions as regards disposals, granting of security, mergers, acquisitions of companies and businesses, the taking up of loans and lending. There are, however, certain agreed exceptions to these undertakings. The credit agreement also contains certain other covenants, there amongst covenants requiring that certain financial key ratios, including an interest coverage ratio and a net debt ratio in relation to the Group's EBITDA, do not deviate from certain levels set out in the credit agreement. After the listing on Nasdaq Stockholm, the credit agreement does not include any restrictions as regards dividends. In connection with the listing on Nasdaq Stockholm and provided that the security agent gives its consent hereto in writing, the intention is that all security granted in connection with the entering into of the credit agreement shall be released.

If the undertakings and covenants described in the above are not complied with, the facilities under the credit agreement may be terminated and due for repayment. The credit agreement further contains a change of control provision which enters into force after the listing on Nasdaq Stockholm. The provision entails that if one person, or several persons acting in concert, acquire shares in AcadeMedia to such an extent that such persons hold or control more than 50 percent of the shares in the Company, the credit agreement may be terminated by the lenders and due for repayment. The credit agreement may also be terminated and due for repayment if AcadeMedia's shares cease to be listed on Nasdaq Stockholm.

On May 26, 2011, a credit agreement of SEK 158 million was entered into between AcadeMedia, as borrower, and Providence Equity Partners VI International L.P., as lender. In order to strengthen the Company's capital structure, AcadeMedia intends to use the proceeds from the issue of new shares in the Offering to repay the full loan amount including accrued interest. As of March 31, 2016, accrued and accumulated interest amounted to SEK 138 million.

## THE OFFERING'S EFFECT ON HISTORICAL RESULTS

Following the Offering and the repayment of a credit facility (SEK 309.3 million including capitalized and accrued interest as of March 31, 2016) to a minority shareholder in AcadeMedia, which is expected to take place in connection with the Offering, the Company's interest rate costs will significantly decrease. During the nine-month period ended March 31, 2016 the Company's interest costs amounted to SEK 98 million, of which SEK 30 million related to interest costs for the abovementioned loan.

## REPORT ON WORKING CAPITAL AND CAPITAL REQUIREMENT

AcadeMedia considers that the existing working capital is sufficient to meet the Group's current need of working capital over the next twelve month period.

## INVESTMENTS

AcadeMedia's total investments in tangible and intangible fixed assets during the financial years 2014/15, 2013/14 and 2012/13 amounted to SEK 185, 187 and 178 million, respectively. These amounts include assets leased. In addition, AcadeMedia has invested SEK 134 million in Norwegian properties during the financial year 2014/15. No such investments were made during the financial years 2013/14 and 2012/13.

Up to March 31, 2016, AcadeMedia's investments for the current financial year amounted to SEK 222 million (206), mainly consisting of acquisitions amounting to SEK 75 million (2), tangible and intangible assets amounting to SEK 115 million (93) and real estate amounting to SEK 94 million (111). Investments in leased assets of SEK 82 million (68) have not been included in such amounts. The Group does not have any pending material investments and has made no commitments with regard to any future material investments. Some commitments have been made, however, regarding certain real estate investments in the Preschools segment in Norway. These investments will be financed through existing funds and through the financing model provided through Husbanken in Norway (for more information, see section "Operating and financial review – Investments in non-current assets").

## FIXED ASSETS

As of March 31, 2016, AcadeMedia's tangible fixed assets amounted to SEK 909 million, of which buildings amounted to SEK 498 million, equipment, tools and installations to SEK 270 million and improvement expenditures on property owned by third parties to SEK 141 million.

As of March 31, 2016, AcadeMedia's intangible fixed assets amounted to SEK 5,013 million. The majority of the intangible assets constitutes goodwill, which amounted to SEK 4,809 million as of March 31, 2016. As for the remaining intangible fixed assets, brands amounted to SEK 194 million and other intangible assets amounted to SEK 10 million.

## CONTINGENT OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The table below shows the commitments and contingent obligations that the Company has provided for the Group and the parent company AcadeMedia AB (publ), respectively, as of the accounting date over the past three financial years. Floating charges and pledged shares in subsidiaries relate to security in relation to external financing. Those are however intended to be ceased in connection with a listing, refer to the section "Legal considerations and supplementary information – Credit agreements". The real property mortgages relate to security in relation to financing from the Husbanken in Norway. The warranty obligations relate to the Group's lease agreements in Sweden and Norway.

| | *Group* | | | *Parent company* | | |
|---|---|---|---|---|---|---|
| *SEK million* | *Jun 30, 2015* | *Jun 30, 2014* | *Jun 30, 2013* | *Jun 30, 2015* | *Jun 30, 2014* | *Jun 30, 2013* |
| *Security provided* | | | | | | |
| Floating charges | 111 | 119 | 41 | – | – | – |
| Real property mortgages | 404 | 330 | – | – | – | – |
| Shares in subsidiaries | 5,136 | 5,077 | 3,838 | 2,186 | 2,121 | 1,620 |
| **Total** | **5,651** | **5,526** | **3,879** | **2,186** | **2,121** | **1,620** |
| *Contingent obligations* | | | | | | |
| Warranty obligations | 175 | 58 | 0 | – | – | – |
| **Total** | **175** | **58** | **0** | **–** | **–** | **–** |

**Impact of new accounting standards**

International Accounting Standards Board has adopted a new accounting standard for the accounting for operating leases, IFRS 16 Leases. IFRS 16 will, subject to approval by the EU, become effective for the financial year beginning immediately after January 1, 2019, which for the Company entails the financial year starting July 1, 2019. Under the current rules, lease payments are reported as an operating expense included in external expenses. IFRS 16 basically means that operating leases with a term longer than one year instead shall be reported as an asset in the balance sheet, based on a discounted present value of future payments. The corresponding amount shall be reported as a liability. The income statement will be impacted by depreciation over the asset's useful life, which normally corresponds with the lease term, and interest expenses.

IFRS 16 will have a significant impact on the Company's accounting. The expense for operating leases for the financial year 2014/15 amounted to SEK 1,319 million. As per June 30, 2015 the non-discounted amount related to payment undertakings for operating leases amounted to SEK 6,370 million.

For more information regarding the Company's operating leases, including maturity, refer to note 3 in the section "Historical financial information" on page 183.

## RISK MANAGEMENT

Through its operations, the Group is exposed to different types of financial risks. Financial risks refer to variations in the Company's earnings and financial position as a result of changes in interest rate levels, exchange rates and liquidity and financial credit risks. Risk management is carried out centrally within the Group in accordance with policies established by the board. The board has adopted a financing policy that covers the overall financial risk management for specific areas, such as currency risk, interest risk, credit risk, usage of derivatives and other financial instruments and placement of liquidity. The aim is to minimize the Group's capital costs through appropriate financing and to effectively manage and control the Group's financing risks. The Group works actively with its follow-up on liquidity and continously updates the forecasts of the expected development of liquidity. This enables it to take the necessary measures in time.

**Financing risk management**

Financing risk is defined as the risk that a too large portion of the Group's financing matures during a too short period of time, during which the Group's ability to get new financing in place is limited or can only be obtained at significantly increased costs. In order to ensure that the Group has access to external financing at each point in time, there are regular controls of the maturity structure of the Group's financing. The results of such controls shall be analysed and reported to the Company's management and board of directors continuously.

The main part of the Group's operations is labor intensive and has low investment requirements. The Group mainly requires investments in equipment, except in Norway where new preschools usually entail investment in own premises. Furthermore, for the most part, income/school fees are received in advance, making the working capital negative. AcadeMedia's operations thus generate a positive cash flow even during growth. Additional funding is needed primarily for future acquisitions.

AcadeMedia has access to long-term financing for its activities through a SEK 2,580 million credit agreement, entered into on June 30, 2015 between, among others, the wholly-owned subsidiary ACM 2010 AB as original borrower and guarantor and DNB Sweden AB and Nordea Bank AB (publ) as arrangers and original lenders. The bank loans mature in 2020 and carry an interest rate set on a six monthly basis. The following financial commitments (so-called covenants) have been established in connection with the financing and apply henceforth:

- Covenant 1, debt/equity ratio = net debt/EBITDA ratio must be less than 3.5 times.
- Covenant 2, interest coverage = EBITDA/interest rate paid out in cash must exceed four times.

As of March 31, 2016 the covenants are met with a satisfactory margin. The Group further assesses that the covenants will be fulfilled during the term of the loan, and the risk that the loans will have to be dissolved is therefore low. Furthermore, it is also assessed that the Group will manage interest rate payments even if the benchmark interest rate were to increase.

**Liquidity risk management**

Liquidity risk is defined as the risk that the Group's funds and loan facilities are insufficient in order for payment obligations to be met at their maturity date without significantly increased costs for obtaining funds for such payment. In order to ensure that the Group's short-term liquidity is sufficient, the Group maintains a liquidity reserve (including cash and bank deposits) amounting to at least SEK 200 million, corresponding to approximately 2 percent of sales. Funds from the liquidity reserve shall be available within three business days. The liquidity reserve is continuously monitored by the Group's finance department and by the Company's CFO on a monthly basis, who also report to management and the board, in the monthly reports. As part of the total framework for the Group's credit, there is a floating overdraft facility amounting to SEK 500 million.

**Interest risk management**

Interest risk is defined as the risk that the Group's earnings will be affected by changes in interest rates and the risk that such changes have a negative impact on the Group's net turnover and the covenants in the Group's credit agreement regarding, *among other things*, the Group's financial position. As the majority of the Group's financing carries a floating interest rate, AcadeMedia is exposed to interest rate fluctuations. AcadeMedia has entered into hedging agreements or arrangements to secure changes in interest rates only to a limited extent. Any additional interest rate hedges must always comply with relevant covenants in concluded credit agreements and also be approved by the Company's CFO.

**Currency risk management**

Currency risk is defined as the risk that changes in exchange rates will have a negative impact on the Group's earnings. This risk can be divided into transaction exposure, which is the risk that changes in exchange rates for earnings and expenses in foreign currencies negatively affect AcadeMedia's earnings, and translation exposure, which relates to the risks exposure connected to the translation of AcadeMedia's foreign subsidiaries' income statements and balance sheets to SEK. AcadeMedia is mainly exposed to the transaction exposure from the Norwegian and German operations. The Group hedges a portion of the net currency exposure in relation to fluctuations in exchange rates by way of taking up loans in the currency applicable to the asset at hand. For example, as of March 31, 2016 AcadeMedia has credit facilities in NOK amounting to NOK 639 million and in EUR amounting to EUR 19 million.

**Credit risk management**

Credit risk is defined as the risk of losses resulting from counterparties not fulfilling their obligations in whole or in part. Most of AcadeMedia's counterparties in this regard are municipal entities and authorities, which are considered to have good creditworthiness. There is normally no security for the claims. The credit quality of outstanding customer claims is assessed as very good. There are no significant credit concentrations.

Reservations for doubtful debts are maintained individually in accordance with internal regulations and normally when the debts are more than 60 days past due. The reservation is then kept at 100 percent. Established customer losses form part of other external expenses.

AcadeMedia aims to minimize credit risk in financial transactions without sacrificing flexibility. Investments where surplus funds are used may only be made in governmental bonds and banks with the highest credit rating. Furthermore, such funds may only be invested in assets that can be liquidated within 15 days, or assets with maturities that match expected liquidity needs. The Group's finance department is responsible for monitoring and managing credit risk.

# Board of directors, executive management and auditor

## BOARD OF DIRECTORS

The Company's board of directors consists of seven ordinary members as elected by the shareholders' meeting, including the chairman of the board, all of whom are elected for the period up until the end of the annual shareholders' meeting 2016. Furthermore, according to law, labor unions are entitled to nominate employee representatives to the board of directors, with the same legal rights and obligations as ordinary board members. Lärarförbundet and Lärarnas riksförbund has appointed two ordinay representatives and one deputy representative to the Company's board of directors. The table below sets forth the members of the board of directors, when they were first elected[1], and whether the board members elected by the shareholders are considered to be independent of the Company, the executive management and/or the Principal Owner.

| | | | *Independent pf* | |
|---|---|---|---|---|
| *Name* | *Position* | *Member since* | *The Company and executive management* | *The Principal Owner* |
| Ulf Mattsson | Chairman | 2010 | Yes | No |
| Harry Klagsbrun | Board member | 2010 | Yes | No |
| Helen Fasth Gillstedt | Board member | 2009 | Yes | Yes |
| Torbjörn Magnusson | Board member | 2010 | Yes | Yes |
| Erika Henriksson | Board member | 2012 | Yes | No |
| Silvija Seres | Board member | 2015 | Yes | Yes |
| Anders Bülow[1] | Board member | 2016 | Yes | Yes |
| Peter Milton | Ordinary employee representative | 2016 | – | – |
| Anders Lövgren | Ordinary employee representative | 2016 | – | – |
| Fredrik Astin | Deputy employee representative | 2016 | – | – |

1) The extraordinary shareholders' meeting of the Company decided on June 1, 2016 to elect Anders Bülow as board member of the Company. The decision is, however, conditional upon that the listing on Nasdaq Stockholm is completed.

**ULF MATTSSON**
Born 1964. Chairman of the board since 2010. Chairman of the remuneration committee.
**Education:** Bachelor Degree in business administration, Stockholm School of Economics and PMD, Harvard Business School.
**Other current assignments:** Chairman of the board of Avaj International Holding AB, GG Holding AB, Evidensia Djursjukvård AB, Musti ja Mirri OY and itsLearning A/S. Board member of Addtech AB and ORAS Invest OY.
**Previous assignments:** Chairman of the board of Mackmyra Svensk Whisky AB, Pahlén Intressenter AB, Bactiguard Holding AB and Flextrus group AB. Board member and CEO of Gambro AB and Incentive AB. Board member of Securitas Direct AB, Pelly Intressenter AB, Renal Management AB, NSS group AB, Sanitec OY and StormGeo A/S, and CEO of Indap Holding AB.
**Shareholding in the Company:** 116,522 shares held through company.

**HARRY KLAGSBRUN**
Born 1954. Board member since 2010. Member of the remuneration committee.
**Education:** MBA, New York University and Stockholm School of Economics and journalism degree, Stockholm University.
**Other current assignments:** Chairman of the board of Gordon Gambro MPP Holding AB, Piab Holdco AB and Renal Management AB. Board member of Frostbite Holding AB, Dometic Group AB, Indap Sweden AB and Harkla AB.
**Previous assignments:** Board member of Gambro AB, Securitas Direct AB, Rossholmen AB, Indap Holding AB and TISKE Topholding AB and assignments within Handelsbanken, Alfred Berg and SEB.
**Shareholding in the Company:** None.

1) The year refers to the year of election of each member to the board of directors of the Company which, at the time of election, was the principal operating company of the Group.

**HELEN FASTH GILLSTEDT**
Born 1962. Board member since 2009. Chairman of the audit committee.
**Education:** Master of Science in business administration, Stockholm School of Economics and studies in sustainable progress of society, Stockholm University and the Royal Institute of Technology, Stockholm.
**Other current assignments:** Board member of Samhall AB, Svefa Holding AB, Sjölunda Gård Ekogrossisten AB, Handelsbanken Fonder AB and Humana AB. Board member and CEO of Blong AB and member of Advisory Board for Save the Children Sweden.
**Previous assignments:** Board member of Intrum Justitia AB and Swedesurvey AB.
**Shareholding in the Company:** 29,702 shares.

**TORBJÖRN MAGNUSSON**
Born 1963. Board member since 2010. Member of the audit committee.
**Education:** Licentiate degree and M. Sc., engineering physics, the Royal Institute of Technology, Stockholm.
**Other current assignments:** Board member and CEO of If Skadeförsäkring Holding AB (publ) and notxco AB. Chairman of the board of If Skadeförsäkring AB (publ) and If Skadeförsäkringsbolag AB (Finland). Deputy chairman of Topdanmark A/S and board member of Insurance Sweden and Association Rendez-Vous de Septembre.
**Previous assignments:** Deputy board member of Magnusson Psykologkompetens AB.
**Shareholding in the Company:** 14,852 shares.

**ERIKA HENRIKSSON**
Born 1981. Board member since 2012. Member of the audit committee.
**Education:** Bachelor Degree in business administration, Stockholm School of Economics.
**Other current assignments:** Director of EQT Partners AB. Chairman of the board of Earl Holding I AB and Earl Holding II AB. Board member of Eton Group AB and Earl Holding III AB.
**Previous assignments:** Board member of Sunstorm Holding AB, Scandic Hotels Holding AB and Scandic Hotels Group AB.
**Shareholding in the Company:** None.

**SILVIJA SERES**
Born 1970. Board member since 2015. Member of the remuneration committee.
**Education:** Ph. D. mathematics, Oxford University, M. Sc., computer science, Oslo University and MBA, INSEAD.
**Other current assignments:** Board member of Nordea Bank AB, Syncron International AB, Eidsiva Energi AS, Enoro Holding AS and Oslo Business Region AS and member of Corporate Assembly and nomination committee of Telenor ASA.
**Previous assignments:** Board member of Norsk Tipping AS, Statkraft AS og Statkraft SF, Aschehoug AS, Data Respons ASA, Dagbladet Medialab AS, Integrasco AS, GeoKnowledge AS, Sonitor AS, FasterImaging AS, The Performance group AS, MakingWaves AS, Norman ASA, Camo AS, Kezzler AS, Eidsiva Vekst AS, Buypass AS, ECC AS and The North Alliance AS.
**Shareholding in the Company:** None.

**ANDERS BÜLOW**
Born 1953. Board member since 2016.[1)]
**Education:** B.A in Economics, Stockholm University.
**Other current assignments:** Chairman of the board of KappAhl AB (publ). Board member of Mellby Gård AB, Ryssbys Österljung AB, StudentConsulting Holding AB, Andbül AB and Älvsbyhus Intressenter AB.
**Previous assignments:** Chairman of the board of Duni AB (publ), Bearsoft AB, S & H Teknik AB and CusCus AB. Board member of Meaning Green AB.
**Shareholding in the Company:** None.

**PETER MILTON**
Born 1965. Employee representative, The National Union of Teachers in Sweden (Sw. *Lärarnas Riksförbund*) since 2016.
**Education:** B.A in Education, Stockholm Institute of Education.
**Other current assignments:** None.
**Previous assignments:** None.
**Shareholding in the Company:** None.

1) An extraordinary shareholders' meeting of the Company decided on June 1, 2016 to elect Anders Bülow to the board of the Company. This decision is, however, conditional upon the listing on Nasdaq Stockholm is being completed.

**ANDERS LÖVGREN**
Born 1967. Employee representative, Swedish Teachers Union (Sw. *Lärarförbundet*) since 2016.
**Education:** Ongoing vocational studies teacher education, Linnaeus University.
**Other current assignments:** None.
**Previous assignments:** None.
**Shareholding in the Company:** None.

**FREDRIK ASTIN**
Born 1967. Deputy employee representative, The National Union of Teachers in Sweden (Sw. *Lärarnas Riksförbund*) since 2016.
**Education:** B.A in Education, as well as ongoing masters studies in leadership in education, University of Gothenburg.
**Other current assignments:** None.
**Previous assignments:** None.
**Shareholding in the Company:** None.

## EXECUTIVE MANAGEMENT

**MARCUS STRÖMBERG**
Born 1967. CEO of the Group since 2005.
**Education:** M. Sc. engineering physics and electrical engineering, Linköping University.
**Other current assignments:** Board member of Scandinavian Photo Group AB, MSTR Strategi AB, SIQ – Institutet för Kvalitetsutveckling and Ifous.
**Previous assignments:** Board member of Friskolornas Riksförbund and numerous assignments within Lernia.
**Shareholding in the Company:** 228,704 shares.

**EOLA ÄNGGÅRD RUNSTEN**
Born 1965. CFO since 2013.
**Education:** Bachelor Degree in business administration, Stockholm School of Economics.
**Other current assignments:** Deputy board member of Bild och Runsten AB.
**Previous assignments:** CFO of EQT Management S.a.r.l. with thereto related assignments, such as board member of Frostbite Holding AB and Coromatic Holding AB. HR director of EQT Partners AB, CFO of SEB Wealth Management and assignments within the SEB group, Alfred Berg and Handelsbanken.
**Shareholding in the Company:** 23,990 shares.

**SOFIA LARSEN**
Born 1972. Head of the business segment Pre- and compulsory schools since 2014.
**Education:** BA, business administration, Örebro University.
**Other current assignments:** Chairman of Akademikerförbundet Jusek and board member of Länsförsäkringar Bergslagen and Friskolornas Riksförbund.
**Previous assignments:** Board member of AcadeMedia AB and Örebro Universitet Holding AB. Director of communication at Örebro University, member of parliament (c) and numerous honorary assignments within Centerpartiet.
**Shareholding in the Company:** 11,881 shares.

**MARTIN SANDGREN**
Born 1974. deputy CEO and COO since 2007. Head of the Preschool Germany business segment, and head of the Upper secondary school business segment until August 1, 2016.
**Education:** Bachelor Degree in business administration, Lund University and studies at National University of Singapore and Faculty of Engineering LTH, Lund University.
**Other current assignments:** Founder and board member of 3 nine AB and board member of ILT group AB. Deputy board member of Speak produktion i Stockholm AB and HR.Statistik AB.
**Previous assignments:** Consultant at McKinsey & Company and assignments within 3 nine AB and Grimaldi Industri AB.
**Shareholding in the Company:** 102,815 shares.

**PAULA HAMMERSKOG**
Born 1962. Head of communications and public affairs since 2012. Communication manager on a consultancy basis since 2009.
**Education:** Journalism degree, Department of Media Studies, Stockholm University.
**Other current assignments:** Board member of Paulas Byrå AB.
**Previous assignments:** Chairman of the board of World Imagine AB. PR counsultant at GCI and Kreab and interim director of communications at Swedish Property Federation, Stockholm department.
**Shareholding in the Company:** 7,083 shares.

**LISE-LOTTE OLDMARK**
Born 1964. Head of HR since 2014 and Head of AcadeMedia Academy since 2012.
**Education:** Organisation consultant, Humanova.
**Other current assignments:** Board member of Grafisk Kvalitet Oldmark AB.
**Previous assignments:** Numerous management assignments within Pysslingen Förskolor and Pysslingen Skolor.
**Shareholding in the Company:** 30,845 shares.

**MARIT LAMBRECHTS**
Born 1957. Head of the business segment Preschool Norway since 2014 when AcadeMedia acquired Espira.
**Education:** D. Sc., Oslo University.
**Other current assignments:** Chairman of the board and CEO of Nordic Healthcare Consultants AS. Board member of Helsetelefonen AS and PBL (Norwegian trade association for preschools) and representative of Høyskolen i Oslo og Akershus.
**Previous assignments:** Board member of Boots Farmacevtföretagarna AB, Induct Software AS, Norchip AS, YA bank AS, Farmasøyter uten grenser, Intempo AS, Dentales AS, Plantasjen AS, HSH/Virke and Norges Apotekforening.
**Shareholding in the Company:** 48,665 shares held through company.

**CHRISTER HAMMAR**
Born 1969. Head of the business segment Adult education since 2015.
**Education:** Leadership and business educations, IHM and RMI-Bergs and leadership educations, Manpower.
**Other current assignments:** Chairman of the board and CEO of Nordic Contribution AB.
**Previous assignments:** CEO of Manpower A/S and Proffice Care AB, regional manager of Humana Assistans.
**Shareholding in the Company:** 20,001 shares.

**JENS ERIKSSON**
Born 1977. Head of the Upper secondary school business segment as of August 1, 2016.
**Education:** M.Sc. in Business and Economics, Stockholm School of Economics.
**Other current assignments:** Board member of This is nice AB, Nice Entertainment Group OY, Moskito Group OY, Moskito Television OY, Moskitonet OY, Grillifilms OY, A Nice Company AS, Monster AS, Playroom Event AS, Playroom Music AS, Nice Talent AS, Portman Film & TV Ltd, DRG America Ltd, Click TV Ltd, Portman Acquisitions Ltd, Saigon Productions Ltd, DRG America LLC, Portman Productions Ltd and Digital Rights Group Limited.
**Previous assignments:** Board member of ZE Music Publishing AB, Mastiff Aktiebolag, 5th Element Aktiebolag, Jarowskij Enterprises AB, Yellowbird Holding Aktiebolag, 5to Elemento AB, Zodiak Entertainment Finland Oy, Mastiff AS, Jarowskij Norge AS, Mastiff A/S, Look Entertainment Aps, Social Club Productions Aps, Zodiak Television World A/S, MTV Productions A/S, Jarowskij Danmark A/S and Mastiff Media Polska z.o.o.
**Shareholding in the Company:** 17,616 shares.

## OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

With the exception of Ulf Mattsson, Harry Klagsbrun and Erika Henriksson whom, through their directorships and/or other assignments or employments related to the Principal Owner, are not considered independent of the Principal Owner, all directors of the board, that are elected by the shareholders, are independent of the Company, the executive management and the Principal Owner.

There are no family ties between any of the members of the board of directors or executive management and there are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings. None of the directors of the board or members of the executive management has entered into agreements or any other arrangements with AcadeMedia regarding benefits upon termination of their assignment.

During the last five years, none of the members of the board of directors or the members of the executive management has (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, (iii) been the subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law or (iv) been subject to injunctions against carrying on business.

The Swedish Tax Agency has in recent years conducted a review of companies providing investment advice to all major Swedish private equity funds as well as persons active in these companies. The review has included EQT Partners AB, investment advisor to, among others, EQT, as well as persons who are, or has previously been, active in EQT Partners AB, including the Company's board members Harry Klagsbrun and Erika Henriksson as well as the Company's CFO Eola Änggård Runsten. In this respect, the Swedish Tax Agency decided to reassess both EQT Partners AB and the persons concerned. Following the dismissal from the Administrative Court of Appeal in Stockholm of the Swedish Tax Agency's claim for reassessment in a similar case, the Administrative Court in Stockholm annulled the Swedish Tax Agency's decision on reassessment of EQT Partners AB. The same applies to the process regarding Eola Änggård Runsten and the Administrative Court has annulled the Swedish Tax Agency's decision on reassessment.

The Swedish Tax Agency's decision on reassessment regarding Harry Klagsbrun and Erika Henriksson was appealed to the administrative court of Stockholm. The administrative court resolved that parts of the dividend that these persons received as a return on investments made in certain funds, shall not be taxed as capital income, but according to the rules applying to close corporations (the so-called 3:12-rules). The Swedish Tax Agency's decision on reassessment therefore stands, to some extent. However, the judgment of the the administrative court is likely to be appealed.

All members of the board of directors and the members of the executive management are available at the Company's main office at Adolf Fredriks Kyrkogata 2, P.O. Box 213, SE-101 24 Stockholm, Sweden.

## AUDITORS

The Company's auditors are Ernst & Young AB with Staffan Landén as auditor in charge and Oskar Wall as elected auditor. They were elected at the annual general meeting 2015 for the period up and until the end of the annual general meeting 2016. Staffan Landén (born 1963) is an authorized public accountant and a member of FAR (the professional institute for authorized public accountants), with the office address Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden. Oskar Wall (born 1975) is an authorized public accountant and a member of FAR, with the office address Koltrastvägen 32, SE-192 55 Sollentuna, Sweden. Staffan Landén (but not Oskar Wall) has been auditor or auditor-in-charge throughout the entire period which the historical financial information in this Prospectus covers.

# Corporate governance

## CORPORATE GOVERNANCE

AcadeMedia AB (publ) is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company has been listed on Nasdaq Stockholm, the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden. The Code provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the Company's corporate governance report (according to the so-called "comply or explain principle"). Currently, the Company does not expect to report any deviation from the Code in the corporate governance report, save for section 9.7 according to which AcadeMedia is expected to report a deviation from the share matching plan and the warrant program described in the section "Share capital and ownership structure – Long Term Incentive Programs", since the programs' vesting periods is below three years. The intention is that the vesting period in the Company's long term incentive programs shall run from the first quarterly report of each financial year to the corresponding report three years ahead. As the current programs have been adopted in connection with the listing on the Nasdaq Stockholm during the fourth quarter, the vesting period for this year's programs have been slightly shortened.

## SHAREHOLDERS' MEETING

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditor and remuneration to the board of directors and the auditor.

The annual shareholders' meeting must be held within six months from the end of the financial year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and by making the notice available on the Company's website. At the time of the notice, information regarding the notice shall be published in Dagens Industri.

### Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day occurring five business days prior to the meeting, and notify the Company of their participation no later than on the date indicated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two advisors. Generally, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares in the Company shares held by the shareholder.

### Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must be received by the board of directors well in advance of the shareholders' meeting, in accordance with the information provided on the Company's website in conjunction with the announcement of the time and place of the shareholders' meeting.

## NOMINATION COMMITTEE

Companies applying the Code shall have a nomination committee. According to the Code, the shareholders' meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the Group management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of the Company's management.

According to a decision from the annual shareholders' meeting of the Company on December 18, 2015, AcadeMedia's nomination committee shall comprise the chairman of the board and one representative for each of the three largest shareholders based on ownership of the Company as per the end of the financial year's third quarter. As per the annual shareholders' meeting 2016, the nomination committee shall comprise the chairman of the board and one representative of each of the three largest shareholders of June 30, 2016, with the announcement of the representatives being made as soon as practically possible. Should one of the three largest shareholders refrain from appointing a representative to the nomination committee, the right shall pass to the shareholder that, excluding these three shareholders, has the largest shareholding in the Company. The board of directors shall appoint the nomination committee. The chairman of the nomination committee shall be the member representing the largest shareholder, unless the nomination committee not unanimously appoints another member.

The nomination committee will be constituted and will meet well in advance of the annual shareholders' meeting 2016 and its proposals will be presented in the convening notice of the annual shareholders' meeting and on AcadeMedia's website. Shareholders may submit proposals to the nomination committee in accordance with what has been published on the Company's website prior to the annual shareholders' meeting.

## BOARD OF DIRECTORS

The board of directors is the highest decision-making body of the Company after the shareholders' meeting and the Company's highest executive body. According to the Swedish Companies Act, the board of directors is responsible for the organization of the Company and the management of the Company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the Company's earnings and financial position as well as evaluating the operating management. The board of directors is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. The board of directors also appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than one and not more than ten members.

According to the Code, the chairman of the board of directors is to be elected by the annual shareholders' meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is well organized and efficiently performed.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO and also between the board of directors and its various committees. In conjunction with the inaugural board meeting after every annual shareholders' meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

Currently, the Company's board of directors consists of seven ordinary members elected by the shareholders' meeting[1)], two employee representatives and one deputy employee representative, who are presented in the section "Board of directors, executive management and auditor".

### Audit committee

AcadeMedia has established an audit committee comprising three members: Helen Fasth Gillstedt (chairman), Erika Henriksson and Torbjörn Magnusson. The audit committee shall, among other things, without prejudice to the responsibilities and tasks of the board of directors monitor the Company's financial reporting, monitor the efficiency of the Company's internal control, internal auditing and risk management, keep itself informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditor, keep itself informed of the result of the Supervisory Board of Public Accountants' quality control of the Company's auditor and pay close attention to whether the auditors are providing other services besides audit services for the Company. The committee also has the task of evaluating the audit work and providing this information to the nomination committee and assisting the nomination committee in the preparation of proposals regarding election of auditors and auditors' fees.

### Remuneration committee

AcadeMedia has also established a remuneration committee comprising three members: Ulf Mattsson (chairman), Silvija Seres and Harry Klagsbrun. The remuneration committee shall prepare proposals concerning remuneration principles and remuneration and other employment terms for the CEO and the executive management.

## THE CEO AND OTHER SENIOR EXECUTIVES

The CEO is subordinated to the board of directors and is responsible for the day-to-day management and operations of the Group. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of financial reports and compiling information from the executive management for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information in order for the board of directors to be able to evaluate the Company's financial position.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the net sales development, the Company's earnings and financial position, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in the section "Board of directors, executive management and auditors".

1) The election of Anders Bülow is however conditional upon that the listing on Nasdaq Stockholm is completed.

## REMUNERATION TO THE BOARD MEMBERS, CEO AND EXECUTIVE MANAGEMENT

### Remuneration to the board members

Fees and other remuneration to the members of the board of directors are resolved by the shareholders' meeting. At the extraordinary shareholders' meeting held on June 1, 2016, it was resolved that remuneration for the time until the end of the next annual shareholders' meeting shall be paid at SEK 500,000 to the chairman of the board and SEK 250,000 to each of the other board members who are not employed by the Group. In addition, SEK 100,000 shall be paid to the chairman of the audit committee and the chairman of the remuneration committee, respectively, and remuneration to each of the other members of the relevant committee, who are not employed by the Group shall be paid at SEK 50,000 each. The remuneration levels refer to remuneration on an annual basis and in the current financial year will therefore be paid out in proportion to the period running from the decision on the remuneration until the end of the annual shareholders' meeting 2016. For information regarding remuneration paid to the members of the board of directors during the financial year 2014/15, see note 5 on page 184 in the section "Historical financial information".

### Remuneration to the CEO and other senior executives

*Guidelines for remuneration to senior executives*

At the annual shareholders' meeting on December 18, 2015, it was resolved to adopt guidelines for remuneration to the CEO and other senior executives, conditional upon listing on Nasdaq Stockholm, principally in accordance with the following.

AcadeMedia shall offer remuneration in accordance with market practice which enables the recruitment and retention of qualified senior executives. Remunerations within AcadeMedia shall be based on principles of performance, competitiveness and fairness.

Senior executives refer to the CEO and the other members of the executive management. The guidelines shall apply to employment agreements concluded after the listing on Nasdaq Stockholm, as well as when changes is made to existing agreements after the listing. The remuneration to senior executives may consist of fixed remuneration, variable remuneration, share and share-price related incentive programs, pension and other benefits. If local conditions justify variations in the remuneration principles, such variations may occur.

The fixed remuneration shall reflect the individual's responsibility and experience level and shall be reviewed annually. Senior executives may be offered cash bonuses. Variable remuneration paid in cash may not exceed 50 percent of the annual fixed remuneration. Variable remunerations shall be connected to predetermined and measurable criteria, designed with the aim of promoting the Company's long-term value creation.

Share and share-price related incentive programs shall, if resolved on, be decided by the shareholders' meeting. Pension will, where possible, be premium-based. For the CEO and other executive managers, the premium may, in situations where premium-based pension is applicable amount to a maximum of 30 percent of the fixed salary. The board of directors is entitled to, notwithstanding the above, offer other solutions which, in terms of cost, are equivalent to the above.

Between the Company and the CEO, the notice period shall be twelve months upon notice by the Company. Upon notice by the CEO, the notice period is six months or, alternatively, twelve months if the CEO intends to take new employment in a company engaged in competitive activity. For other senior executives, notice periods of four to twelve months apply. During the notice period, normal salaries shall be paid. Upon notice by the Company, the CEO shall be entitled to a severance pay corresponding to twelve months' salary. Other senior executives may, upon being given notice by the Company, be entitled to severance pay of up to twelve months' salary. The severance pay is not vacation or pension qualifying and is normally deductible against future employment income received during the period when severance pay is paid.

Senior executives may be awarded other customary benefits, such as company car, company health care etc. Such other benefits shall not constitute a substantial part of the total remuneration.

To the extent a board member conducts work for the Company, in addition to the board work, consulting fees and other compensation for such work may be payable.

The board of directors is entitled to deviate from the guidelines if the board of directors, in a certain case, assesses that there are good reasons for the deviation.

*Remuneration paid during the financial year 2014/15*

The table below sets forth the remuneration to the CEO and other senior executives for the financial year 2014/15.

| *Name* | *Fixed salary, SEK t* | *Variable remuneration, SEK t* | *Other benefits, SEK t* | *Pension costs[1], SEK t* | *Total, SEK t* |
|---|---|---|---|---|---|
| Marcus Strömberg, CEO | 3,878 | 1,146 | 71 | 1,175 | 6,270 |
| Martin Sandgren, deputy CEO | 1,965 | 590 | 71 | 407 | 3,033 |
| Other senior executives (seven) | 8,634 | 1,237 | 163 | 1,637 | 11,671 |
| **Total** | **14,477** | **2,973** | **305** | **3,219** | **20,974** |

1) The Company has no accrued or prepaid pension costs.

1) The conditions may deviate in certain cases where members of the executive management have joined the Group in connection with acquisitions.

In accordance with the Group's policy for variable remuneration, business area heads, deputy business area heads, operations managers, unit heads and support managers, have the opportunity to receive variable remuneration in addition to their fixed salary if certain criteria are fulfilled. Normally, the criteria constitutes of quality goals, student number goals and efficiency goals. Quality goals shall be the main performance criterion and can be a combination of various quality measures such as the proportion of students passing in all subjects, customer satisfaction index and employee satisfaction index. The maximum amount of variable remuneration for a business area head is three months' salary and maximum one months' salary for unit heads. As regards the other categories above a maximum amount of between one and three months' salary apply. The Group management is entitled to variable remuneration in accordance with their respective employment agreements, usually with a maximum amount of between three to six months' salary. For the assessment of the variable remuneration to be paid to the Group management, bonus agreements, containing performance criteria based on key success factors for AcadeMedia such as quality, number of students and efficiency, are concluded annually.

**Current employment agreements for the CEO and other senior executives etc.**

The CEO's employment agreement stipulates a notice period of twelve months following the employer's notice. Following a notice from the CEO, the notice period is six months or, if the CEO intends to take new employment in a company conducting competitive operations, twelve months. According to the employment agreement, the CEO is, in addition to fixed salary, entitled to variable remuneration of up to six months' salary, based on Group earnings and cash flow as well as quality measures such as grade and competence achievements for the Group's students and education participants. In addition to salary during the notice period, the CEO is further entitled to severance pay amounting to twelve months' salary following termination by the employer. The employment agreement contains a competition clause with legal force of six months after the termination of the employment. During this time, the CEO is entitled to remuneration corresponding to the difference between his salary in a new employment and the salary he had in his employment with the Company.

The employment agreement for the deputy CEO stipulates a notice period of six months. The deputy CEO is further, in addition to fixed salary, entitled to variable remuneration of up to six months' salary, based on the same criteria as for the CEO. As for other senior executives, notice periods between 4 and 14 months apply depending on whether notice is given by the senior executive or the Company. The notice period is generally longer in cases where a senior executive intends to take new employment in a company conducting competing operations. In addition to fixed salary, other senior executives are entitled to variable remuneration of up to three or six months' salary, based on the same criteria as for the CEO. When notice is given by the employer, certain senior executives are entitled to severance pay amounting to between six and ten months' salary, in addition to regular salary during the notice period.

Moreover, the CFO of the Company will receive additional remuneration amounting to SEK 600,000 for her contribution to the work in connection with the Offering.

For a description of the Company's outstanding incentive programs, please refer to section "Share capital and ownership structure – Long term incentive programs".

## INTERNAL CONTROL AND RISK MANAGEMENT

**Internal control framework**

AcadeMedia's procedures for internal control are based on two perspectives, internal control and risk management with regard to the business operations and internal control and risk management with regard to financial reporting. The internal control shall ensure that AcadeMedia's financial reporting provides a fair picture of AcadeMedia's financial position and that the operations continuously meet the requirements and expectations of a company that operates within publicly funded operations.

**Control environment**

AcadeMedia's board of directors is ultimately responsible for ensuring that the Company complies with the requirements for internal control and control of its financial reporting. The board annually establishes a number of governance documents in order to support the actions of management and all employees in order to promote correct, complete and current accounting. Central documents available and every employee on the Company's intranet, include rules of procedure for the board of directors, instructions for the CEO, the work allocation between them and overall policies. AcadeMedia's CEO has delegated responsibility for implementation and enforcement of formalized routines for financial reporting and internal control to the CFO. A central element, in addition to the Company's policies, is AcadeMedia's accounting manual approved by the board.

In parallell with the procedures for financial accounting and reporting, AcadeMedia's internal control and risk management is largely based on a systematic quality work. AcadeMedia has developed its own quality system through the AcadeMedia Model. Additionally, the business operations are regularly reviewed by the Swedish Schools Inspectorate.

Within the framework of the AcadeMedia Model, the internal control includes, control of the Company's and the Group's organization and implementation of annual customer, parent and employee surveys at Group level, where levels below certain limits result in action plans and further control and monitoring measures. Within the Group's compulsory school and upper secondary school operations, internal audits verify that the operations meet the requirements of laws, regulations and other rules, as well as serving as tools for learning, development and quality work, have been carried out for many years. The audits are carried out by trained examiners and include document studies, business visits and interviews with school management, personnel and students and where deficiencies are identified, action plans are presented. A similar follow-up model is also available within the Group's preschools. In order to monitor and control ongoing regulatory and inspection cases, case logs of all pending cases are kept. The Group's head of quality and legal counsel prepare, on a monthly basis, a list of units for which specific risks and deficiencies exist. The list is reported to the Group management which decides whether specific actions are necessary.

AcadeMedia is characterised by high growth rates due to new establishments as well as acquisitions. As regards the latter, the Company has well developed routines for integrating new operations relatively quickly and for ensuring that the operations comply with the Company's quality and financial procedures.

AcadeMedia's control environment is based upon:

- Steering and follow-up actions by the board and its audit committee
- Steering documents such as work procedures, policies and accounting manual
- Continuing follow-up and reviews
- The Company's organization and clear delegation of competence and demands of accountabilityWell established ethical guidelines and the Company's guarantees to students/participants and society
- A well developed system for quality management (the AcadeMedia Model)

**Risk Assessment**

AcadeMedia performs an overall risk assessment for the operations annually. In line with what has been described in other parts of the Prospectus, the operations are characterized by relatively low risks within areas such as credit risk (largely public clients/counterparts), market risk (stable markets and income based on a continuous need for education services, demographic developments and rates of price increases) and relatively low risk of corruption or financial irregularities. The risks most important to manage, as assessed by the Company, are quality risk – that is, the risk that the quality does not meet authorities' or students' requirements – and political risk, based on the fact that the operations are to a large extent conditional upon politically decided frameworks. Both these risks are best managed by a model for quality management (the AcadeMedia Model), clear ethical guidelines and considerable transparency in the Company's operations.

The audit committee is responsible for securing a procedure for risk assessment and management of financial reporting.

**Control activities**

The Company continuously reviews and controls the Company's operations in relation to established goals. The board's follow-up measures are primarily carried out by the audit committee, for example by following up on the management's and the external auditors' reports.

The internal control system aims to ensure both the reliability of financial reporting and the monitoring of the Group's quality results. It shall also guarantee the necessary monitoring of compliance with the Group's policies, principles and instructions. Internal controls shall also ensure that the consolidated financial statements are prepared in accordance with the law and with applicable accounting standards, and that other requirements of the Group are met. Internal control over financial reporting has a number of main elements:

- the organizational structure of competence developed and documented in the order of attestation, which requires that at least two individuals review and approve transactions and costs;
- the documentation of financial procedures and policies found in the Group's accounting manual including financial policies etc;
- the procedures by which individuals at several levels in the organization analyze the financial results before external reporting occurs;
- the audit committee's duty to supervise financial reporting and internal control; and
- clear guidelines on financial reporting in the Company's communication policy.

**Information and communication**

AcadeMedia has communication and information channels with the aim of enabling relevant information to be quickly and duly spread internally as well as externally. The Company has a method for communicating complete and transparent financial reports. There are policies and routines to prevent incorrect or improper information. The board receives monthly business reports, both operational and financial. The board is responsible for external interim reports and annual accounts in accordance with applicable rules and the Code. The financial reports are published on the Company's website. Internal steering documents are found in the Company's management system and are, where relevant, announced on AcadeMedia's intranet.

The result of the annual quality investigation is published annually for the entire Group, for each principal and for each education unit on their respective websites.

**Follow-up measures**

AcadeMedia's efforts within internal control and risk management are primarily carried out through the Group management's continuous follow-up of the operations in relation to set goals and key indicators and by focusing on early notes of caution. The Company's key procedures for financial reporting and their appropriateness are continuously assessed by the CFO and its organization. Compliance with the accounting manual, policies and law are tested and potential divergences either result in corrective measures or, alternatively, improvements to procedures and routines. Lists of identified measures and their status are reported to the board via the audit committee.

AcadeMedia's internal steering and control are based on a model of three defence lines. The board has resolved to not put in place a separate internal audit function as the Company believes that the strengthened quality management system and the head of each business segment's responsibility, together with the Company's CFO, ensure the required level of control and that follow-up is carried out, among other things through reporting to the board. However, the board is annually considering the need for an internal audit function. In order to ensure an appropriate organization for control measures and with respect to relevant licenses, the board of directors of the subsidiaries (the latter being the providers subject to licenses) consist of AcadeMedia's CEO, deputy CEO and CFO as well as the relevant segment head and business area head. The Company has therefore currently resolved not to establish an internal audit function.

## AUDITING

The auditor shall review the Company's annual report and financial statements, as well as the board of directors' and the CEO's management of the Company. Following the end of each financial year, the auditor shall present an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors with not more than two deputy auditors. The Company's auditors are Ernst & Young AB, with Staffan Landén as auditor-in-charge and Oskar Wall as principal auditor. The Company's auditors are presented in more detail in the section "Board of directors, executive management and auditors".

During the financial year 2014/15, the total remuneration of the Company's auditors amounted to SEK 9 million, whereof SEK 6 million was related to audit assignments and SEK 3 million was related to other assignments. For more information on the remuneration paid to the auditors for the financial year 2014/15, see note 4 on page 183 in the section "Historical financial information".

# Share capital and ownership structure

## GENERAL INFORMATION

Pursuant to the Company's articles of association, the share capital shall be not less than SEK 60,000,000 and not more than SEK 240,000,000. The number of shares shall be not less than 60,000,000 and not more than 240,000,000. As of the date of this Prospectus, there are a total of 85,350,000 ordinary shares in the Company and the share capital amounts to SEK 85,350,000. The shares are denominated in SEK and the quota value of each share is SEK 1. Under the articles of association, the Company may also issue Class C shares, as a part of the implementation of the Company's long term incentive program (see section "Share matching plan" below). No Class C shares have been isused.

All of the shares in the Company have been issued in accordance with Swedish law. All the Company's issued shares have been fully paid and are freely transferrable, with the exception of the undertakings by the Selling Shareholders, board members and employees of the Company (see section "Lock up-arrangements, etc." below) not to transfer shares in the Company for a certain period after trading in the Company's shares has commenced on Nasdaq Stockholm. The shares in the Company are not subject to a mandatory offering, redemption rights or sell-out obligations. No public takeover offer has been made for the shares in the Company during the current or preceding financial year.

Existing shareholders in the Company have entered into a shareholders' agreement regulating, among other things, corporate governance, capital acquisitions and share transfers in the Company. The shareholders' agreement will terminate automatically upon the listing of AcadeMedia. Further, in relation to Cornerstone Investors, the Principal Owner has made the undertakings set out in the section "Legal considerations and supplementary information – Undertakings from Cornerstone Investors". As far as the board of directors is aware, there are no additional shareholders' agreements or other agreements between the Company's shareholders with the aim of jointly controlling the Company. As far as the board of directors is aware, there are no other agreements or similar arrangements that may lead to a change of the control in the Company.

## NEW SHARE ISSUE IN CONNECTION WITH THE OFFERING

The Offering includes both 15,000,000 existing shares in AcadeMedia, offered by the Selling Shareholders, and 8,750,000 newly issued shares, offered by the Company. The new shares are issued on the basis of an authorization from the extraordinary shareholders' meeting on June 1, 2016. The decision to use the authorization will be taken by the board of directors of the Company on June, 14 2016. The new share issue, will generate proceeds to AcadeMedia of SEK 350 million before issue expenses. The Company's share capital will thereby be increased by SEK 8,750,000. This represents a dilution of 9.3 percent, corresponding to 8,750,000 shares and votes.

## CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551). Class C shares will be issued as part of the Company's long term incentive program (refer to the heading "Share matching plan" below). The Class C shares will be subject to redemption and conversion clauses.

### Voting rights, preferential rights and rights to dividends, etc.

Each share in the Company entitles the holder to one vote at shareholders' meetings. Each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. Ordinary shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of the Company's liquidation. Shares of Class C do not provide entitlement to dividends. Upon liquidation of the Company, Class C shares carry equivalent rights to the Company's assets as other shares, but not to an amount exceeding the quota value of the share. Any exceess amount shall be distributed to the shareholders of ordinary shares.

Resolutions regarding dividends are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder will retain its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitation, the dividend amount shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside of Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, refer to the section "Tax issues in Sweden".

## CENTRAL SECURITIES REGISTER

The Company's shares are registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for the Company's share is SE0007897079.

## SHARE CAPITAL DEVELOPMENT

The table below sets forth the historical development of the Company's share capital since the foundation of the Company in 2011.

| Date of resolution | Event | Change in number of shares | Number of shares following the transaction | Share capital (SEK) Change | Share capital (SEK) Total |
|---|---|---|---|---|---|
| Mar 15, 2011 | Foundation | 50,000[1)] | 50,000 | 50,000 | 50,000 |
| May 25, 2011 | New share issue | 5,593,483[2)] | 5,643,483 | 5,593,483 | 5,643,483 |
| May 25, 2011 | New share issue | 90,930[3)] | 5,734,413 | 90,930 | 5,734,413 |
| Jun 30, 2011 | New share issue | 120,482[4)] | 5,854,895 | 120,482 | 5,854,895 |
| Aug 22, 2011 | New share issue | 663,946[5)] | 6,518,841 | 663,946 | 6,518,841 |
| Aug 25, 2011 | New share issue | 108,206[6)] | 6,627,047 | 108,206 | 6,627,047 |
| Aug 22, 2011 | New share issue | 1,603[7)] | 6,628,650 | 1,603 | 6,628,650 |
| Sep 29, 2011 | New share issue | 32,675[8)] | 6,661,325 | 32,675 | 6,661,325 |
| Jan 27, 2014 | New share issue | 35[9)] | 6,661,360 | 35 | 6,661,360 |
| Jan 27, 2014 | New share issue | 159,841[10)] | 6,821,201 | 159,841 | 6,821,201 |
| May 9, 2014 | New share issue | 413[11)] | 6,821,614 | 413 | 6,821,614 |
| May 9, 2014 | New share issue | 1,203,638[12)] | 8,025,252 | 1,203,638 | 8,025,252 |
| Jan 4, 2016 | Reduction | 1[13)] | 8,025,251 | 1 | 8,025,251 |
| Jan 4, 2016 | Reclassification[14)] | – | 8,025,251 | | 8,025,251 |
| Jan 4, 2016 | Bonus issue | 71,974,749 | 71,974,749 | 71,974,749 | 80,000,000 |
| Feb 1, 2016 | New share issue in kind | 676,092 | 80,676,092 | 676,092 | 80,676,092 |
| Jun 1, 2016 | Bonus issue | 4,673,908 | 85,350,000 | 4,673,908 | 85,350,000 |
| Jun 14, 2016 | New share issue in connection with the Offering[15)] | 8,750,000 | 94,100,000 | 8,750,000 | 94,100,000 |

1) Of which 50,000 are Class B.
2) Of which 5,585,800 are Class A, 7,682 are Class B and 1 is Class E.
3) Of which 90,000 are Class C1 and 930 are Class D.
4) Of which 119,250 are Class C2 and 1,232 are Class D.
5) Of which 657,156 are Class A and 6,790 are Class B.
6) Of which 107,100 are Class C3 and 1,106 are Class D.
7) Of which 1,587 are Class C4 and 16 are Class D.
8) Of which 27,000 are Class C5 and 5,675 are Class D.
9) All of Class D.
10) Of which 158,416 are Class C6 and 1,425 are Class D.
11) All of Class D.
12) Of which 1,196,523 are Class A, 7,005 are Class B and 110 are Class D.
13) Of the Company's only Class E share.
14) All ordinary shares of Classes B and D, respectively, to shares of the same Class (1:1 ratio), and all preference shares of Class A, and of series C1–C10, to one ordinary share (1:1 ratio).
15) Provided that the Offering is exercised in full.

## SHARE ISSUE AUTHORIZATIONS

At the extraordinary shareholders' meeting held on June 1, 2016, it was resolved to authorize the board of directors to issue, on one or more occasions during the period until the next annual shareholders' meeting, new shares with or without deviations from the preferential rights of shareholders, for payment in cash, payment by set-off or payment in kind, or otherwise combined with conditions. The purpose of the authorization is to enable financing of the operations and of acquisitions of companies, businesses or parts thereof and to enable a broadening of the ownership of the Company.

At the same shareholders' meeting it was further resolved to authorize the board of directors, in connection with the listing and for the period up to the next annual shareholders' meeting, to approve decisions, on one or more occasions, to issue new shares against payment in cash, payment by set-off or payment in kind, or otherwise combined with conditions.

Finally, at the same extraordinary shareholders' meeting, it was resolved to approve the principles and scope of the Company's share matching incentive plan, including authorizations for the board of directors to resolve on a new share issue of not more than 165,000 Class C shares and to repurchase all Class C shares in order to, following conversion into ordinary shares, transfer the shares to the participants in the share matching incentive plan (see the heading "Share matching plan" below).

## LONG TERM INCENTIVE PROGRAMS

At the extraordinary shareholders' meeting held on June 1, 2016, the shareholders resolved to implement two long term incentive programs in the form of a share matching plan, for no more than 70 senior executives and other key employees within the Group, and a warrant program, for no more than 8 senior executives, who are invited to invest in such program in addition to investing in the share matching plan. The rationale for the incentive programs is to motivate and retain competent employees, align the participants' goals with those of the Company, as well as to increase the motivation to meet and exceed the Company's financial targets. The board of directors intends to evaluate the two incentive programs in light of these objectives. Should the programs fulfill their objectives, the board of directors intends to propose that future annual shareholders' meetings in the Company adopt corresponding incentive programs on a regular basis.

## Share matching plan

At the extraordinary shareholders' meeting, it was resolved to adopt a share matching plan for senior executives an other key persons within the Group. No more than 70 senior executives and other key persons are entitled to participate in the program and the participants are divided into four categories based on position and thereby also the possibility of affecting the results of AcadeMedia. Participation requires that the participant makes an own investment in shares of the Company or, alternatively, allocates shares already held to the program, so called saving shares. The maximum own investment in saving shares is dependent on which category the participant belongs to and amounts to SEK 400,000 for the CEO, SEK 150,000 for the deputy CEO and other members of group management, SEK 80,000 for department and segment managers and SEK, 60,000 for other participants. Participants who, with certain exceptions, retains the saving shares for the duration of the program from the first day of trading on Nasdaq Stockholm up until and including the day of publication of the interim report for the period 1 July to 30 September 2018, and in addition, continues to be employed by AcadeMedia for the duration of the program, will, at the end of the period, receive a so called matching share for each saving share free of charge, provided that the total shareholder return (shareholder return in the form of share price increase as well as reinvestments of any dividends during the duration of the program), on the Company's share during the perid of the program exceeds zero percent and that AcadeMedia, has maintained a good quality in its educational operations. The board will, during the duration of the program, make a discretionary evaluation of management's judgement with regard to the quality of the education provided to the students. The number of matching shares that a participant will be entitled to shall be increased in order to compensate for any dividends paid during the duration of the program.

The total number of shares which may be allocated under the share matching plan will not exceed 165,000 shares, which entails a dilution of approximately 0.18 percent. The costs for the share matching plan will be accounted for in accordance with IFRS 2 – Share Based Payment and is expected to amount to approximately SEK 3.0 million for the total duration of the program. The costs for social security contributions are expected to amount to approximately SEK 1.8 million, assuming, *inter alia*, an annual share price increase of 10 percent. The maximum value per right to receive a matching share is limited to five times the share price in connection with the listing on Nasdaq Stockholm. Should the value of such a right exceed this limit, the number of matching shares will be decreased on a *pro rata* basis. The maximum cost for share related remuneration and social security contributions, provided that the maximum value per right is reached, is expected to SEK 12.2 million during the duration of the program.

The Company's undertaking to allocate shares to participants in the share matching plan will be secured with Class C shares, which will be issued to Nordea and thereafter repurchased by the Company. The Class C shares will be converted into ordinary shares prior to delivery to eligible participants at the end of the program. In total, no more than 165,000 Class C shares may be issued by the Company, which may be converted into an equivalent number of ordinary shares. The Company's board of directors has been authorized by the extraordinary shareholders' meeting to resolve on shares issues as well as acquisitions of shares in the Company at Nasdaq Stockholm in order to secure transfers as described above. The extraordinary shareholders' meeting also resolved on the transfer of shares to key employees in accordance with the above.

## Warrant program

At the extraordinary shareholders' meeting, it was further resolved to issue warrants within the framework of an incentive program directed at the senior executives of the Group. Maximum 8 senior executives are entitled to participate in the program and the participants are divided into two categories based on position and thereby their ability to affect the results of AcadeMedia. Participation requires a full investment in the share matching plan. In total, the warrant issue comprises no more than 540,000 warrants, entitling to subscription of the same amount of new shares in the Company. The participants will be invited to acquire the warrants at market value, which, in total, amounts to approximately SEK 1,188,000.[1] The maximum own investment is dependent on which category the participant belongs to and amounts to SEK 387,200 for the CEO and SEK 114,400 for the other members of group management. Should the maximum number of warrants be exercised, it would entail a dilution of approximately 0.57 percent of the Company's aggregate number of shares and votes following the completion of the Offering. Each participant is entitled to acquire a certain number of warrants. The warrants have an exercise price per share corresponding to 125 percent of the share price in the Offering and may be exercised during two periods; during two weeks from the day of publication of the interim report for the third quarter for the financial year 2018/19 as well as during two weeks from the day of publication of the interim report for the first quarter of the financial year 2019/20. Should the price per share in the Company at subscription exceed 200 per cent of the exercise price, the exercise price shall be increased by a corresponding excess amount. The maximum profit at exercise of the warrants is thus limited to SEK 50 per warrant. The Company has retained the right to, with certain exceptions, repurchase warrants should a participant's employment with the Company be terminated or should the participant wish to transfer warrants prior to the warrants being exercisable. The warrant premium at transfer of the warrants will be market based, which means that no social security contributions for the group will be incurred in connection with the issue of the warrants. The total cost for the warrant program is expected not to exceed SEK 1 million during the duration of the program.

1) The warrants have been valued in accordance with the Black-Scholes model.

## OWNERSHIP STRUCTURE

The table below sets forth the Company's ownership structure immediately before, and immediately following the completion of the Offering, respectively. As of the date of this Prospectus, the Company has 58 shareholders. All Selling Shareholders may be contacted through the Company's address.

| | *Shareholding immediately before completion of the Offering* | | *Shares for sale in the Offering* | *Shareholding following completion of the Offering (provided that the Offering is exercised in full and that the over-allotment option is not exercised)* | | *Shareholding following completion the Offering (provided that the Offering is exercised in full and that the over-allotment option is exercised in full)* | |
|---|---|---|---|---|---|---|---|
| *Shareholder* | *Number of shares and votes* | *Percent* | *Number of shares* | *Number of shares and votes* | *Percent* | *Number of shares and votes* | *Percent* |
| *Shareholders with holdings exceeding 5 percent of the shares prior to the Offering* | | | | | | | |
| Marvin Holding Limited | 78,098,295 | 91.50% | 14,051,007 | 64,047,288 | 68.06% | 60,710,163 | 64.52% |
| *Selling Shareholders in addition to the Principal Owner* | | | | | | | |
| allakantala i Sverige AB | 89,635 | 0.11% | 16,126 | 73,509 | 0.08% | 69,680 | 0.07% |
| Anna Maria Brunner | 48,706 | 0.06% | 8,762 | 39,944 | 0.04% | 37,864 | 0.04% |
| Susana Olsson Casas | 30,845 | 0.04% | 5,549 | 25,296 | 0.03% | 23,979 | 0.03% |
| Michael Enghag | 4,798 | 0.01% | 863 | 3,935 | 0.00% | 3,731 | 0.00% |
| Feelmore i Göteborg AB | 1,036,019 | 1.21% | 186,394 | 849,625 | 0.90% | 805,357 | 0.86% |
| Frida Fjellman AB | 160,584 | 0.19% | 28,891 | 131,693 | 0.14% | 124,832 | 0.13% |
| Lena Forsberg | 71,767 | 0.08% | 12,911 | 58,856 | 0.06% | 55,790 | 0.06% |
| Johan Göterfelt | 1,278,459 | 1.50% | 230,013 | 1,048,446 | 1.11% | 993,818 | 1.06% |
| Peter Heddelin | 4,798 | 0.01% | 863 | 3,935 | 0.00% | 3,731 | 0.00% |
| Eva Husbom | 48,706 | 0.06% | 8,762 | 39,944 | 0.04% | 37,864 | 0.04% |
| Andre Kidess | 31,759 | 0.04% | 5,713 | 26,046 | 0.03% | 24,690 | 0.03% |
| PC2 Utbildning AB | 958,106 | 1.12% | 172,377 | 785,729 | 0.83% | 744,790 | 0.79% |
| Mats Påhlson | 15,993 | 0.02% | 2,877 | 13,116 | 0.01% | 12,433 | 0.01% |
| Rinto Hiff Industrier AB | 697,034 | 0.82% | 125,406 | 571,628 | 0.61% | 541,845 | 0.58% |
| Siw Wallin | 12,338 | 0.01% | 2,219 | 10,119 | 0.01% | 9,592 | 0.01% |
| Strukturfonden HC4 AB | 757,326 | 0.89% | 136,253 | 621,073 | 0.66% | 588,713 | 0.63% |
| Carl-Johan Strömwall | 15,309 | 0.02% | 2,754 | 12,555 | 0.01% | 11,901 | 0.01% |
| X-Ante Consulting AS | 12,567 | 0.01% | 2,260 | 10,307 | 0.01% | 9,771 | 0.01% |
| *Cornerstone Investors*[1)] | | | | | | | |
| Mellby Gård | – | – | – | 9,400,590 | 9.99% | 9,400,590 | 9.99% |
| Second Swedish National Pension Fund | – | – | – | 1,250,000 | 1.33% | 1,250,000 | 1.33% |
| Lannebo Fonder | – | – | – | 1,250,000 | 1.33% | 1,250,000 | 1.33% |
| ODIN Fonder | – | – | – | 1,250,000 | 1.33% | 1,250,000 | 1.33% |
| Swedbank Robur | – | – | – | 1,250,000 | 1.33% | 1,250,000 | 1.33% |
| *Shareholding board members and senior executives as well as other shareholders (private holdings and held through company)* | | | | | | | |
| Ulf Mattsson | 116,522 | 0.1% | – | 116,522 | 0.1% | 116,522 | 0.1% |
| Helen Fasth Gillstedt | 29,702 | 0.0% | – | 29,702 | 0.0% | 29,702 | 0.0% |
| Torbjörn Magnusson | 14,852 | 0.0% | – | 14,852 | 0.0% | 14,852 | 0.0% |
| Marcus Strömberg | 228,704 | 0.3% | – | 228,704 | 0.2% | 228,704 | 0.2% |
| Eola Änggård Runsten | 23,990 | 0.0% | – | 23,990 | 0.0% | 23,990 | 0.0% |
| Sofia Larsen | 11,881 | 0.0% | – | 11,881 | 0.0% | 11,881 | 0.0% |
| Martin Sandgren | 102,815 | 0.1% | – | 102,815 | 0.1% | 102,815 | 0.1% |
| Paula Hammerskog | 7,083 | 0.0% | – | 7,083 | 0.0% | 7,083 | 0.0% |
| Lise-Lotte Oldmark | 30,845 | 0.0% | – | 30,845 | 0.0% | 30,845 | 0.0% |
| Marit Lambrechts | 48,665 | 0.1% | – | 48,665 | 0.1% | 48,665 | 0.1% |
| Christer Hammar | 20,001 | 0.02% | | 20,001 | 0.02% | 20 001 | 0.02% |
| Jens Eriksson | 17,616 | 0.0% | – | 17,616 | 0.0% | 17,616 | 0.0% |
| Other shareholders | 1,324,280 | 1.55% | – | 1,324,280 | 1.41% | 1 324 280 | 1.41% |
| **Total** | **85,350,000** | **100%** | **15,000,000** | **70,350,000** | **74.8%** | **66,787,500** | **71.0%** |
| New shareholders | – | – | – | 23,750,000 | 25.2% | 27,312,500 | 29.0% |
| **Total** | **85,350,000** | **100%** | **15,000,000** | **94,100,000** | **100%** | **94,100,000** | **100%** |

1) For more information, refer to "Legal considerations and supplementary information – Undertakings from Cornerstone Investors".

## LOCK-UP ARRANGEMENTS, ETC.

Pursuant to the placing agreement, which is expected to be entered into on or around June 14, 2016, between the Company and the Selling Shareholders[1] as well as the Managers (the "**Placing Agreement**"), the Selling Shareholders will undertake, with certain exceptions, not to sell their respective shareholdings for a certain period following commencement of trading on Nasdaq Stockholm (the "**Lock-up Period**"). The Lock-up Period will be up and until the day for the publication of the Company´s interim report for the period July 1, 2016 – September 30, 2016, which is estimated for publication on November 8, 2016. Furthermore, shareholding board members and senior executives as well as shareholding employees will separately enter into similar undertakings for a period of 365 days. These persons will not sell any shares in the Offering.

Under the Placing Agreement, the Company will also undertake – with certain exceptions – not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of the Company to another party prior to 365 days following the first day of trading on Nasdaq Stockholm. The Managers may, however, grant exceptions from these undertakings. For further information regarding the Placing Agreement, refer to the section "Legal considerations and supplementary information – Placing Agreement".

1) Selling Shareholders refer to such persons as are set out in the section "Ownership structure" on the previous page. None of the Selling Shareholders are board members of or employed by the Company.

# Articles of association

Adopted at the extraordinary shareholders' meeting of the company, on June 1, 2016.

**1 § Name**

The company's name is AcadeMedia AB. The company is a public limited liability company (publ).

**2 § Registered office**

The company's registered office shall be situated in Stockholm.

**3 § Object of the company's business**

The company shall, directly or indirectly, act for an appropriate co-ordination and development of the business carried out in subsidiaries, and any other activities compatible therewith.

**4 § Share capital and shares**

The number of shares shall be not less than 60,000,000 and not more than 240,000,000. The share capital shall be not less than SEK 60,000,000 and not more than SEK 240,000,000.

Two classes of shares may be issued, ordinary shares and Class C shares. The ordinary shares shall carry one vote each and the Class C shares shall carry one tenth vote each. Shares of either class may be issued up to an amount corresponding to the entire share capital.

Owners of Class C shares are not entitled to dividends. Upon the company's liquidation, Class C shares carry equivalent right to the company's assets as other shares, however not to an amount exceeding the quota value of the share.

If the company resolves to issue new ordinary shares and Class C shares, against payment other than contribution in kind, owners of ordinary shares and Class C shares shall enjoy preferential rights to subscribe for new shares of the same class *pro rata* to the number of shares previously held by them (primary preferential rights). Shares which are not subscribed for pursuant to the primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the number of shares thus offered are not sufficient for the subscription on the basis of subsidiary preferential rights, the shares shall be allocated between the subscribers *pro rata* to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

If the company resolves to issue new shares of either solely ordinary shares or Class C shares, against payment other than contribution in kind, all shareholders, irrespective of whether their shares are ordinary shares or Class C shares, have preferential rights to subscribe for new shares *pro rata* to the number of shares previously held by them.

What is set out above with regard to preferential rights shall apply mutatis mutandis in the event of issues of warrants and convertible debentures, and shall not limit the right to resolve upon an issue with deviation from the shareholders' preferential rights.

In the event of a bonus issue, new shares of each class shall be issued *pro rata* to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendment to the articles of association.

Reduction of share capital, which in any case shall not fall below the minimum share capital, may, upon the request of an owner of Class C shares and a resolution by the company's board of directors or the general meeting, take place through redemption of Class C shares. A request from an owner of Class C shares shall be made in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's reserve fund, if required funds are available. The redemption amount per Class C share shall correspond to the quota value of such shares.

Following notice of the redemption resolution, holders of shares shall promptly receive payment for the shares, or, if authorization from the Swedish Companies Registration Office (Sw. *Bolagsverket*) or a court is required, following notice that the final decision has been registered.

Class C shares held by the company may, upon decision of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall report the reclassification to the Swedish Companies Registration Office for registration. The reclassification is effected then it has been registered and the reclassification been noted in the central securities depository register.

**5 § Financial year**

The company's financial year shall be July 1 – June 30.

**6 § Board of directors**

The board of directors elected by the shareholders' meeting shall consist of not less than three (3) members and not more than ten (10) members.

**7 § Auditor**

The company shall have not less than one (1) and not more than two (2) auditors and not more than two (2) deputy auditors. As auditor and, when applicable, deputy auditor, shall an authorised public accountant or a registered public accounting firm be elected.

**8 § Notice of shareholders' meeting**

Notice of general meetings shall be made through announcement in Post- och Inrikes Tidningar and on the company's website. It shall be announced in Dagens Industri that a notice of a general meeting has been issued.

**9 § Participation at general meetings**

Shareholders who wish to participate at a general meeting shall be registered as shareholders on a transcript of the entire share register as stipulated in Chapter 7 Section 28, third paragraph, of the Swedish Companies Act (2005:551) that relates to the conditions prevailing five workdays prior to the meeting and shall also provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the general meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting.

One or two assistants to the shareholder shall be entitled to attend the general meeting only if the shareholder has notified the company hereof in the manner set out above.

**10 § Business at annual shareholders' meetings**

The following business shall be addressed at annual shareholders' meetings:

1. election of a chairman of the meeting;
2. preparation and approval of the voting list;
3. approval of the agenda;
4. election of one (1) or two (2) persons who shall approve the minutes of the
   meeting;
5. determination of whether the meeting was duly convened;
6. submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group;
7. resolutions regarding the adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
8. resolutions regarding allocation of the company's profits or losses in accordance with the adopted balance sheet;
9. resolutions regarding discharge of the members of the board of directors and the managing director from liability;
10. determination of the number of members of the board of directors and the number of auditors and deputy auditors;
11. determination of fees for members of the board of directors and auditors;
12. election of the members of the board of directors and auditors and deputy auditors;
13. other matters, which are set out in the Swedish Companies Act or the company's articles of association.

**11 § Euroclear company**

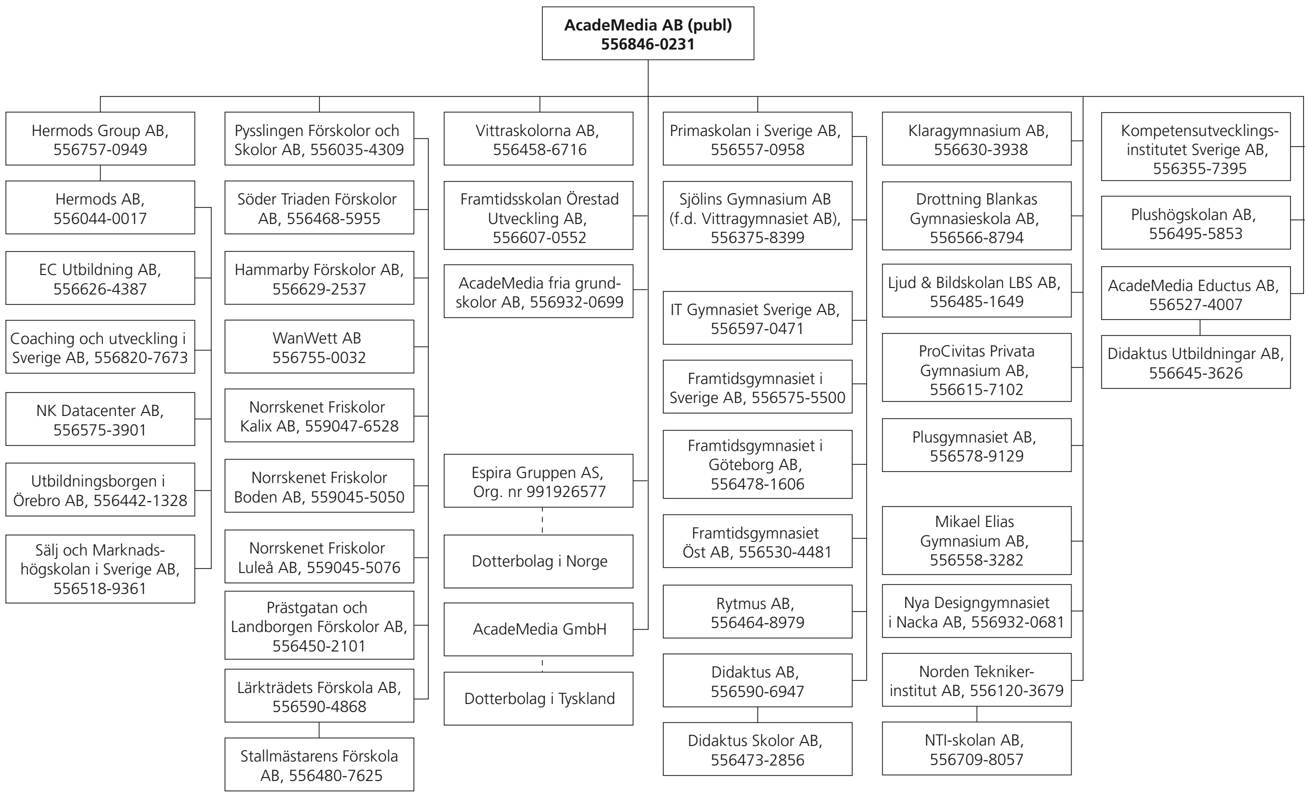
The company's shares shall be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

# Legal considerations and supplementary information

## LEGAL GROUP STRUCTURE

AcadeMedia AB (publ) (corporate registration number 556846-0231) is a Swedish public limited liability company which was founded and registered with the Swedish Companies Registration Office on March 15, 2011. The Company's business operations are conducted in accordance with Swedish law. The Company's registered office is situated in Stockholm. The ticker for the Company's share on Nasdaq Stockholm will be ACAD.

As of March 31, 2016, the Group comprises the parent company AcadeMedia AB (publ) and 127 directly or indirectly whollyowned subsidiaries. The main operating companies in the Group are set forth below.




## MATERIAL AGREEMENTS

### Acquisition of the Hermods group

On December 6, 2013, the wholly-owned subsidiary ACM 2001 AB entered into an agreement with Strukturfonden (Inter-Ikea) and a number of minority shareholders/individuals regarding the acquisition of Hermods Group AB and its subsidiaries. The acquisition was completed on January 30, 2014 following approval from the Swedish Competition Authority (Sw. *Konkurrensverket*). Under the share purchase agreement, the sellers have provided customary representations and warranties to ACM 2001 AB in relation to, ownership, historical accounts, material agreements and labor related considerations etc. As per the date of this Prospectus, the sellers' warranty period has expired, except as regards warranties regarding ownership, incorporation, etc. (so called fundamental warranties), pensions and tax. Under the agreement, the sellers have also provided an indemnity, applicable in the event ACM 2001 AB would suffer certain defined costs within three years from the completion of the acquisition.

### Acquisition of the Espira group

On January 5, 2016, the Company's wholly owned subsidiary AcadeMedia GmbH entered into agreements regarding the acquisition of the German preschool group Joki. The agreements were made with Joki's two founders and related to seven preschool companies. The acquisition was completed on February 1, 2016. The sellers have granted customary representations and warranties, for example relating to ownership, historical financials, material agreements and employment-related matters in accordance with the share purchase agreements.

The sellers' warranty period is 18 months from the closing date, whereas the warranty period for ownership, incorporation and tax-related provisions, is five years. Part of the acquisition price consisted of shares in the Company and the sellers are, as of the date of this Prospectus, shareholders in the Company.

**Acquisition of the Joki group**

On January 5, 2016, the Company's wholly owned subsidiary AcadeMedia GmbH entered into agreements regarding the acquisition of the German preschool group Joki. The agreements were made with Joki's two founders and related to seven preschool companies. The acquisition was completed on February 1, 2016. The sellers have granted customary representations and warranties, for example relating to ownership, historical financials, material agreements and employment-related matters in accordance with the share purchase agreements. The sellers' warranty period is 18 months from the closing date, whereas the warranty period for ownership, incorporation and tax-related provisions, is five years. Part of the acquisition price consisted of shares in the Company and the sellers are, as of the date of this Prospectus, shareholders in the Company.

**Sale of properties in Norway**

In addition to the aforementioned business acquisitions, Espira Eiendom AS and Espira Gruppen AS sold 13 properties to Samhold 2 AS, a Norwegian subsidiary of Hemfosa Fastigheter, on June 17, 2015. The disposal of ten of the properties was completed on June 29, 2015 and the disposal of the remaining three properties was completed on September 24, 2015. Under the transfer agreement, Espira Eiendom AS and Espira Gruppen AS have provided customary representations and warranties in relation to, matters such as ownership and property conditions, with customary limitations of liability.

**Agreement with Praktikertjänst**

On June 24, 2015, AcadeMedia Support AB entered into a main agreement with Praktikertjänst AB, under which Praktikertjänst AB provides payroll services to the Swedish companies in the Group. The service fees are paid monthly in arrears by AcadeMedia. The agreement runs until further notice, with a mutual notice period of twelve months. In April 2016, the parties made a joint decision to transfer the entire payroll services function to AcadeMedia. The transfer is being carried out in several steps and is expected to take up to approximately 18 months. During this time, AcadeMedia will continue to purchase certain system and specialist services from Praktikertjänst.

**Credit agreement**

On June 30, 2015, a credit agreement of SEK 2,580 million was entered into between, on the one hand, the wholly-owned subsidiaries ACM 2010 AB, ACM 2001 AB, P-PY 2009 AB, Pysslingen Förskolor & Skolor AB and Espira Holding AS as original borrowers and, on the other hand, DNB Sweden AB and Nordea Bank AB (publ) as arrangers and original lenders and Nordea Bank AB (publ) as agent and security agent. The facilities under the credit agreement carry a floating interest based on IBOR (the applicable IBOR depends on the currency of the facility extended under the agreement) plus a variable margin based on the Group's net indebtedness in relation to the Group's EBITDA. As of March 31, 2016, the Company had utilized approximately SEK 2,362 million of the total facility. Following the listing on Nasdaq Stockholm, the intention is that AcadeMedia AB (publ) shall adhere to the credit agreement as guarantor, subject to the Company fulfilling certain customary conditions.

The credit agreement contains certain customary undertakings from AcadeMedia and the other borrowers and guarantors, regarding for example, maintenance of permits, compliance with laws and restrictions as regards disposals, granting of security, mergers, acquisitions of companies and businesses, the taking up of loans and lending. There are, however, certain agreed exceptions to these undertakings. The credit agreement also contains certain other covenants, there amongst covenants requiring that certain financial key ratios, including an interest cover ratio and a net debt ratio in relation to the Group's EBITDA, do not deviate from certain levels as set out in the credit agreement. Following the listing on Nasdaq Stockholm, the credit agreement will not include any restrictions as regards dividends. In connection with the listing on Nasdaq Stockholm and provided that the security agent gives its consent hereto in writing, the intention is that all collateral granted in connection with the entering into of the credit agreement shall be released.

If the undertakings and covenants described above are not complied with, the facilities under the credit agreement may be terminated and due for repayment. The credit agreement further contains a change of control provision which enters into force after the listing on Nasdaq Stockholm. The provision entails that if one person, or several persons acting in concert, acquire shares in AcadeMedia to such an extent that such persons hold or control more than 50 percent of the shares in the Company, the credit agreement may be terminated by the lenders and due for repayment. The credit agreement may also be terminated and due for repayment if AcadeMedia's shares cease to be listed on Nasdaq Stockholm.

**Other material financing, guarantees, etc.**

Whereas the credit agreement described above represents the Group's principal external source of financing, the Group also leases, under two framework agreements with Caperio Finance AB, computer equipment up to a maximum initial purchase value of SEK 200 million and SEK 90 million, respectively. The Group has a buy-out option at the end of the lease period and also as regards the rest. The agreements are standardized and entered into on customary terms.

The wholly-owned subsidiary AcadeMedia Support AB provides guarantees as security for other Group companies' lease agreements and execution of education assignments obtained through tender processes or permits. The guarantees apply until the guaranteed obligations have been performed vis-à-vis the counterparty and have been entered into as for own debt but are, where relevant, limited to agreements which have been entered into on the basis of tenders which has been submitted from the day of the provision of each guarantee up and until twelve months thereafter.

In addition to the above, certain shareholders in AcadeMedia have made capital contributions to AcadeMedia in connection with their investments in the Company. As of March 31, 2016, the outstanding amounts, including accrued interest, amounted to SEK 13 million. Such contributions will be repaid in connection with the listing on Nasdaq Stockholm.

**Lease agreements**

AcadeMedia leases all facilities in which the education operations are conducted, except in Norway, where 15 properties are owned by a subsidiary in the Group, as per March 31, 2016. The Group has entered into more than 750 lease agreements in Sweden and some 70 lease agreements in Norway with various landlords. In general, the lease agreements have been entered into on terms which are in accordance with the Swedish or the Norwegian market practice, as applicable. In Sweden, the term for newly entered agreements is normally 1 to 15 years depending on the business segment and in Norway, the initial term is up to 20 years. Under the lease agreements, AcadeMedia is normally responsible for restoration vis-à-vis the landlord as regards, for example, fire or water leakage.

## INTELLECTUAL PROPERTY RIGHTS

The Group is the holder of 57 registered trademarks and trademark applications, the majority of which are Swedish registrations although community trademark registrations and Norwegian registrations also exist. The trademark AcadeMedia is registered in Sweden, the EU and Norway. The trademark portfolio serves as a protection for the majority of the Group's schools and other operations. The Group's strategy is to, as far as possible, register characteristics used within the Group, such as domain names under the top domains .se, .com, .net and .eu.

## INSURANCE

The Group works actively with risk management and endeavors to limit the risk exposure by focusing on quality in the education and aiming for continuous improvement within its operations. The Group has insurance coverage for damages on properties, interruptions, damages, legal expenses, accidents, customary liability for the CEO and the board of directors, business trips and business crimes against property (Sw. *förmögenhetsbrott*) and also intends get insurance coverage for damages caused by the board of directors and senior executives in connection with the listing. In AcadeMedia's opinion, the Group's insurance coverage is in line with that of other companies in the same industry and that the insurance coverage is sufficient taking in regard the risks normally associated with the Group's operations.

## PERMITS AND NOTIFICATION REQUIREMENTS

To operate an independent compulsory school or upper secondary school, the principal must have an authorization from the Swedish Schools Inspectorate for the specific school unit as well as for the relevant education provided. To operate an independent preschool or an independent before-school and after-school care, the principal needs a permit from the local municipality. To offer adult education, it is necessary to have a permit from the Swedish Schools Inspectorate in order to set grades, etc. and, for each education which constitutes higher vocational studies, a permission from the Swedish National Agency for Higher Vocational Education. In some respects, the Group must also file certain notifications concerning the operations, for example to the Swedish Health and Social Care Inspectorate (Sw. *Inspektionen för vård och omsorg*), as the Group provides school health care, as well as to the Environment Department for their assessment of the Group's operations in relation to the Swedish Environmental Code (Sw. *Miljöbalken*). If food is to be served, the operations must also be assessed from the point of view of the Swedish food legislation and registered with the Environment Department. As far as the Company is aware, as per the date of this Prospectus, the Group holds all material permits required for the Group's operations.

## ENVIRONMENTAL CONSIDERATIONS

The Group does not carry out any such environmentally hazardous activities which require permits or are subject to notification requirements (other than what is stated above) and the Group's effects on the environment are considered minor. The Group complies with applicable environmental requirements and guidelines. As far as the Group is aware, no environmental issues have arisen, or is expected to arise, as regards the Group's operations which could materially affect it.

## DISPUTES

In October 2013, a traffic accident occurred in Malmö, where a student at the driving school program at Framtidsgymnasiet in Malmö ran a truck into a lifting crane during a driving lesson, resulting in a casualty as a man fell to the ground. The incident is subject to a criminal investigation and the driving teacher has been served a notice of suspicion of causing another person's death. Initially, the investigation also involved a potential prosecution of AcadeMedia and claim for a possible corporate fine (Sw. *företagsbot*). However, such parts of the investigations have been discontinued as the driving teacher was not considered to have had sufficient employment status to allow the Company to be charged with deficiencies in control and monitoring activities.

Following the City of Stockholm's public tendering process for Sfi education and municipal adult education during autumn 2015, which AcadeMedia won through several brands, four participants appealed against the tender process. As of the date of the Prospectus, the appeal lies with the Stockholm Administrative Court (Sw. *förvaltningsrätten*). Under AcadeMedia's current agreement with the City of Stockholm regarding Sfi education and municipal adult education, the annual net sales amount to approximately SEK 160 million, whereas the appealed award would entail forecasted annual net sales for AcadeMedia of approximately SEK 200 million. AcadeMedia's current agreement with the City of Stockholm has been extended until June 30, 2016 and may be extended further in the event that the new tender process is delayed.

One of the Group companies, Hermods AB, has been sued by the trade associations Sveriges Ingenjörer and Unionen in the Swedish Labour Court. The dispute concerns application of collective agreements regarding reduction of working hours. The summoned amounts equals a total of SEK 2,620,000, divided between SEK 200,000 for the trade associations, respectively, and SEK 10,000 to each 222 members in the trade association Unionen. The main hearings in the case is expected to take place during winter 2016/2017.

AcadeMedia is also subject to a few minor labor disputes and a few minor appeals against municipalities regarding payments of school voucher.

However, the Group is not, and has not been, a party in any legal or arbitration proceeding during the last twelve months which have had, or may have, significant effects on the Group's financial position or earnings.

## PERSONAL DATA

AcadeMedia manages and stores a variety of data, both in electronic and physical form, including a large amount of personal data, some of which, such as protected personal records and information about student health, are very sensitive to the people concerned. The Personal Data Act (1998:204) (Sw. *Personuppgiftslagen*) governs how personal data shall be managed and the Swedish Data Inspection Board (Sw. *Datainspektionen*) is the supervising regulatory authority in relation to the said act, with the task of ensuring that the statutory provisions in the act are complied with.

## PLACING AGREEMENT

According to the terms of a placing agreement, which is intended to be entered into on or around June 14, 2016 between the Company, the Selling Shareholders and the Managers (the "Placing agreement"), the Selling Shareholders undertake to sell approximately 15,000,000 shares in the Company to the purchasers procured by the Managers and the Company in order to issue 8,750,000 new shares for the subscribers who are procured by the Managers. If the Managers fail to procure such purchasers, and/or subscribers the Managers have undertaken to acquire and/or subscribe for the shares in the Offering themselves. The Selling Shareholders also intend to grant an over-allotment option comprising an undertaking that, at the Managers' request no later than 30 days after the first day of trading in the Company's shares, they will sell an additional number of not more than 3.8 percent of the shares in the Company, corresponding to approximately 15 percent of the total number of shares in the Offering, based on the Offering being fully exercised. The over-allotment option may be used only in order to cover possible over-allotments within the Offering.

Under the Placing Agreement, the Company provides customary warranties to the Managers, primarily in relation to the information in the Prospectus being correct, the Prospectus and the Offering fulfilling relevant legal and regulatory requirements and that there are no legal, or other, obstacles to the Company entering into the agreement or to the completion of the Offering. Pursuant to the Placing Agreement, the Mangers' commitment to procure purchasers or, if the Managers fail to do so, acquire the shares in the Offering themselves, is conditional upon, among other things, that the warranties provided by the Company are correct. Under the Placing Agreement, the Company will, subject to customary qualifications, undertake to indemnify the Managers against certain claims under certain conditions.

Under the Placing Agreement, the Selling Shareholders will undertake, subject to customary qualifications, not to sell their respective shares during the Lock-up Period (refer to the section "Share capital and ownership structure – Lock-up arrangements, etc."). Under the Placing Agreement, the Company will also undertake, with certain exceptions, not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of the Company to another party prior to 365 days following the first day of trading on Nasdaq Stockholm. The Managers may, however, grant exceptions from these undertakings.

## STABILIZATION

In connection with the Offering, the Managers may effectuate transactions aimed at supporting the market price of the AcadeMedia share at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. The Managers are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. Within one week from the end of the stabilization period, the Managers will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

## UNDERTAKINGS FROM CORNERSTONE INVESTORS

Mellby Gård, the Second Swedish National Pension Fund, Lannebo Fonder, ODIN Fonder and Swedbank Robur (the "Cornerstone Investors") have undertaken vis-à-vis the Managers, the Principal Owner and the Company to acquire in total 14,400,590 shares in the Offering on the same terms as other investors. The undertakings represent in total approximately 15.3 percent of the total number of shares in the Company immediately following the completion of the Offering. Following completion of the Offering, Mellby Gård will thus hold approximately 9.99 percent and remaining Cornerstone Investors will each hold approximately 1.33 percent of the shares and votes in the Company. Thus, the undertakings cover approximately 52.7 percent of the Offering (assuming that the over-allotment option is fully utilized).

The Cornerstone Investors will not receive any compensation for their respective undertakings and the Cornerstone Investors' investments are made on the same terms and conditions as those applicable for other investors in the Offering. The Managers, the Principal Owner and the board of directors of the Company are of the opinion that each of the Cornerstone Investors' creditworthiness is sound and thus that they will be able to meet their respective undertakings. The Cornerstone Investors' undertakings are however not secured through bank guarantee, blocked funds or pledge of collateral or similar arrangements. The Cornerstone Investors' undertakings are accompanied by certain conditions relating to the Offering being completed within a certain time. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors will not fulfill their undertakings.

| *Cornerstone Investor* | *Undertaking (number of shares)* | *Address* |
|---|---|---|
| Mellby Gård | 9,400,590 | Riggaregatan 53, SE-211 13 Malmö, Sweden |
| The Second Swedish National Pension Fund | 1,250,000 | P.O. Box 111 55, SE-404 24 Göteborg, Sweden |
| Lannebo Fonder | 1,250,000 | P.O. Box 7854, SE-103 99 Stockholm, Sweden |
| ODIN Fonder | 1,250,000 | P.O. Box 238, SE-101 24 Stockholm, Sweden |
| Swedbank Robur | 1,250,000 | Landsvägen 40, SE-172 63 Sundbyberg, Sweden |

In addition to Mellby Gård's undertaking to acquire shares in the Offering, corresponding to 9.99 percent of the number of shares in the Company immediately following the completion of the Offering, the Principal Owner has given Mellby Gård an option to acquire, from the Principal Owner, an additional 10.02 percent of the outstanding shares in the Company immediately following completion of the Offering, for a price corresponding to 105 percent of the Offering price. The option to acquire shares may be utilized from the completion of the Offering up and until four days after publication of the interim report for the period October 1, 2016 – December 31, 2016, which is expected to be published on February 9, 2017.

### Mellby Gård

Mellby Gård is a family-owned, long-term investor with entrepreneurial spirit. The company invests in businesses with clear growth potential, in Sweden and internationally, and in a range of industries: from manufacturing to retail and now also education. Mellby Gård wants to actively contribute to AcadeMedia's fulfilling of its ambition to be an international role model in terms of quality, performance and innovation. For more information, see www.mellby-gaard.se.

### The Second Swedish National Pension Fund

With about SEK 300 billion under management in virtually every asset class and all parts of the world, the Second Swedish National Pension fund is one of northern Europe's largest pension funds. The Second Swedish National Pension fund is one of five buffer funds within the Swedish pension system. The Second Swedish National Pension fund shall maximise long term return at low risk. For more information, see www.ap2.se.

### Lannebo Fonder

Lannebo Fonder is an independent active Swedish fund manager which manages 13 different investment funds, predominately focused on Swedish and Nordic equities. For more information, see www.lannebofonder.se.

### ODIN Fonder

ODIN Fonder was founded in 1990 and is one of Norway's leading fund managers and a wholly-owned subsidiary of SpareBank 1 Gruppen AS in Norway. ODIN Fonder is an active, responsible and long-term fund manager. ODIN Fonder invests in companies with capable management teams, operating excellence and strong competitive positions, when the price offered by the market is attractive. For more information, see www.odinfonder.com.

### Swedbank Robur

Swedbank Robur is one of Scandinavia's largest fund managers and is a wholly owned subsidiary of Swedbank. Swedbank Robur offers savings alternatives for retail and institutional clients through mutual funds and discretionary asset management. For more information, see www.swedbankrobur.se.

## RELATED PARTY TRANSACTIONS

All transactions between companies within the Group are carried out on commercial terms. During the financial year 2014/15, other than remuneration to board members, SEK 69,000 has been paid in consultancy fees to a company wholly-owned by the board member Helen Fasth Gillstedt. For the previous financial year, the corresponding figure for consultancy fees from the same company was SEK 266,000. AcadeMedia intends to acquire consultant services from the above mentioned company even during the 2015/16 financial year and AcadeMedia estimates that the costs for this will be similar to previous years.

Neither AcadeMedia nor any of its subsidiaries have granted any loans, warranties or guarantees to, or in favor of, any member of the board of directors or any senior executive in the Company. No such person has directly or indirectly participated in any business transaction which is or was uncharacteristic in nature or as regards its terms with any company in the Group or any other affiliated company.

## INTERESTS OF THE ADVISORS

In connection with the Offering, the Managers provide financial advice and other services to the Company and the Selling Shareholders, for which they will receive a commission from the Company and the Selling Shareholders equal to a percentage, which is agreed in advance, of the gross proceeds of the shares sold in the Offering. In addition, the Selling Shareholders and the Company may choose to pay to the Managers a discretionary fee. The total compensation received by the Managers is dependent on the success of the Offering.

From time to time, the Managers may provide services, in the ordinary course of business and in connection with other transactions, to the Principal Owner and parties affiliated to the Principal Owner. In addition, DNB Sweden AB and Nordea are lenders to the Group in accordance with the credit agreements as described under "Credit agreements" above. Nordea Bank Danmark A/S, whose parent company, Nordea, also has a financial interest in the Company as a shareholder in EQT (as of the date of this Prospectus, indirectly a controlling shareholder of the Company), representing approximately 0.3 percent.

## COSTS RELATED TO THE OFFERING

The Company's costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to approximately SEK 35 million of which approximately SEK 20 million relates to the new share issue in connection with the Offering. The other costs are mainly related to costs for lawyers, auditors and printing and distribution of the Prospectus. SEK 9 million was expensed during the first nine months of the current financial year. Of the remaining costs, approximately SEK 6 million will be accounted for as a one-off cost in the fourth quarter 2015/16 and approximately SEK 20 million will be booked against equity.

## DOCUMENTS AVAILABLE FOR INSPECTION

The Company's (i) articles of association and, (ii) the interim report for the period July 1, 2015 – March 31, 2016 are, under the validity period of the Prospectus, available for inspection during office hours at the Company's head office at Adolf Fredriks Kyrkogata 2 in Stockholm and also in electronic form on the Company's website, www.academedia.se.

1) The current parent company of the Group, AcadeMedia AB (publ), was established during 2011. The figures for the financial year 2010/11 therefore derive from the annual report of ACM 2001 AB, which was the top operating company of the Group during this financial year.

# Regulatory overview

## SWEDEN

### Laws and regulations within the Swedish school system

Independent schools form part of the Swedish school system and are to a large extent regulated by the same laws and regulations as public schools. Since independent schools are not governmental authorities, they do not currently fall under the general principle of public access (Sw. *Offentlighetsprincipen*) The main regulations applicable to the operations of the Group includes, among other things, the Swedish Education Act (Sw. *Skollagen (2010:800)*), the Education Ordinance (Sw. *Skolförordningen (2011:185)*), the Upper Secondary School Ordinance (Sw. *Gymnasieförordningen (2010:2039)*), the Adult Education Ordinance (Sw. *Förordningen (2011:1108) om vuxenutbildning*), the Regulation on Qualification and Registration of Teachers and Preschool teachers (Sw. *Förordningen (2011:326) om behörighet och legitimation för lärare och förskollärare*) (the "**Qualification regulation**") and the Regulation on Government Contributions for School Principals Establishing Career Steps for Teachers (Sw. *Förordningen (2013:70) om statsbidrag till skolhuvudmän som inrättar karriärsteg för lärare*) (the "**Career step regulation**"). Sweden has also ratified the UN Convention on the Rights of the Child (Sw. *Barnkonventionen*) which aims to give children, regardless of background, the right to be treated with respect and to be heard. In addition, the Swedish National Agency for Education's (SNAE) (Sw. *Skolverket*) regulations and general guidelines are applicable in relation to the operations.

#### *The Education Act*

The Education Act sets out the legal framework for the Swedish school system. According to the Education Act, the Swedish school shall be conducted in a way that promotes children's and students' development and learning. The school shall teach and establish the respect of human rights and the fundamental democratic values which form the basis for the Swedish society, and take into account the different needs of children and students. The Education Act also requires that the education is equivalent, regardless of where in Sweden it is being provided.

In addition to the municipalities, the counties and the state, private individuals or private entities may apply for, and become, principals of preschools, preschool classes, compulsory schools, special needs compulsory schools, upper secondary schools, special needs upper secondary schools and before-school and after-school care. As for the Group, the individual subsidiaries are the providers responsible for running their school or, where applicable, their schools. It is the responsibility of the provider, ultimately its board of directors, to ensure that education is provided in accordance with the provisions of the Education Act. The provider is therefore responsible for providing the personnel, premises and equipment necessary for fulfilling the purpose of the education.

### Preschool, compulsory school and adult education

Under the Education Act, children shall be offered placement in preschool from the autumn semester in the year during which the child turns one or three years, depending on the family situation. Children who need special support for their development by way of preschool attendance due to physical, mental or other reasons shall, however, always be offered placement.

Furthermore, under the Education Act, there is a compulsory school attendance (Sw. *skolplikt*) for children from the autumn semester in the year during which the child turns seven years until the end of the spring semester of the ninth year following the child's completion of its compulsory school attendance. The responsibility for ensuring that the child fulfills its compulsory school attendance partly rests on the guardian or guardians, who shall ensure that the child goes to school, and partly on the local municipality, which, if necessary, is obliged to intervene if the child does not receive the prescribed education. However, it is not the responsibility of the local municipality to ensure that a child who attends an independent school participates in the education. The principal of an independent school has an obligation to notify the local municipality when a student starts and leaves such principal's school or is absent to a significant extent without a valid reason. The Education Act is not only of obligatory nature, but also grants all children of compulsory school age the right to education free of charge.

According to the Education Act, municipalities shall also provide municipal adult education at compulsory school level and at upper secondary level and, as of January 1, 2016, Sfi education, either by arranging such education on their own or by purchasing such services from independent providers through public tender processes. A person is entitled to attend adult education at compulsory school level or upper secondary level as of 1 July the year during which such person turns 20 years, provided that such person is a Swedish resident, lacks such knowledge which is normally obtained from compulsory school or, as the case may be, upper secondary school and has the potential to benefit from the education. A person is entitled to attend Sfi education as from the second half of the calendar year during which such person turns 16 years, provided that the person is registered as resident in Sweden and lacks basic knowledge of the Swedish language.

### Freedom of school choice, openness requirement and student health

Under the Education Act, all students who want to attend an independent school are entitled to do so, regardless of whether the school is located in the student's local municipality or in another municipality. The Education Act stipulates that in order for a school to be approved and to be eligible for receiving state contributions, all students shall be accepted provided that the school has enough space (the so-called openness requirement).

An independent school may, however, restrict their intake so as to comprise only students with special needs or to students for which the specific education offered by that school is especially adapted (for example, English language teaching). The education may also be limited in that it covers only certain age groups and an independent compulsory school may, under certain conditions, have special selection rules in the event that there are not enough vacant spots compared to the number of applications. An independent upper secondary school shall, however, always rest its admissions on grades/admission qualifications.

The principal of an independent school is obliged to ensure that there is a student health service.

*The Education Ordinance, Upper Secondary School Ordinance and Adult Education Ordinance*

The Education Ordinance aims to supplement the Education Act's regulation of the school system as regards, among other things, preschool and compulsory school. The ordinance includes, i.a., directives as regards the base amount and the additional amount paid in state contributions to individual providers (refer further to the section "Financing of independent schools" below).

The Upper Secondary School Ordinance supplements the Education Act and regulates the conditions in upper secondary schools, such as teaching time, the content of the education, admission procedures, grading, supporting measures and contributions to the providers.

The Adult Education Ordinance regulates the specific conditions applicable to the Swedish adult education system, such as upper secondary school credits, courses, curriculums, workplace-based learning, eligibility, selection procedures, grades, leave of absence and suspension.

*The Public Procurement Act*

The Swedish Public Procurement Act (Sw. *Lagen (2007:1091) om offentlig upphandling*) governs the procedures which contracting governmental authorities must adhere to before contracting a private supplier. Public tender processes shall, as a general rule, be published and all suppliers shall have the right to submit tenders on the basis of tender documents issued by the authority, specifying the terms and conditions that apply to the tender. A contracting authority may also procure so-called framework agreements in order to establish terms and conditions under which contracts are subsequently awarded during a certain given time period. According to the Public Procurement Act, a third party who is of the opinion that a public authority has violated the procurement rules and thereby caused the party damages, or potential damages, may appeal against the tender in the Administrative Court.

Due to the European Union's new public procurement and repealing directive, the new rules of the Public Procurement Act should have entered into force no later than on April 18, 2016. However, Sweden has not been able to implement the new public procurement and repealing directive in time and the current law will therefore continue to be in force even after this date. The delay means that certain provisions of the directive, to the extent such provisions provide clear, unambiguous and unconditional rights for individuals, will enter into force as of April 18, 2016 even though they have not been incorporated in the Public Procurement Act.

*The regulations on teacher qualifications and carrier steps*

The Qualification regulation governs the introduction and issuance of certifications. Said regulation sets forth the basic educational requirements for eligibility to teach in the various school forms. According to the regulation, only those who have teacher certifications may become employed without limitation in time. Only those who have teacher certifications are qualified to teach and it is only the teacher engaged in the teaching who may set the grades. There are some exceptions from the rules, which are also regulated in the in the said regulation.

The Career Step regulation has introduced an opportunity for providers to offer and fill positions called first teacher (Sw. *förstelärare*). The purpose of the reform on which the regulation was based was to improve students' goal achievement and to raise the status and attractiveness of the teaching profession.

**Funding of independent schools**

The funding of independent schools primarily consists of the relevant municipality's school voucher. Hence, an independent school operates under different conditions than companies do in general. School vouchers are distributed on the basis of the municipality's budget, on the same premises as the municipality distributes vouchers for its own school operations. When allocating the vouchers, the municipality must consider the principle of equal treatment which means that the voucher in relation to one student may not vary depending on whether the student attends an independent or a public school. The school voucher consists of a base amount and an additional amount. The additional amount, which requires a separate application, is intended to be used by the school to help students who have significant support needs or shall be offered native language education. For each independent principal, the municipality decides on a basic amount per student, as well as, upon application, the additional amount. The municipality's decision can be appealed to the Administrative Court.

The Education Act's principle on education free of charge means principally that no fees may be levied for education in preschool class, compulsory school, upper secondary school or adult education. However, in preschool operations, parents generally pay an income based fee. Furthermore, in some specific cases, fees may be charged if the cost is insignificant. In upper secondary school, students may be requested to pay for certain individual equipment. In adult education, the principal may decide that the participants should purchase and pay for textbooks, stationery, tools, protective clothing and other comparable means of assistance that each student maintains for his or her own use and retain as his or her property.

**Responsible authorities and permits**

The SNAE is the administrative authority responsible for the Swedish schools. The SNAE allocates financial aid and contributions, prepares and issues policy documents, determines knowledge requirements and issues binding regulations and general advice.

To operate an independent preschool, the principal must have permission from the municipality where the operations are located. To operate an independent compulsory or upper secondary school, the principal must have permission in relation to the school unit as well as in relation to the education provided. Such permits are issued by the Swedish Schools Inspectorate. In order to offer adult education, permission from the Swedish Schools Inspectorate is required in order to set grades, arrange examinations and issue certificates and a permit from the Swedish National Agency for Higher Vocational Education for each educational program which constitutes higher vocational studies.

Further, the Group must in some aspects also file certain notifications to the Environmental Department for their assessment of the Group's operations in relation to the Environmental Code (Sw. *Miljöbalken*). If food is to be served, the operations must also be assessed in the view of Swedish food legislation and registered with the Environment Department.

**Supervision and sanctions**

The Swedish Schools Inspectorate is also the supervisory authority, responsible for the supervision of independent schools in Sweden. Regular inspections and reported cases shall ensure that the schools comply with applicable laws and regulations. A school which is under review is required to provide information and documents and other materials which the Swedish Schools Inspectorate needs in order to carry out its supervision. A municipality supervises the operations that are carried out by such principal which have been approved by the municipality. Hence, independent preschools fall under the supervision of the municipality. The Swedish Schools Inspectorate is responsible for ensuring that the municipality manages its supervisory obligation.

Upon observation of deficiencies at a certain school, the Swedish Schools Inspectorate can issue injunctions to the principal of that school. The injunction may be combined with liquidated damages. If the deficiencies are not severe, the Swedish National Inspectorate can issue a notice of complaint to the principal instead of an injunction. In serious cases, the Swedish Schools Inspectorate may revoke the school's permit.

With regard to the health and safety of students, the Swedish Schools Inspectorate, as well as the local municipality, may temporarily ban or prohibit particular operations with immediate effect. Such a decision may be effective up to six months at most. The principal always has the ultimate responsibility for ensuring that the independent school operates in accordance with the rules. The sanctions are therefore always directed towards the principal.

NORWAY

**Fundamental laws and regulations in the preschool area**

All preschools in Norway are subject to the laws and regulations set forth in the Preschool Act, June 17, 2005 No. 64. The Preschool Act applies to both municipal and independent schools and is based, among other things, on the rights under the UN Convention on the Rights of the Child. In accordance with the constitution October 29, 2010 No. 1379, all independent preschools are entitled to receive municipal contributions from the municipality in which the schools are located.

*The Preschool Act and regulations adopted in accordance with the Preschool Act*

The Preschool Act constitutes the regulatory framework for the operations of preschools in Norway. Additional provisions are set out in regulations adopted in accordance with the Preschool Act. According to the Preschool Act, preschools shall, through cooperation and understanding with the parents, protect children's need for care and play and promote learning and education as the basis for a balanced development. All children in Norway are entitled to attend preschool in their municipality of residence, which the municipality of residence is responsible for assuring.

According to the Preschool Act, the municipalities grant permission to independent schools and each municipality shall ensure that the operations of the preschools are conducted in accordance with the permit. The owner of each independent preschool is responsible for ensuring that the preschool is operated in accordance with applicable laws and regulations.

The manager for an independent preschool must be an educated preschool teacher (Nw. *førskolelærer*). Alternatively, the manager must have attended another higher education that provides children academic and pedagogical skills. Also the other personnel in the independent preschool must possess sufficient skills to perform an adequate educational work.

**Funding of preschools**

Norwegian preschools have two main sources of income: municipal contributions and payments from parents. The calculation of municipal contributions is based on the average operating cost per full-time post at a municipal preschool. Up until January 1, 2016, the contribution constituted 98 percent of the average contribution that municipal preschools receive. As of January 1, 2016, this percentage is 100 percent but due to changes in the cost base on which it is applied, the absolute compensation will be more or less unchanged. Payments from parents may not exceed the amount defined in the Norwegian government's budget each year. The parents' payments are reduced if parents have more than one child in a preschool in the same municipality and can also be further reduced for families with low income. The preschools are, however, entitled to compensation from the municipalities for any such reduction.

### Supervision and sanctions

The municipalities supervise independent schools and may, if the preschools operate in violation of the established rules and granted permits, demand correction and/or alterations of the operations. Should the preschool not comply with such demands, the municipality may decide on financial sanctions against the preschool or temporary or permanently closure of the preschool.

## GERMANY (BAVARIA)

### Fundamental laws and regulations in the preschool area

Child daycare centres are governed at national level by the eighth book of the German Social Insurance Code (SGB VIII). This contains essential principles concerning the promotion of the personal development of children in child daycare centres, as well as requirements concerning the operation and quality of such establishments. Furthermore, it grants children a legal right to receive a place at a child daycare centre once they have attained the age of one year.

However, the details concerning the content and scope of child daycare are governed by the law of the federal state in which the daycare centre is based. In Bavaria the education and care of children at child daycare centres is regulated in the Gesetz zur Bildung, Erziehung und Betreuung von Kindern in Kindergärten, anderen Kindertageseinrichtungen und in Tagespflege (BayKiBiG) (Act on the education and care of children in nursery schools, other childcare centres and daycare) dated July 8, 2005 and the Verordnung zur Ausführung des Bayerischen Kinderbildungs- und -betreuungsgesetzes (Decree on the implementation of the Bavarian child education and care act) (AVBayKiBiG) dated December 5, 2005.

According to these provisions, child daycare centres shall offer educational opportunities and experiences to each child appropriate to its stage of development and shall counteract development risks at an early stage. This is to be ensured by a sufficient number of qualified staff.

### Preschool operations

Child daycare centres may be operated by municipal, non-profit operators, or operators with the purpose of profit. Operators of a child daycare centre are required to have an operating license. The operating license can be granted to the extent that the care, within the relevant operations, can be ensured to be adequate. The regional government of Upper Bavaria is the responsible authority for granting the operating licenses in the Munich area.

Children at child daycare centres have to be cared for by educational staff. These must have undergone comprehensive academic and practical socioeducational training. In addition, educational staff in management positions must have sufficient practical experience and must have taken part in advanced training for managers.

### Funding of preschools

The Free State of Bavaria, the municipalities and the parents contribute to financing child daycare centres. Alongside public investment projects, there is also operational funding from the federal state and the municipalities. This is paid as a flat rate per child and does not constitute any full-cost financing. This financing is supplemented by the fees to be paid by the parents for using the services of the center.

The amount of municipal funding can only be determined for each daycare centre on a case by case basis. Since the operational funding is paid as a flat rate per child, the amount of funding to which the center is entitled depends on the number of children cared for. Furthermore the amount of funding depends on the number of hours they are looked after each day at the centre as well as their age and other factors.

A child daycare centre may only claim funding from the municipalities provided that it has suitable quality assurance measures in place and has defined certain educational standards in addition to holding an operating license. Furthermore, investment promotion is limited to the recognized need for daycare places. It is therefore tied to a demand plan by the municipality in which the municipality fixes what local demand for child daycare places it will recognize.

### Monitoring of funding requirements

The licensing authorities are obliged to verify whether the actual and legal requirements for child-related promotion in the review period are fulfilled. The necessary documents must be available and provided to the relevant licensing authorities, if required.

If the authority comes to the conclusion that the requirements for funding have not been met or are no longer met, it must inform the municipality and other public youth welfare services immediately. Moreover, the funding decision may be revoked and already paid funding may be the subject of claims for repayment.

# Tax considerations in Sweden

*Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission for trading on Nasdaq Stockholm.*

*The summary does not cover:*

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto) and subject to taxation on a standardized basis;*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

*Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm, including the applicability and effect of foreign tax legislation and provisions in tax treaties.*

## PRIVATE INDIVIDUALS

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realised in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

## ALLOTMENTS OF SHARES TO EMPLOYEES

Normally, the allotment of shares is not a taxable event. However, for employees allotment of shares may in certain situations give rise to benefits taxation. Benefits taxation should, however, not occur if the employees (including board members and deputy board members and existing shareholders), on the same terms and conditions as others, acquire not more than 20 percent of the total number of shares offered and the employee does not acquire shares for more than SEK 30,000.

## LIMITED LIABILITY COMPANIES

For limited liability companies all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 percent. Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (for example investment companies).

## SHAREHOLDERS THAT ARE NOT TAX RESIDENT IN SWEDEN

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The tax rate is, however, generally reduced under an applicable tax treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

# Selling and transfer restrictions

## SELLING RESTRICTIONS

### General

No actions or measures have been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit any offering of the shares to the public, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose possession this Prospectus comes are required by the Company, the Selling Shareholders and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company, the Selling Shareholders nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares, of any such restrictions.

### United States

The shares in the Offering have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

In the United States, the shares will be sold only to QIBs as defined in, and in reliance on, Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. All offers and sales of shares outside the United States will be made in compliance with Regulation S and in accordance with applicable law. There will be no public offering of the shares in the United States. Prospective investors in the United States are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the registration requirements under the Securities Act provided by Rule 144A.

Any offer or sale of shares in the Offering in the United States will be made solely by affiliates of the Managers who are broker-dealers registered as such under the U.S. Securities Exchange Act of 1934.

### European Economic Area

The shares in the Offering have not been, and will not be, offered to the public in any Member State of the EEA that has implemented the Prospectus Directive, excluding Sweden (each, a "Relevant Member State"). Notwithstanding the foregoing, an offering of the shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares shall result in a requirement for the publication by the Company, the Selling Shareholders or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any sharesin any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares so as to enable an investor to decide to purchase shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

### United Kingdom

Any offer or sale of the shares may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances that do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this Prospectus and should not act or rely on it.

## TRANSFER RESTRICTIONS

No actions or measures have been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit any offering of the shares to the public, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose possession this Prospectus comes are required by the Company, the Selling Shareholders and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company, the Selling Shareholders nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares, of any such restrictions.

The shares in the Offering have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Each purchaser of the shares in the Offering outside the United States in compliance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) the purchaser is authorised to consummate the purchase of the shares in compliance with all applicable laws and regulations;
(b) the purchaser acknowledges that the shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
(c) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the shares, was located outside the United States at the time the buy order for such shares was originated and continues to be located outside the United States and has not purchased such shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such shares or any economic interest therein to any person in the United States;
(d) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
(e) the shares have not been offered to the purchaser by means of any "directed selling efforts" as defined in Regulation S;
(f) if the purchaser is acquiring any shares as a fiduciary or agent for one or more accounts, the purchaser represents that the purchaser has sole investment discretion with respect to each such account and that the purchaser has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
(g) the purchaser understands that any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions may not be recognised by the Company or the Selling Shareholders; and
(h) the purchaser acknowledges that the Company, the directors, the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the United States purchasing pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorised to consummate the purchase of the shares in compliance with all applicable laws and regulations;
(b) the purchaser understands and agrees that the shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and are subject to restrictions on transfer;
(c) the purchaser is (i) a QIB; (ii) aware that the sale to the purchaser is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (iii) acquiring such shares for the purchaser's own account or for the account of a QIB;
(d) the purchaser acknowledges that the shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
(e) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares, or any economic interest therein, such shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S under the Securities Act, or (iii) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
(f) the purchaser acknowledges that the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any shares;
(g) the purchaser will not deposit or cause to be deposited such shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depositary receipt facility, so long as such shares are "restricted securities" within the meaning of Rule 144(a (3) under the Securities Act;

(h) if the purchaser is acquiring any shares as a fiduciary or agent for one or more accounts, the purchaser represents that the purchaser has sole investment discretion with respect to each such account and that the purchaser has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
(i) the purchaser understands that any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions may not be recognised by the Company or the Selling Shareholders; and
(j) the purchaser acknowledges that the Company, the directors, the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

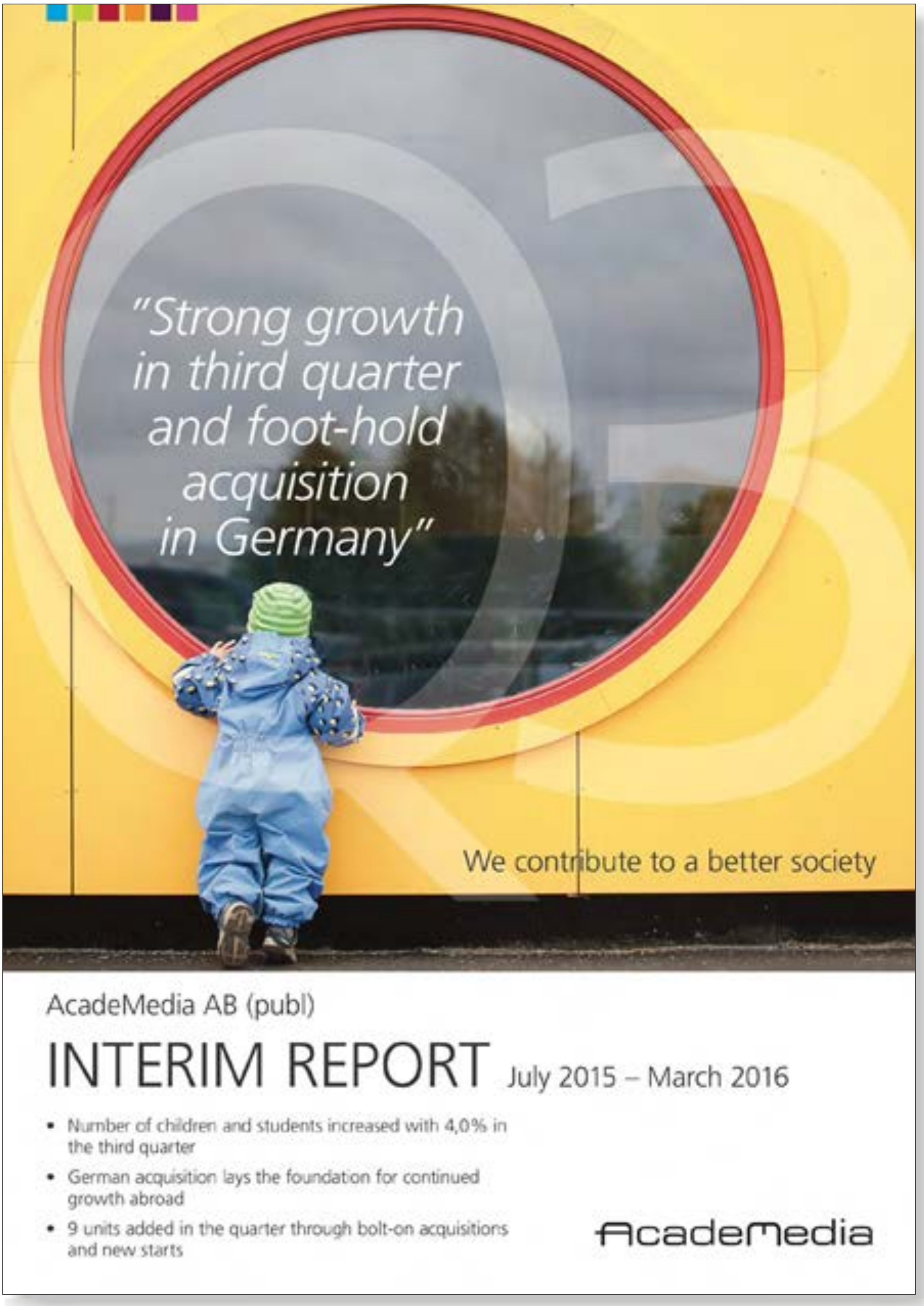
Each person in a Relevant Member State, other than persons receiving offers contemplated in the Swedish prospectus in Sweden, who receives any communication in respect of, or who acquires any shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
(b) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Managers has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

# Historical financial information

# Interim report for the period July 1, 2015 – March 31, 2016 (including the auditor's review of the interim report)



# AcadeMedia

## Interim Report 3rd Quarter

### 3rd quarter (Jan 2016 – March 2016)

- Net sales increased by 6.4 percent to SEK 2,316 million (2,177).
- Operating profit (EBIT) increased by 17.4 percent to SEK 196 million (167). Adjusted for non-recurring items, operating profit was SEK 199 million (168).
- Net profit for the period was SEK 129 million (94).
- Cash flow from operating activities amounted to SEK 128 million (197).
- The average number of children and students in preschool, compulsory school and upper secondary school during the quarter was 63,716 (61,269), which was an increase of 4.0 percent.
- Earnings per share amounted to SEK 1.60 (1.18) before/after dilution.
- Acquisition of a preschool company in Germany with annual sales of EUR 8 million in 2015 and with around 450 children was completed on February 1.

### Nine months (July 2015 – March 2016)

- Net sales increased by 4.5 percent to SEK 6,233 million (5,964).
- Operating profit (EBIT) decreased by 10.7 percent to SEK 317 million (355). Adjusted for non-recurring items, operating profit was SEK 330 million (358).
- Net profit for the period amounted to SEK 179 million (142).
- Cash flow from operating activities amounted to SEK 382 million (486).
- The average number of children and students in preschool, compulsory school and upper secondary school amounted to 62,754 (60,764), which was an increase of 3.3 percent.
- Earnings per share amounted to SEK 2.24 (1.78) before/after dilution.

## Significant events after the end of the reporting period

No significant events have occurred since the end of the reporting period.

## The group in figures

| The quarter in figures | Third quarter | | | 9 months | | |
|---|---|---|---|---|---|---|
| | **2015/16** | 2014/15 | Change | **2015/16** | 2014/15 | Change |
| Net sales, SEK m | 2,316 | 2,177 | 6.4% | 6,233 | 5,964 | 4.5% |
| EBITDA, SEK m | 244 | 220 | 10.9% | 456 | 505 | -9.7% |
| EBITDA margin | 10.5% | 10.1% | 0.4 pp | 7.3% | 8.5% | -1.2 pp |
| Operating profit (EBIT), SEK m | 196 | 167 | 17.4% | 317 | 355 | -10.7% |
| EBIT margin | 8.5% | 7.7% | 0.8 pp | 5.1% | 6.0% | -0.9 pp |
| Adjusted operating profit (EBIT)*, SEK m | 199 | 168 | 18.5% | 330 | 358 | -7.8% |
| Adjusted EBIT margin | 8.6% | 7.7% | 0.9 pp | 5.3% | 6.0% | -0.7 pp |
| Total financial items, SEK m | -29 | -48 | -39.6% | -94 | -173 | -45.7% |
| Income before taxes, SEK m | 167 | 120 | 39.2% | 223 | 182 | 22.5% |
| Profit/loss for the period | 129 | 94 | 37.2% | 179 | 142 | 26.1% |
| Number of children and students | 63,716 | 61,269 | 4.0% | 62,754 | 60,764 | 3.3% |
| Number of FTEs | 9,783 | 9,205 | 6.3% | 9,551 | 9,081 | 5.2% |

**For definitions see page 26*

# CEO’s comments

*AcadeMedia has continued the financial year with a healthy growth in good student numbers, and the third quarter was an improvement compared to the previous year. However, financial development has been hampered by investments in new establishments and by the fact that contracts within Adult education were delayed due to appeals. The underlying earnings remain strong. We see supportive macroeconomic trends within our business areas, with a number of new initiatives in the spring budget by both the government and municipalities. We are also pleased by a large number of new establishments planned in Norway for the autumn and a strategic acquisition in Germany.*

### AcadeMedia contributes to important social issues

One of AcadeMedia’s pillars is contributing to society in various ways. Our size gives us the resources to develop both people and methods, which is an important part of our quality developement work. During the third quarter AcadeMedia won two important awards. The first, “Better School 2015”, was awarded to Vittra Vallentuna by the Swedish Institute for Quality (SIQ). The school improved its students’ exam results substantially by systematically monitoring student achievements. Another compulsory school, Brevik Skola in Tyresö, was recognized via their principal, Anna Hansson-Bittár, receiving the Director of Education Prize, by the Swedish Association of School Principals and Directors of Education.

We play an active part in the public debate on how to develop Swedish schools, a debate that often concerns the funding of the public education system. We see the involvement of independent corporates in the welfare sector as an important contribution to society. One of the major advantages of Swedish society is the access to public welfare services. The freedom of choice that exists with respect to schools and the student voucher system enables everyone to opt for better quality schools. AcadeMedia has put forward a proposal to make school selection mandatory at compulsory school level. The problem is not that some people choose schools; the problem is that not everyone does.

### Strategic acquisition of Joki in Germany

Following the acquisition of Espira in Norway in 2014 we have continued to seek other countries to expand into. We found that Swedish and Norwegian preschools with their proficiency-based teaching for the youngest children are highly respected outside the Nordic region. AcadeMedia has had its eye on Germany for some time where there is a political ambition to increase the proportion of young children attending preschool. We are therefore pleased that AcadeMedia, in February, completed the acquisition of Munich-based preschool company Joki. The aim is that Joki will be a platform for continued growth in Germany. Joki has seven preschools, and revenues in 2015 amounted to approximately EUR 8 million.

Effective as of this quarter, Preschools Germany will be reported jointly with Preschools Norway in the interim reports. We have decided to call this Preschools International and we have presented a five-year growth plan for Germany.

### Q3 better than last year

Following contract delays within Adult education and many new establishments that had a negative impact on results in the autumn, the result for the third quarter now shows improvement compared to the previous year.

All three school segments had higher student numbers and revenue than in the same period last year. During the autumn, a number of non-recurring costs associated with expansion hampered profits, but this spring we are now seeing improved profits – despite the fact that high social security contributions continue to burden the Pre- and compulsory schools segment. Adult education volumes increased in the third quarter compared to the previous quarter and also compared to the same period last year. Staff and cost adjustments that were made during the autumn also contributed to improved results in Adult education.

Earnings year-to-date are however still impacted by last autumn’s results. The decrease in profits last autumn was mainly due to investments of SEK -19 million associated with new establishments and the expansion within the Pre- and compulsory schools segment, and to SEK -17 million in relation to higher social security contributions for young people, mainly affecting the Pre- and compulsory schools segment. Delays in contract volumes within Adult education had a negative impact on the Adult education segment, while higher rental costs and less favorable exchange rates impacted results from the Preschools International segment. The Adult Education segment now shows healthy volumes and this trend seems continue into the fourth quarter.

Overall, operating profit (EBIT) increased in the third quarter by 17.4 percent to SEK 196 million (167). Year to date, revenues have increased by 4.5 percent to SEK 6,233 million (5,964). Operating profit year-to-date for the financial year amounted to SEK 317 million (355) and remains affected by the factors stated above.

Operating profit year to date is also burdened by non-recurring items of SEK -13 million (-4), mainly relating to IPO expenses and costs associated with acquisition activities. Adjusted operating profit for the period July 2015 up to and including March 2016 amounted to SEK 330 million (358).

### Conclusion

Education is an important key to successful integration. We will continue to see major investments in education within this area. Preschools will play an ever greater role in Europe’s development, and AcadeMedia has a leading preschool concept.

## Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

## Development in the third quarter (Jan 2016 – Mar 2016)

### Volume development and revenues

Net sales in the third quarter amounted to SEK 2,316 million (2,177), which is an increase of 6.4 percent year on year. The increase is driven primarily by the fact that the number of students in all three school segments together increased by 4.0 percent to 63,716 (61,269). The acquisition of the operations in Germany also had a positive effect. Revenue per student increased by 1.9 percent on average for the three comparable school segments excluding Germany.

### Operating profit

Operating profit (EBIT) for the third quarter (January – March) increased by 17.4 percent to SEK 196 million (167), representing an operating margin of 8.5 percent (7.7). The improvement in profits compared to the same period last year is mainly due to growth in number of students and margin improvement within the Pre- and compulsory schools and the Upper secondary schools segments. However, increased expenses for higher social security contributions for young people had a negative effect on results in the Pre- and compulsory schools segment of around SEK -5 million compared to the previous year.

Adjusted EBIT amounted to SEK 199 million (168), corresponding to an adjusted EBIT margin of 8.6 percent (7.7).

### Non-recurring items

Operating profit (EBIT) for the third quarter includes non-recurring items of SEK -4 million (-1) as illustrated in the table below. The majority of this refers to acquisition related expenses.

### Total financial items

Net financial items for the quarter amounted to SEK -29 million (-48). Interest expenses for external loans were SEK -27 million (-56), of which SEK -17 million (-46) related to loans from credit institutions. Interest expenses decreased as a result of lower interest margins in the new loan agreement that took effect on July 7, 2015.

| Non-recurring items | Third quarter | |
|---|---|---|
| **SEK m** | **2015/16** | 2014/15 |
| Gains from the sale of properties, Norway | 0 | - |
| Restructuring expenses | - | - |
| Non-recurring operating expenses | - | - |
| Transaction related expenses | -4 | -1 |
| IPO expenses | 0 | - |
| **Total** | **-4** | **-1** |

### Profit and comprehensive income for the period

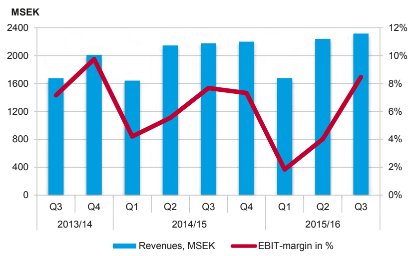
Profit for the period after tax amounted to SEK 129 million (94). Tax for the quarter amounted to SEK -38 million (-25). Comprehensive income for the period was SEK 138 million (100).

### Acquisitions and divestments

During the period four units were acquired within the Pre- and compulsory schools segment in Sweden, while two units in Norway and seven units in Germany (Joki) were acquired within the Preschools International segment. One unit within the Upper secondary schools segment was divested during the period, but is included as a unit since it conducted operations during the period. For details, see page 20.

### New units and discontinued operations

Two new preschools were established within the Pre- and compulsory schools segment and one preschool was established in Norway.




### Third quarter in summary by segment

| | Number of students (avg) | | Net Sales, SEK m | | Adjusted EBIT, SEK m | | Adj. EBIT margin | | Op. profit (EBIT), SEK m | | EBIT margin | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| Pre- and compulsory schools (Sweden) | 30,471 | 28,953 | 933 | 844 | 79 | 61 | 8.5% | 7.2% | 79 | 61 | 8.5% | 7.2% |
| Upper secondary schools (Sweden) | 24,917 | 24,676 | 641 | 625 | 63 | 51 | 9.8% | 8.2% | 63 | 51 | 9.8% | 8.2% |
| Adult education (Sweden) | –* | –* | 364 | 338 | 46 | 40 | 12.6% | 11.8% | 46 | 40 | 12.6% | 11.8% |
| Preschools International | 8,328 | 7,640 | 376 | 368 | 28 | 32 | 7.4% | 8.7% | 28 | 32 | 7.4% | 8.7% |
| Group adj., parent company | - | - | 2 | 1 | -17 | -16 | - | - | -21 | -17 | - | - |
| Total | 63,716 | 61,269 | 2,316 | 2,177 | 199 | 168 | 8.6% | 7.7% | 196 | 167 | 8.5% | 7.7% |

**The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years*

## Development in the first nine months (Jul 2015 – Mar 2016)

### Volume development and revenues

Net sales in the first nine months amounted to SEK 6,233 million (5,964), which is an increase of 4.5 percent year on year. The increase is driven primarily by the number of students in all the school segments which together increased by 3.3 percent to 62,754 (60,764). However, lower number of participants in the Adult education segment during the autumn had a negative effect compared to the same period in the previous year. Revenue per student increased by 1.9 percent on average for the three school segments excluding Germany.

### Operating profit

Operating profit (EBIT) for the first nine months (July 2015 – March 2016) decreased by -10.7 percent to SEK 317 million (355), representing an operating margin of 5.1 percent (6.0). The decrease compared to the same period last year is mainly due to developments within the Adult education operations and to expenses associated with relocations and new establishments within the Pre- and compulsory schools segment in the autumn of 2015. However, increased expenses for higher social security contributions for young people impacted results in the Pre- and compulsory schools segment in the first nine months by around SEK -13 million compared to the previous year.

Adjusted EBIT amounted to SEK 330 million (358), corresponding to an adjusted EBIT margin of 5.3 percent (6.0).

### Non-recurring items

Operating profit (EBIT) for the first nine months includes non-recurring items of SEK -13 million (-3), as illustrated in the table below. The majority, SEK -9 million, refers to IPO related expenses and SEK -7 million refers to acquisition related activities. Integration costs of SEK -3 million for the Adult education segment's acquisition of Hermods and SEK +6 million in capital gains on the sale of property in Norway are also included.

### Total financial items

Net financial items for the first nine months amounted to SEK -94 million (-173). Interest expenses for external loans were SEK -89 million (-162), of which SEK -57 million (-132) related to loans from credit institutions. Interest expenses decreased as a result of lower interest margins in the new loan agreement from July 7, 2015, and to a certain extent also because interest rates were at a low level.

| Non-recurring items | 9 months | |
|---|---|---|
| SEK m | 2015/16 | 2014/15 |
| Gains from the sale of properties, Norway | 6 | 0 |
| Restructuring expenses | - | - |
| Non-recurring operating expenses | -3 | - |
| Transaction related expenses | -7 | -3 |
| IPO expenses | -9 | - |
| **Total** | **-13** | **-3** |

### Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 179 million (142), representing an improvement of 26.1 percent. Tax for the period amounted to SEK -44 million (-40). Comprehensive income for the period amounted to SEK 170 million (131).

### Acquisitions and divestments

The sale of three properties in Norway to Hemfosa was completed on September 24, 2015.

Seven units have been acquired during the year (five in the Pre- and compulsory schools segment in Sweden and two in Norway). Another seven units (Joki) have been acquired that are now included in the Preschools International segment. For details, see page 20.

### New units and discontinued operations

In the financial year to date, 14 units have been established (nine units in the Pre- and compulsory schools segment in Sweden, one upper secondary school in Sweden and four preschools in Norway). In total, two preschool units and one compulsory school in Sweden have been disposed of during the year, along with one upper secondary unit that is however included in Q3 since it conducted operations during the quarter.

### First nine months in summary by segment

| | Number of students (avg) | | Net sales, SEK m | | Adjusted EBIT, SEK m | | Adj. EBIT margin | | Op. profit (EBIT), SEK m | | EBIT margin | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| Pre- and compulsory schools (Sweden) | 29,793 | 28,543 | 2,483 | 2,288 | 116 | 111 | 4.7% | 4.9% | 116 | 111 | 4.7% | 4.9% |
| Upper secondary schools (Sweden) | 25,102 | 24,864 | 1,766 | 1,719 | 128 | 111 | 7.2% | 6.5% | 128 | 111 | 7.2% | 6.5% |
| Adult education (Sweden) | –* | –* | 990 | 986 | 95 | 128 | 9.6% | 13.0% | 93 | 128 | 9.4% | 13.0% |
| Preschools International | 7,859 | 7,357 | 991 | 970 | 38 | 51 | 3.8% | 5.3% | 43 | 51 | 4.3% | 5.3% |
| Group adj., parent company | - | - | 3 | 1 | -48 | -42 | - | - | -63 | -45 | - | - |
| Total | 62,754 | 60,764 | 6,233 | 5,964 | 330 | 358 | 5.3% | 6.0% | 317 | 355 | 5.1% | 6.0% |

**The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years*

### Cash flow

Cash flow from operating activities before changes in working capital in the first nine months of the financial year amounted to SEK 393 million (446). The change in working capital was SEK -11 million (40). Cash flow from operating activities in the first nine months of the financial year amounted to SEK 382 million (486).

The cash flow from investing activities in the first nine months of the financial year was SEK -222 million (-206) and the change was mainly due to the acquisition of Joki and a number of smaller preschool acquisitions. Cash flow from financing activities amounted to SEK -324 million (-265) due to increased repayments in conjunction with the new loan agreement that took effect on July 7, 2015.

### Financial position

Consolidated equity amounted to SEK 2,507 million (2,320) as of March 31, 2016 and the equity/assets ratio was 34.6 percent (31.8).

The consolidated interest-bearing net debt as of March 31, 2016 amounted to SEK 2,613 million (2,863). Excluding real estate loans, which finance properties, the adjusted net debt amounted to SEK 2,232 million (2,425). This is the share of the loans that represents financing of the operations.

Non-current interest-bearing liabilities to credit institutions amounted to SEK 2,115 million (2,563) and consist of loans from banks and the Norwegian State Housing Bank (Norw. *Husbanken*). Loans from credit institutions were reduced significantly in the past 12 months thanks to cash flows during the year that allowed repayments to be made and due to the sale of properties in Norway. The property sales in Norway enabled repayments of SEK 230 million.

Current interest-bearing liabilities consist of overdraft facilities and short-term portions of loans, and amounted to SEK 663 million (242). The increase in current interest-bearing liabilities is due to the fact that a larger share of the loans has been arranged as overdraft facilities in order to provide greater flexibility to adjust the loans to cash flow. For a transitional period, a greater percentage of this short-term credit has been utilized compared with previously.

Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 3.4 (3.7 as of March 31, 2015), compared to the group's long-term target of a maximum of 3.0. Adjusted for property-related loans, the property-adjusted net debt/EBITDA for the rolling 12 months amounted to 2.9 (3.1). The figure measured places the portion of net debt that finances operations in relation to a rolling 12-month adjusted EBITDA (see under definitions below).

### Parent company

The parent company AcadeMedia AB (publ) (formerly Svensk Utbildning Intressenter Final Holding AB) does not have any operations and is a pure holding company. Revenues in the first nine months of the financial year amounted to SEK 0 million (0), operating loss amounted to SEK -11 million (0) and loss after tax was SEK -42 million (-29). The parent company's assets principally consist of participations in group companies. The business is financed primarily by equity contributed by the owners. The parent company equity as of March 31, 2016 amounted to SEK 1,899 million (1,859).

### Related party transactions

Related party transactions are described in detail in Note 1 in the 2014/15 Annual Report. The scope and nature of these transactions have not changed in any material respect during the year.

### Owners and share capital

| Number of shares | Ordinary shares | Ordinary series B | Ordinary series D | Ordinary series E | Preference series A | Preference series C1–C10 |
|---|---|---|---|---|---|---|
| **Opening balance, July 1, 2015** | **0** | **71,456** | **10,963** | **1** | **7,435,624** | **507,208** |
| Redemption of ordinary series E Jan 4, 2016 | | | | -1 | | |
| Conversion Jan 4, 2016 | 8,025,251 | -71,456 | -10,963 | 0 | -7,435,624 | -507,208 |
| Bonus issue Jan 4, 2016 | 71,974,749 | | | | | |
| Non-cash issue Feb 1, 2016 | 676,092 | | | | | |
| **Closing balance, March 31, 2016** | **80,676,092** | **0** | **0** | **0** | **0** | **0** |

AcadeMedia AB (publ) is a public limited liability company that has not yet been listed. On January 4, 2016, an extraordinary shareholders' meeting was held at which all of the shares were converted into ordinary shares. The share conversion took place via a bonus issue. On February 1, a non-cash issue of shares was made to the owners of Joki as part of the consideration for the acquisition. Following these two transactions the share capital amounted to SEK 80,676,092 as per March 31, 2016, which is an increase of SEK 72,650,840 since June 30, 2015. The increase in the share capital is a result of the bonus issue and the non-cash issue during the quarter. The number of shares amounted to 80,676,092 ordinary shares as of March 31, 2016. The quota value is SEK 1.00 per share.

EQT V indirectly owns 80.0 percent of AcadeMedia via the holding company Marvin Holding Ltd., which holds 91.6 percent of the shares in AcadeMedia AB.

**Segment reporting**

AcadeMedia was previously organized into four segments (Pre- and compulsory schools Sweden, Upper secondary schools Sweden, Adult education and Preschools Norway). With the acquisition of the operations in Germany, Preschools Germany and Preschools Norway are being reported together in the segment Preschool International.

# Pre- and compulsory schools (Sweden) segment

- The number of students increased by 5.2 percent to 30,471 (28,953) and revenues increased by 10.5 percent
- Operating profit (EBIT) increased by 29.5 percent to SEK 79 million (61)
- Two new units were opened and two acquisitions were made during the quarter

*AcadeMedia's Pre- and compulsory schools segment operates pre- and compulsory schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. The schools are operated entirely based on the school voucher system. The segment had 222 units with an average of 30,471 children and students during the quarter.*

**Outcome for the third quarter**

The average number of children and students increased by 5.2 percent compared to the previous year and amounted to 30,471 (28,953) for the third quarter. The increase is mainly driven by growth at existing units, but also by acquisitions and new establishments. Revenues increased by 10.5 percent to SEK 933 million (844). The increase is mainly due to an increase in the number of children and students and to higher revenue per student compared to the same quarter the previous year. The average increase in revenue per student compared with Q2 2015/16 was 2.0 percent.

Operating profit (EBIT) for the third quarter increased by 29.5 percent to SEK 79 million (61), corresponding to an operating margin of 8.5 percent (7.2). The increase in profit and margin was positively impacted by non-recurring revenue from the City of Gothenburg of SEK 9 million. Growth in number of students and higher revenue per student also contributed to the increase in profit. However, higher employer contributions that were introduced on August 1, 2015 had an impact of around SEK -5 million in the quarter.

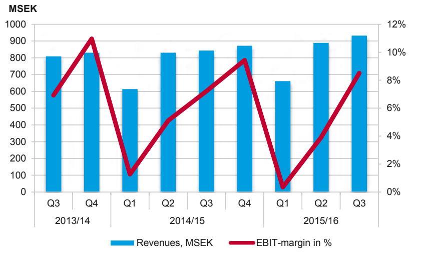
**Outcome for the first nine months**

The average number of children and students increased by 4.4 percent compared to the previous year and amounted to 29,793 (28,543) for the third quarter. The increase is mainly driven by growth at existing units, but also by eight acquired units and nine new establishments. Revenues increased by 8.5 percent to SEK 2,483 million (2,288). The increase is mainly due to an increase in the number of children and students and to higher revenue per student.

Operating profit (EBIT) for the first nine months increased by 4.5 percent to SEK 116 million (111), representing an operating margin of 4.7 percent (4.9). The decline in margin is mainly a result of new established units which are loss making and the costs of expansion during the autumn. Higher employer contributions for young people that were introduced on August 1, 2015 had an impact on profit of around SEK -13 million during the period.

**Development and significant events during the first nine months**

One preschool and one compulsory school were divested as of July 1, 2015 and one unit was divested at the end of November. The divestments had a positive effect on profits of SEK 1 million compared with the previous year. During the period one compulsory school, two integrated preschools and six independent preschools were opened. Two compulsory schools moved to new premises during the period. New openings and school relocations had a negative effect on profit of SEK -19 million during the period compared with the previous year. Five preschools were acquired during the period and contributed SEK 2 million to profit for the period.




| Pre- and compulsory schools (Sweden) | Third quarter | | | 9 months | | |
|---|---|---|---|---|---|---|
| | **2015/16** | 2014/15 | Change | **2015/16** | 2014/15 | Change |
| Net sales, SEK m | 933 | 844 | 10.5% | 2,483 | 2,288 | 8.5% |
| EBITDA, SEK m | 92 | 74 | 24.3% | 153 | 149 | 2.7% |
| EBITDA margin, % | 9.9% | 8.8% | 1.1 p/e | 6.2% | 6.5% | -0.3 p/e |
| Depreciation/amortization | -13 | -13 | 0.0% | -37 | -38 | 2.6% |
| Operating profit (EBIT), SEK m | 79 | 61 | 29.5% | 116 | 111 | 4.5% |
| EBIT margin, % | 8.5% | 7.2% | 1.3 p/e | 4.7% | 4.9% | -0.2 p/e |
| Non-recurring items, SEK m | 0 | - | - | 0 | - | - |
| Adjusted operating profit (EBIT), SEK m | 79 | 61 | 29.5% | 116 | 111 | 4.5% |
| Adjusted EBIT margin, % | 8.5% | 7.2% | 1.3 p/e | 4.7% | 4.9% | -0.2 p/e |
| Number of children and students | 30,471 | 28,953 | 5.2% | 29,793 | 28,543 | 4.4% |
| Number of units | 222 | 208 | 6.7% | 217 | 208 | 4.3% |

## Upper secondary schools (Sweden) segment

- The number of students increased by 1.0 percent and revenues increased by 2.6 percent in the third quarter compared to the previous year
- Operating profit increased by 23.5 percent to SEK 63 million (51)
- One unit (FTG Västerås) was divested during the period to Praktiska Gymnasiet (but is included in the number of units below)

*AcadeMedia's Upper secondary schools segment provides upper secondary education throughout Sweden under 16 different brands, offering both university preparatory and vocationally-oriented programs. The segment's brands include Klaragymnasierna, NTI, LBS, ProCivitas and Rytmus. The schools are operated entirely based on the school voucher system. The segment had 106 units with a total of 24,917 students during the quarter.*

**Outcome for the third quarter**

The number of students increased by 1.0 percent compared to the previous year and amounted to 24,917 (24,676). Revenues increased by 2.6 percent to SEK 641 million (625). The increase is due to an increased number of students and higher revenue per student, primarily as a result of annual price adjustment. The average increase in revenue per student compared with Q2 2015/16 was 1.1 percent.

Operating profit (EBIT) for the third quarter increased by 23.5 percent compared to the same quarter the previous year to SEK 63 million (51), representing an operating margin of 9.8 percent (8.2).

There were no non-recurring items in the third quarter this year or the previous year. Accordingly, EBIT and adjusted EBIT are the same.

**Outcome for the first nine months**

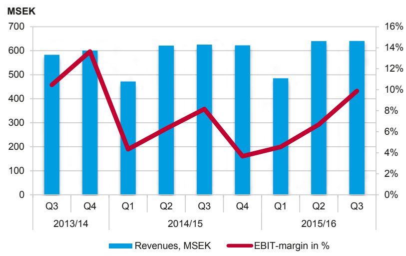
The number of students increased by 1.0 percent compared to the previous year and amounted to 25,102 (24,864). Revenues increased by 2.7 percent to SEK 1,766 million (1,719). The increase is due to an increased number of students and higher revenue per student.

Operating profit (EBIT) for the first nine months increased by 15.3 percent compared to the same period the previous year and amounted to SEK 128 million (111), representing an operating margin of 7.2 percent (6.5).

**Development and significant events during the first nine months**

Decisions on stopping the intake to grade 1 at seven units have been implemented and the units will be disposed gradually over the next two years. The reason for the closures was challenges in terms of attractiveness and student enrollment numbers. One of these units (FTG Västerås) was divested during the quarter to Praktiska Gymnasiet.

One upper secondary school from the LBS brand opened in Linköping in connection with the start of the new semester.




| Upper secondary schools (Sweden) | Third quarter | | | 9 months | | |
|---|---|---|---|---|---|---|
| | 2015/16 | 2014/15 | Change | 2015/16 | 2014/15 | Change |
| Net sales, SEK m | 641 | 625 | 2.6% | 1,766 | 1,719 | 2.7% |
| EBITDA, SEK m | 90 | 78 | 15.4% | 205 | 187 | 9.6% |
| EBITDA margin, % | 14.0% | 12.5% | 1.5 p/e | 11.6% | 10.9% | 0.7 p/e |
| Depreciation/amortization | -27 | -27 | 0.0% | -77 | -76 | -1.3% |
| Operating profit (EBIT), SEK m | 63 | 51 | 23.5% | 128 | 111 | 15.3% |
| EBIT margin, % | 9.8% | 8.2% | 1.6 p/e | 7.2% | 6.5% | 0.7 p/e |
| Non-recurring items, SEK m | - | - | - | - | - | - |
| Adjusted operating profit (EBIT), SEK m | 63 | 51 | 23.5% | 128 | 111 | 15.3% |
| Adjusted EBIT margin, % | 9.8% | 8.2% | 1.6 p/e | 7.2% | 6.5% | 0.7 p/e |
| Number of children and students | 24,917 | 24,676 | 1.0% | 25,102 | 24,864 | 1.0% |
| Number of units | 106 | 106 | 0.0% | 106 | 106 | 0.0% |

## Adult Education (Sweden) segment

- Action plan within Eductus had the desired effects at the end of Q3
- Revenues increased by 7.7 percent in the third quarter compared to the previous year as a result of increased volumes, primarily within the Basic Modules contract
- Operating profit for the quarter amounted to SEK 46 million (40), an increase of 15.0 percent

*AcadeMedia's Adult education segment is Sweden's largest provider of adult education. AcadeMedia has been providing adult education since 1898 (via Hermods) and has solid expertise in working with, integrating and educating adults. Every year around 80,000 students and participants attend one of our programs. AcadeMedia works in close cooperation with the National Employment Agency, other authorities and municipalities in the 150 locations where we operate. The segment includes the brands Hermods, NTI-skolan, Plushögskolan, Eductus and KompetensUtvecklingsInstitutet.*

**Outcome for the third quarter**

Net sales for the third quarter were 7.7 percent higher than the corresponding period the previous year and amounted to SEK 364 million (338). The increase is mainly explained by higher participant volumes within the areas of Language & Integration (Hermods) and the Basic Modules contract, but also within Sfi (Swedish for immigrants) courses.

During the autumn, the preparatory programs business area (Eductus) conducted an extensive action plan aimed at balancing staffing levels with current volumes within contracts with the National Employment Agency. The action plan has had the desired effect, which contributed strongly to the segment's improved result compared to the previous year.

Operating profit (EBIT) for the third quarter increased by 15.0 percent to SEK 46 million (40), representing an operating margin of 12.6 percent (11.8). The improvement in profits and margin is largely due to the volume increase within the Language & Integration business area, but also to the action plan implemented within Eductus. Within higher vocational education operations, margins within Plushögskolan decreased, mainly due to the need for increased staffing.

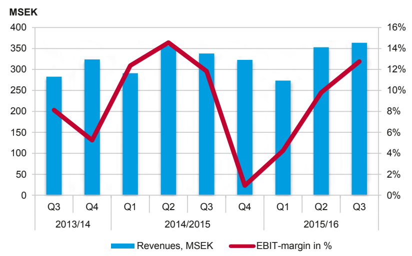
**Outcome for the first nine months**

Revenues for the first nine months amounted to SEK 990 million (986), corresponding to an increase of 0.4 percent. The moderate increase is due to the weak start to the financial year. Operating profit amounted to SEK 93 million (128), which is a decrease of 27.3 percent, and the operating margin was 9.4 percent (13.0). The decrease in profit is mainly due to weak volumes for Eductus during the autumn.

**Development and significant events during the first nine months**

Christer Hammar took up his position as the new head of the Adult education segment and is a member of AcadeMedia's executive management team. Christer joins the company from Humana, and he also has considerable previous experience in the staffing and recruitment sector.

Increasing immigration and the continued challenges relating to unemployment are resulting in long-term demand and growth opportunities in the market, and will likely result in more resources being invested in this area. AcadeMedia regards its Adult education segment as an important player in helping new arrivals and others secure employment as quickly as possible.




| Adult education (Sweden) | Third quarter | | | 9 months | | |
|---|---|---|---|---|---|---|
| | **2015/16** | 2014/15 | Change | **2015/16** | 2014/15 | Change |
| Net sales, SEK m | 364 | 338 | 7.7% | 990 | 986 | 0.4% |
| EBITDA, SEK m | 48 | 43 | 11.6% | 97 | 136 | -28.7% |
| EBITDA margin, % | 13.2% | 12.7% | 0.5 p/e | 9.8% | 13.8% | -4 p/e |
| Depreciation/amortization | -2 | -3 | 33.3% | -5 | -8 | 37.5% |
| Operating profit (EBIT), SEK m | 46 | 40 | 15.0% | 93 | 128 | -27.3% |
| EBIT margin, % | 12.6% | 11.8% | 0.8 p/e | 9.4% | 13.0% | -3.6 p/e |
| Non-recurring items, SEK m | - | - | - | -3 | - | - |
| Adjusted operating profit (EBIT), SEK m | 46 | 40 | 15.0% | 95 | 128 | -25.8% |
| Adjusted EBIT margin, % | 12.6% | 11.8% | 0.8 p/e | 9.6% | 13.0% | -3.4 p/e |

## Preschool International segment

- In the third quarter the number of children increased by 9.0 percent and revenues increased by 2.2 percent
- Operating profit decreased by 12.5 percent to SEK 28 million (32)
- Seven units were acquired in Germany, two units in Norway and a new unit was opened in Norway during the quarter

*AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the Joki brand. The segment was established through the acquisition of Espira in spring 2014 and was expanded in 2016 by the acquisition of Joki in Germany. Espira is Norway's second largest preschool provider and has around 80 units, mainly in western and southern Norway and in the Oslo area. Joki operates seven preschools in the area around Munich under the Joki brand.*

**Outcome for the third quarter**

The average number of children in the third quarter increased by 9.0 percent to 8,328 (7,640). The large increase mainly relates to the acquisition of the German Joki operations. The segment's revenues increased by 2.2 percent to SEK 376 million (368), or NOK 369 million (342). The increase in revenues does not entirely match the increase in the number of children due to an unfavorable development of the SEK/NOK exchange rate.

The operating profit (EBIT) for the third quarter amounted to SEK 28 million (32), or NOK 28 million (29), which was a decrease in SEK of 12.5 percent. This resulted in an operating margin of 7.4 percent (8.7).

The decrease in profits and margin compared to the previous year is mainly explained by increased rental expenses relating to properties sold, amounting to SEK 3 million for the quarter. Again, profits here were affected by a less favorable SEK/NOK exchange rate compared to the previous year.

**Outcome for the first nine months**

The average number of children in the first nine months increased by 6.8 percent to 7,859 (7,357). The segment's revenues increased by 2.2 percent to SEK 991 million (970), or NOK 976 million (891). Retroactive reimbursement in Norway during the period decreased to NOK 3 million (7).

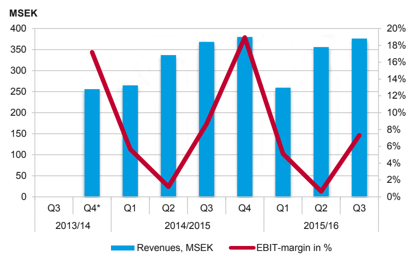
The operating profit (EBIT) for the first nine months was SEK 43 million (51), or NOK 37 million (47), which is a decrease in SEK of 15.7 percent and corresponds to an operating margin of 4.3 percent (5.3).

The decrease in the profit and margin compared to the previous year is mainly related to increased rental expenses of SEK 9 million in connection with the sale of properties, but also to a less favorable SEK/NOK exchange rate and lower retroactive reimbursement.

Non-recurring items amounted to SEK +6 million (0), which related to capital gains on the property divestment in Q2, and adjusted EBIT amounted to SEK 38 million (51).

**Development and significant events during the first nine months**

The German preschool company Joki, with seven operating units, was acquired as of February 1. During the first nine months Espira in Norway opened four new preschools and also acquired two units.




*Q4 13/14 Two months only

| Preschool International | Third quarter | | | 9 months | | |
|---|---|---|---|---|---|---|
| | **2015/16** | 2014/15 | Change | **2015/16** | 2014/15 | Change |
| Net sales, SEK m | 376 | 368 | 2.2% | 991 | 970 | 2.2% |
| EBITDA, SEK m | 33 | 41 | -19.5% | 61 | 75 | -18.7% |
| EBITDA margin, % | 8.8% | 11.1% | -2.3 p/e | 6.2% | 7.7% | -1.5 p/e |
| Depreciation/amortization | -6 | -9 | 33.3% | -18 | -24 | 25.0% |
| Operating profit (EBIT), SEK m | 28 | 32 | -12.5% | 43 | 51 | -15.7% |
| EBIT margin, % | 7.4% | 8.7% | -1.3 p/e | 4.3% | 5.3% | -1 p/e |
| Non-recurring items, SEK m | 0 | - | - | 6 | - | - |
| Adjusted operating profit (EBIT), SEK m | 28 | 32 | -12.5% | 38 | 51 | -25.5% |
| Adjusted EBIT margin, % | 7.4% | 8.7% | -1.3 p/e | 3.8% | 5.3% | -1.5 p/e |
| Number of children and students | 8,328 | 7,640 | 9.0% | 7,859 | 7,357 | 6.8% |
| Number of units | 91 | 78 | 16.7% | 84 | 77 | 9.1% |

## Employees

The average number of annual employees in the Swedish operations in the quarter was 7,779 (6,760), of which 69.1 percent (69.3) were women. The number of pedagogues decreased to 77.9 percent (81.2) as a result of Hermods employees now being included in the statistics, which were not available in the last financial year. Employee turnover, measured as the number of individuals leaving the company, amounted to 6.6 percent accumulated over the three months from January to March compared with 5.3 percent accumulated in the same period the previous year. Absence due to illness (cumulative average for three months, short-term absence < 90 days) increased somewhat to 5.4 percent (5.2).

## Risk factors

Significant operating, external and financial risks are described in detail in AcadeMedia AB's 2014/2015 Annual Report. Apart from the risks described in the Annual Report, no other significant risks are deemed to have emerged.

Operating risks include variations in demand and number of students, risk relating to the access qualified employees and payroll expenses, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits, and liability and property risk. External risks include risk relating to school voucher funding and the general economy, political risk, changes in laws and regulations, and dependence on national authorities in the educational sector. Other risks include financial risks such as credit and exchange rate risk.

## Seasonal variations

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. Expenses are also lower since staff is on vacation. This also applies to preschools in Norway. Within the Adult education segment the level of activity is again lower during the summer months, as are revenues, and this is also the case over the Christmas and New Year period. During the same periods a large amount of leave and vacation entitlement is taken, resulting in lower personnel expenses.

The salaries of the group's employees are adjusted 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 not adjusted until the end of the year, in both Norway and Sweden. As a consequence, 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 vacation period begins, while revenues do not reduce at the same rate. Within the Pre- and compulsory schools segment the positive effect in the fourth quarter is reinforced by the fact that children join 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 that require greater personnel density for younger children than for older children. At the beginning of the autumn, the older children transfer to compulsory school and younger children come into the units. This leads to increased staffing in order to meet the personnel density requirements. At the end of the year, the child welfare funding increases and the personnel density requirement is lower, since the younger children are now considered to be one year older. The consequence of this 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.

## Accounting principles

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting principles applied are the same as those described in AcadeMedia's 2014/15 Annual Report, which is available at www.academedia.se. No new accounting principles effective from 2015/16 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 same accounting principles, definitions of key figures and calculation methods are applied as in the most recent Annual Report.

## 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 currency derivatives. Since loans with credit institutions attract variable interest, which is essentially deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to essentially correspond to fair value. Currency derivatives are valued 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 judged that the fair values of all of the financial instruments are approximately equal to their book values.

## Calendar

| | |
|---|---|
| August 30, 2016 (prel.) | Q4, Year-End Report 2015/2016 |
| September 30, 2016 (prel.) | Publication of the 2015/2016 Annual Report |
| November 8, 2016 (prel.) | Q1 |
| February 7, 2017 (prel.) | Q2 |
| May 10, 2017 (prel.) | Q3 |
| August 30, 2017 (prel.) | Q4, Year-End Report 2016/2017 |

For further information please refer to AcadeMedia's website: www.academedia.se

The undersigned confirms that the interim report provides a fair and true overview of the parent company's and the group's operations, financial position and results, and describes any significant risks and uncertainties faced by the parent company and the companies in the group.

Stockholm, May 25, 2016

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Corp. reg. no. 556846-0231

Box 213, 101 24 Stockholm, Sweden

tel. +46 8 794 42 00

www.academedia.se

## Review report

AcadeMedia AB (publ), corporate identity number 556846-0231

**Introduction**

We have reviewed the condensed interim report for AcadeMedia AB (publ) as at March 31, 2016 and for the nine-month period then ended. The Board of Directors and the Chief Executive Officer 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 Financial Statements 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 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 in accordance with the Swedish Annual Accounts Act regarding the parent company.

Stockholm, May 25, 2016

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Oscar Wall
Authorized Public Accountant

## Consolidated statement of comprehensive income in summary

| SEK m | Third quarter 2015/16 | Third quarter 2014/15 | 9 months 2015/16 | 9 months 2014/15 | Rolling 12 months Apr 2015–Mar 2016 | Full year 2014/15 |
|---|---|---|---|---|---|---|
| Net Sales | 2,316 | 2,177 | 6,233 | 5,964 | 8,432 | 8,163 |
| | **2,316** | **2,177** | **6,233** | **5,964** | **8,432** | **8,163** |
| Cost of goods sold | -204 | -178 | -594 | -519 | -779 | -705 |
| Other external expenses | -464 | -460 | -1,390 | -1,367 | -1,828 | -1,805 |
| Personnel expenses | -1,401 | -1,319 | -3,780 | -3,571 | -5,065 | -4,854 |
| Depreciation/amortization | -48 | -52 | -139 | -149 | -193 | -203 |
| Non-recurring items[1] | -4 | -1 | -13 | -3 | -89 | -79 |
| | **-2,120** | **-2,009** | **-5,916** | **-5,609** | **-7,954** | **-7,646** |
| **OPERATING INCOME** | **196** | **167** | **317** | **355** | **478** | **517** |
| Interest income and similar profit/loss items | 0 | 11 | 3 | 12 | 16 | 24 |
| Interest expense and similar profit/loss items | -29 | -59 | -98 | -185 | -205 | -293 |
| | **-29** | **-48** | **-94** | **-173** | **-189** | **-269** |
| **INCOME BEFORE TAX** | **167** | **120** | **223** | **182** | **289** | **248** |
| Tax for the current period | -38 | -25 | -44 | -40 | -30 | -26 |
| **PROFIT/LOSS FOR THE PERIOD** | **129** | **94** | **179** | **142** | **259** | **222** |
| | | | | | | |
| **Other comprehensive income** | | | | | | |
| *Items that will not be reclassified to profit/loss* | | | | | | |
| Remeasurement of defined benefit pension plans | - | - | 19 | - | -104 | -123 |
| Deferred tax relating to defined benefit pension plans | - | - | -5 | - | 28 | 33 |
| | **0** | **0** | **14** | **0** | **-76** | **-90** |
| *Items that may be reclassified to profit/loss* | | | | | | |
| Translation differences | 9 | 6 | -23 | -11 | -30 | -18 |
| **Other comprehensive income for the period** | **9** | **6** | **-9** | **-11** | **-106** | **-108** |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | **138** | **100** | **170** | **131** | **153** | **115** |
| | | | | | | |
| **Profit for the period attributable to:** | | | | | | |
| Stockholders of the parent company | 129 | 94 | 179 | 142 | 259 | 222 |
| Non-controlling interests | - | - | - | - | - | - |
| | | | | | | |
| **Comprehensive income for the period attributable to:** | | | | | | |
| Stockholders of the parent company | 138 | 100 | 170 | 131 | 153 | 115 |
| Non-controlling interests | - | - | - | - | - | - |
| | | | | | | |
| Earnings per share before/after dilution (SEK) | 1.60 | 1.18 | 2.24 | 1.78 | 3.24 | 2.77 |

*1 Non-recurring items are specified on pages 3–4; definitions on page 26*

## Consolidated statement of financial position in summary

| SEK m | Mar 31, 2016 | Mar 31, 2015 | June 30, 2015 |
|---|---|---|---|
| Intangible non-current assets | 5,013 | 4,941 | 4,941 |
| Buildings | 498 | 667 | 502 |
| Other tangible non-current assets | 411 | 368 | 340 |
| Other non-current assets | 109 | 58 | 101 |
| **Total non-current assets** | **6,031** | **6,034** | **5,884** |
| Current receivables | 704 | 690 | 671 |
| Cash and cash equivalents | 517 | 574 | 695 |
| **Total current assets** | **1,220** | **1,264** | **1,366** |
| **TOTAL ASSETS** | **7,251** | **7,298** | **7,250** |
| **Total equity** | **2,507** | **2,320** | **2,304** |
| **Total non-current liabilities[1]** | **2,644** | **3,299** | **2,806** |
| **Total current liabilities[1]** | **2,100** | **1,679** | **2,140** |
| **TOTAL EQUITY AND LIABILITIES** | **7,251** | **7,298** | **7,250** |

***[1] See specification on page 21***

## Consolidated statement of changes in equity

| SEK m | Share capital | Other capital contributed | Translation reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE, JULY 1, 2014** | **8** | **1,903** | **-2** | **280** | **2,189** |
| Profit/loss for the year | | | | 222 | 222 |
| Other comprehensive income | | | -18 | -90 | -108 |
| **Comprehensive income for the year** | | | | | **115** |
| **EQUITY, CLOSING BALANCE, JUNE 30, 2015** | **8** | **1,903** | **-20** | **413** | **2,304** |

| SEK m | Share capital | Other paid-in capital | Translation reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE, JULY 1, 2014** | **8** | **1,903** | **-2** | **280** | **2,189** |
| Profit/loss for the period | | | | 142 | 142 |
| Other comprehensive income | | | -11 | | -11 |
| **Comprehensive income for the period** | | | | | **131** |
| **EQUITY, CLOSING BALANCE, MARCH 31, 2015** | **8** | **1,903** | **-13** | **422** | **2,320** |

| SEK m | Share capital | Other capital contributed | Translation reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE, JULY 1, 2015** | **8** | **1,903** | **-20** | **413** | **2,304** |
| Profit/loss for the period | | | | 179 | 179 |
| Other comprehensive income | | | -23 | 14 | -9 |
| **Comprehensive income for the period** | | | | | **170** |
| Redemption of shares | 0 | 0 | | | 0 |
| Bonus issue | 72 | -72 | | | 0 |
| Non-cash issue | 1 | 32 | | | 32 |
| **EQUITY, CLOSING BALANCE, MARCH 31, 2016** | **81** | **1,863** | **-43** | **606** | **2,507** |

## Consolidated cash flow statement in summary

| SEK m | Third quarter 2015/16 | Third quarter 2014/15 | 9 months 2015/16 | 9 months 2014/15 | Full year 2014/15 |
|---|---|---|---|---|---|
| Operating profit/loss (EBIT) | 196 | 167 | 317 | 355 | 517 |
| Adjustment for items not affecting cash flow | 12 | 51 | 124 | 137 | 160 |
| Tax paid | -13 | -25 | -48 | -46 | -54 |
| **Cash flow from operating activities before change in working capital** | **195** | **193** | **393** | **446** | **623** |
| Cash flow from change in working capital | -67 | 4 | -11 | 40 | 61 |
| **Cash flow from operating activities** | **128** | **197** | **382** | **486** | **684** |
| **Cash flow from investing activities** | **-101** | **-47** | **-222** | **-206** | **-68** |
| **Cash flow from financing activities** | **78** | **-80** | **-324** | **-265** | **-476** |
| **CASH FLOW FOR THE PERIOD** | **105** | **70** | **-164** | **15** | **140** |
| | | | | | |
| Cash and cash equivalents at beginning of period | 407 | 502 | 695 | 562 | 562 |
| Exchange-rate differences in cash and cash equivalents | 5 | 2 | -14 | -4 | -7 |
| **Cash and cash equivalents at end of period** | **517** | **574** | **517** | **573** | **695** |

## Parent company income statement in summary

| | Third quarter | | 9 months | | Full year |
|---|---|---|---|---|---|
| SEK m | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2014/15 |
| **Revenues** | - | - | - | - | - |
| **Operating expenses** | -9 | 0 | -11 | 0 | -1 |
| **OPERATING PROFIT/LOSS** | -9 | 0 | -11 | 0 | -1 |
| **Interest expense and similar profit/loss items** | -9 | -10 | -31 | -29 | -38 |
| **PROFIT/LOSS BEFORE TAX** | -18 | -10 | -42 | -29 | -39 |
| Year-end appropriations | - | - | - | - | 65 |
| Tax | - | - | - | - | -6 |
| **PROFIT/LOSS FOR THE PERIOD** | -18 | -10 | -42 | -29 | 21 |

## Parent company other comprehensive income

| | Third quarter | | 9 months | | Full year |
|---|---|---|---|---|---|
| MSEK | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2014/15 |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified to profit/loss* | - | - | - | - | - |
| Items that may be reclassified to profit/loss | - | - | - | - | - |
| **Other comprehensive income for the period** | - | - | - | - | - |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | -18 | -10 | -42 | -29 | 21 |

## Parent company balance sheet in summary

| SEK m | Mar 31, 2016 | Mar 31, 2015 | June 30, 2015 |
|---|---|---|---|
| Participations in group companies | 2,219 | 2,120 | 2,186 |
| Deferred tax assets | 1 | 7 | 1 |
| **Total non-current assets** | 2,220 | 2,127 | 2,187 |
| **Current receivables** | 4 | - | - |
| **Cash and bank balances** | 11 | 15 | 15 |
| **Total current assets** | 15 | 15 | 15 |
| **TOTAL ASSETS** | 2,235 | 2,142 | 2,202 |
| | | | |
| Restricted equity | 81 | 8 | 8 |
| Non-restricted equity | 1,818 | 1,850 | 1,901 |
| **Total equity** | 1,899 | 1,858 | 1,909 |
| **Non-current liabilities** | 309 | 270 | 288 |
| **Current liabilities** | 27 | 14 | 5 |
| **TOTAL EQUITY AND LIABILITIES** | 2,235 | 2,142 | 2,202 |

## Parent company statement of changes in equity

| | Restricted equity | | Non-restricted equity | | |
|---|---|---|---|---|---|
| SEK m | Share capital | Statutory reserve | Share premium reserve | Retained earnings | Total equity |
| **Opening balance, July 1, 2014** | 8 | | 1,903 | -23 | 1,888 |
| Profit/loss for the year / Comprehensive income | | | | 21 | 21 |
| New share issue | | | | | |
| **Closing balance, June 30, 2015** | 8 | | 1,903 | -2 | 1,909 |

| | Restricted equity | | Non-restricted equity | | |
|---|---|---|---|---|---|
| SEK m | Share capital | Statutory reserve | Share premium reserve | Retained earnings | Total equity |
| **Opening balance, July 1, 2014** | 8 | | 1,903 | -23 | 1,888 |
| Profit/loss for the period / Comprehensive income | | | | -29 | -29 |
| New share issue | | | | | |
| **Closing balance, March 31, 2015** | 8 | | 1,903 | -52 | 1,859 |

| | Restricted equity | | Non-restricted equity | | |
|---|---|---|---|---|---|
| SEK m | Share capital | Statutory reserve | Share premium reserve | Retained earnings | Total equity |
| **Opening balance, July 1, 2015** | 8 | | 1,903 | -2 | 1,909 |
| Profit/loss for the period / Comprehensive income | | | | -42 | -42 |
| Redemption of shares | 0 | | 0 | | 0 |
| Bonus issue | 72 | | -72 | | 0 |
| Non-cash issue | 1 | | 32 | | 32 |
| **Closing balance, March 31, 2016** | 81 | | 1,863 | -44 | 1,899 |

## Notes

### Acquisitions

During the financial year, Pysslingen Förskolor och Skolor AB has made four acquisitions. In three cases all of the shares were acquired: WanWett AB was acquired on November 1, 2015, Landborgen Prästgatan Förskolor AB on February 1, 2016 and Lärkträdets Förskola AB on March 1, 2016. On July 13, 2015 the assets and liabilities of a preschool in Stockholm were acquired. These acquisiitons are included in the Preschool segment. On February 1, 2016 ACM 2001 AB acquired all the shares in Harlaching GmbH and Pasing GmbH (jointly named Joki) through the wholly owned subsidiary AcadeMedia GmbH, which is part of the Preschool International segment. There were also two small company acquisitions in Norway. Together the acquisitions represent a value of less than 5% of the group, and consequently the tables are not broken down into figures for each acquisition.

In all of the acquisitions, the purchase consideration takes the form of a cash payment as well as a non-cash issue of shares in AcadeMedia AB (publ). There are no agreements concerning contingent or deferred considerations.

Details of the net assets and goodwill acquired are given below. No part of the goodwill will be tax-deductible.

The acquisition analyses for all acquisitions made during the financial year are preliminary.

| Acquisition effects of acquisitions made | 2015/2016 |
|---|---|
| Purchase consideration including transaction expenses | 124 |
| Purchase consideration excluding transaction expenses | 121 |
| Fair value of acquired net assets excluding goodwill | -10 |
| **Total goodwill** | **111** |

| Fair values acquired | 2015/2016 |
|---|---|
| Property, plant and equipment | 8 |
| Current assets | 11 |
| Cash and cash equivalents | 11 |
| Non-current loans | - |
| Other current liabilities | -18 |
| Current tax liability | -1 |
| Deferred tax liability | 0 |
| **Net assets acquired** | **10** |

The fair value of acquired receivables is included in current assets and amounts to SEK 11 million. The receivables are expected to be received in full. Goodwill that has arisen through acquisitions consists of synergy effects with existing operations. In addition to synergy effects, the following components are included in goodwill: personnel, training programs, recruitment and personnel development, service organization and relationships with authorities.

| Impact of the acquisitions on the group's cash and cash equivalents | 2015/2016 |
|---|---|
| Purchase consideration agreed | 121 |
| Less purchase consideration settled through non-cash issue | -32 |
| Cash and cash equivalents at time of acquisition | -14 |
| **Impact on the group's cash and cash equivalents** | **75** |

| Contribution of acquisitions to consolidated profit | 2015/2016 |
|---|---|
| Net sales | 28 |
| Net profit/loss | -1 |

| If the units had been included in consolidated profit from July 1, 2015 the contribution would have been | 2015/2016 |
|---|---|
| Net sales | 99 |
| Operating profit (EBIT) | 5 |

**Specification of liabilities**

| SEK m | Mar 31, 2016 | Mar 31, 2015 | Jun 30, 2015 |
|---|---|---|---|
| Non-current liabilities | | | |
| Non-current liabilities to credit institutions | 2 115 | 2 563 | 2 299 |
| Non-current liabilities (interest-bearing) | 352 | 632 | 310 |
| Non-current liabilities (non-interest-bearing) | 177 | 104 | 197 |
| **TOTAL non-current liabilities** | **2 644** | **3 299** | **2 806** |
| Current liabilities | | | |
| Liabilities to credit institutions and other current interest-bearing liabilities | 663 | 242 | 715 |
| Accounts payable and other current non-interest-bearing liabilities | 544 | 466 | 545 |
| Accrued expenses and deferred income | 893 | 971 | 880 |
| **TOTAL current liabilities** | **2 100** | **1 679** | **2 140** |

## Key figures for the group, multi-year overview

| SEK million, unless otherwise stated | Third quarter | | 9 months | | Full year | | | |
|---|---|---|---|---|---|---|---|---|
| | **2015/16** | 2014/15 | **2015/16** | 2014/15 | **2014/15** | 2013/14 | 2012/13 | 2011/12 |
| Net sales | 2,316 | 2,177 | 6,233 | 5,964 | 8,163 | 6,372 | 5,125 | 4,718 |
| EBITDA | 244 | 220 | 456 | 505 | 720 | 614 | 514 | 419 |
| Depreciation/amortization | -48 | -52 | -139 | -149 | -203 | -164 | -139 | -126 |
| Non-recurring items (included in EBITDA) | -4 | -1 | -13 | -3 | -79 | -35 | -14 | -87 |
| Operating profit (EBIT) | 196 | 167 | 317 | 355 | 517 | 449 | 376 | 294 |
| Total financial items | -29 | -48 | -94 | -173 | -269 | -209 | -255 | -267 |
| Income before tax | 167 | 120 | 223 | 182 | 248 | 240 | 121 | 27 |
| Profit/loss for the period | 129 | 94 | 179 | 142 | 222 | 189 | 128 | -11 |
| **Balance sheet items, SEK m** | | | | | | | | |
| Total non-current assets | 6,031 | 6,034 | 6,031 | 6,034 | 5,884 | 5,945 | 4,151 | 4,075 |
| Current receivables | 704 | 690 | 704 | 690 | 671 | 654 | 537 | 484 |
| Cash and cash equivalents | 517 | 574 | 517 | 574 | 695 | 562 | 338 | 294 |
| Non-current interest-bearing liabilities | 2,467 | 3,195 | 2,467 | 3,195 | 2,609 | 3,020 | 2,308 | 2,292 |
| Non-current non-interest-bearing liabilities | 177 | 104 | 177 | 104 | 197 | 131 | 88 | 122 |
| Current interest-bearing liabilities | 663 | 242 | 663 | 242 | 715 | 469 | 207 | 158 |
| Current non-interest-bearing liabilities | 1,437 | 1,437 | 1,437 | 1,437 | 1,425 | 1,352 | 857 | 842 |
| Total equity | 2,507 | 2,320 | 2,507 | 2,320 | 2,304 | 2,189 | 1,566 | 1,438 |
| Total assets | 7,251 | 7,298 | 7,251 | 7,298 | 7,250 | 7,161 | 5,026 | 4,853 |
| Capital employed | 5,637 | 5,757 | 5,637 | 5,757 | 5,628 | 5,679 | 4,082 | 3,889 |
| Net debt | 2,613 | 2,863 | 2,613 | 2,863 | 2,629 | 2,927 | 2,178 | 2,157 |
| Adjusted net debt | 2,232 | 2,425 | 2,232 | 2,425 | 2,295 | 2,563 | 2,178 | 2,157 |
| **Key ratios** | | | | | | | | |
| Operating margin (EBIT), % | 8.5% | 7.7% | 5.1% | 6.0% | 6.3% | 7.1% | 7.3% | 6.2% |
| Adjusted EBIT, SEK m | 199 | 168 | 330 | 358 | 596 | 485 | 389 | 381 |
| Adjusted EBIT margin, % | 8.6% | 7.7% | 5.3% | 6.0% | 7.3% | 7.6% | 7.6% | 8.1% |
| Adjusted EBITDA, SEK m | 247 | 220 | 469 | 507 | 799 | 649 | 528 | 507 |
| Adjusted EBITDA margin, % | 10.7% | 10.1% | 7.5% | 8.5% | 9.8% | 10.2% | 10.3% | 10.7% |
| Net margin, % | 5.6% | 4.3% | 2.9% | 2.4% | 2.7% | 3.0% | 2.5% | -0.2% |
| Return on capital employed, %, 12 months | 10.1% | 11.4% | 10.1% | 11.4% | 10.8% | 10.0% | 9.8% | 11.2% |
| Return on equity after tax, %, 12 months | 10.8% | 12.0% | 10.8% | 12.0% | 9.9% | 10.1% | 8.5% | -1.0% |
| Equity/assets ratio, % | 34.6% | 31.8% | 34.6% | 31.8% | 31.8% | 30.6% | 31.2% | 29.6% |
| Interest cover | 4.0 | 2.7 | 4.0 | 2.7 | 2.8 | 2.7 | 1.8 | 1.8 |
| Net debt/Adjusted EBITDA (12 months) | 3.4 | 3.7 | 3.4 | 3.7 | 3.3 | 4.5 | 4.1 | 4.3 |
| Adjusted net debt/Adjusted EBITDA (12 months) | 2.9 | 3.1 | 2.9 | 3.1 | 2.9 | 3.9 | 4.1 | 4.3 |
| Cash flow from investments | -101 | -47 | -222 | -206 | -68 | -864 | -95 | -765 |
| Capital Expenditure | 22 | 24 | 198 | 161 | 185 | 187 | 178 | 142 |
| Number of annual employees | 9,783 | 9,205 | 9,551 | 9,081 | 9,159 | 6,997 | 6,087 | 5,299 |

Interim Report Q3

## Quarterly data, group

| Quarterly data<br>SEK million, unless otherwise stated | 2015/16<br>Q3 | Q2 | Q1 | 2014/15<br>Q4 | Q3 | Q2 | Q1 | 2013/14<br>Q4 | Q3 |
|---|---|---|---|---|---|---|---|---|---|
| Net sales | 2,316 | 2,239 | 1,679 | 2,199 | 2,177 | 2,146 | 1,641 | 2,011 | 1,676 |
| **EBITDA** | **244** | **140** | **72** | **215** | **220** | **168** | **117** | **246** | **160** |
| Depreciation/amortization | -48 | -50 | -42 | -54 | -52 | -48 | -48 | -50 | -40 |
| Non-recurring items | -4 | -7 | -3 | -76 | -1 | -2 | -1 | -21 | -5 |
| **Operating income (EBIT)** | **196** | **90** | **31** | **161** | **167** | **119** | **69** | **196** | **120** |
| Total financial items | -29 | -28 | -37 | -95 | -48 | -60 | -65 | -65 | -48 |
| **Income before taxes** | **167** | **62** | **-6** | **66** | **120** | **59** | **3** | **131** | **72** |
| Tax for the current period | -38 | -14 | 8 | 14 | -25 | -14 | -1 | -30 | -16 |
| **Profit/loss for the period** | **129** | **48** | **2** | **80** | **94** | **45** | **3** | **100** | **56** |
| | | | | | | | | | |
| Number of children/students, schools | 63,716 | 62,443 | 62,103 | 61,295 | 61,269 | 60,570 | 60,452 | 57,623 | 51,984 |
| Number of annual employees | 9,783 | 9,588 | 9,283 | 9,394 | 9,205 | 9,157 | 8,881 | 9,174 | 7,063 |
| Number of education units | 419 | 404 | 399 | 394 | 392 | 391 | 391 | 394 | 319 |
| | | | | | | | | | |
| **Key ratios** | | | | | | | | | |
| Operating margin (EBIT), % | 8.5% | 4.0% | 1.8% | 7.3% | 7.7% | 5.6% | 4.2% | 9.7% | 7.2% |
| Adjusted EBIT | 199 | 97 | 34 | 237 | 168 | 121 | 69 | 217 | 125 |
| Adjusted EBIT, % | 8.6% | 4.3% | 2.0% | 10.8% | 7.7% | 5.6% | 4.2% | 10.8% | 7.5% |
| Net margin, % | 5.6% | 2.2% | 0.1% | 3.6% | 4.3% | 2.1% | 0.2% | 5.0% | 3.4% |
| Return on equity, % (12 months) | 10.8% | 9.9% | 9.8% | 9.9% | 12.0% | 10.7% | 10.4% | 10.1% | 11.0% |
| Return on capital employed, % (12 months) | 10.1% | 10.0% | 10.4% | 10.8% | 11.4% | 10.9% | 10.6% | 10.0% | 9.5% |
| Equity/assets ratio, % | 34.6% | 33.7% | 32.9% | 31.8% | 31.8% | 31.0% | 30.7% | 30.6% | 30.4% |
| Net debt/Adjusted EBITDA (12 months) | 3.44 | 3.57 | 3.55 | 3.30 | 3.71 | 4.13 | 4.33 | 4.51 | 4.53 |
| Interest cover | 4.02 | 3.23 | 3.05 | 2.83 | 2.70 | 2.63 | 2.61 | 2.70 | 2.37 |
| **Other** | | | | | | | | | |
| **Cash flow from operating activities** | 140 | 267 | -13 | 197 | 197 | 193 | 96 | 208 | 170 |
| Cash flow from investments | -101 | -85 | -35 | 138 | -48 | -77 | -81 | -305 | -430 |

## Quarterly data, segment

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| Pre-school and Compulsory School (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Number of children/students (average) | 30,471 | 29,622 | 29,286 | 29,208 | 28,953 | 28,477 | 28,198 | 28,743 | 28,531 |
| Net sales | 933 | 889 | 661 | 872 | 844 | 831 | 613 | 830 | 809 |
| EBITDA | 92 | 48 | 13 | 95 | 74 | 56 | 19 | 103 | 69 |
| EBITDA, % | 9.9% | 5.4% | 2.0% | 10.9% | 8.8% | 6.7% | 3.1% | 12.4% | 8.5% |
| Depreciation/amortization | -13 | -13 | -11 | -12 | -13 | -14 | -12 | -12 | -13 |
| EBIT | 79 | 35 | 2 | 82 | 61 | 42 | 8 | 91 | 56 |
| EBIT, % | 8.5% | 3.9% | 0.3% | 9.4% | 7.2% | 5.1% | 1.3% | 11.0% | 6.9% |
| Non-recurring items, SEK m | 0 | - | - | -19 | - | - | - | - | - |
| Adjusted EBIT | 79 | 35 | 2 | 101 | 61 | 42 | 8 | 91 | 56 |
| Adjusted EBIT, % | 8.5% | 3.9% | 0.3% | 11.6% | 7.2% | 5.1% | 1.3% | 11.0% | 6.9% |
| Number of education units | 222 | 217 | 212 | 211 | 208 | 208 | 208 | 211 | 211 |

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| Upper Secondary School (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Number of children/students (average) | 24,917 | 25,144 | 25,244 | 24,365 | 24,676 | 24,884 | 25,031 | 23,846 | 23,453 |
| Net sales | 641 | 640 | 485 | 623 | 625 | 621 | 472 | 601 | 583 |
| EBITDA | 90 | 71 | 44 | 50 | 78 | 67 | 42 | 108 | 88 |
| EBITDA, % | 14.0% | 11.1% | 9.1% | 8.0% | 12.5% | 10.8% | 8.9% | 18.0% | 15.1% |
| Depreciation/amortization | -27 | -28 | -22 | -27 | -27 | -28 | -22 | -26 | -27 |
| EBIT | 63 | 43 | 22 | 23 | 51 | 39 | 20 | 82 | 61 |
| EBIT, % | 9.8% | 6.7% | 4.5% | 3.7% | 8.2% | 6.3% | 4.2% | 13.6% | 10.5% |
| Non-recurring items, SEK m | - | - | - | -57 | - | - | - | - | - |
| Adjusted EBIT | 63 | 43 | 22 | 80 | 51 | 39 | 20 | 82 | 61 |
| Adjusted EBIT, % | 9.8% | 6.7% | 4.5% | 12.8% | 8.2% | 6.3% | 4.2% | 13.6% | 10.5% |
| Number of education units | 106 | 106 | 106 | 105 | 106 | 106 | 106 | 108 | 108 |

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| Adult Education (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Net sales | 364 | 353 | 274 | 323 | 338 | 357 | 291 | 324 | 283 |
| EBITDA | 48 | 36 | 13 | 7 | 43 | 51 | 42 | 24 | 23 |
| EBITDA, % | 13.2% | 10.2% | 4.7% | 2.2% | 12.7% | 14.3% | 14.4% | 7.4% | 8.1% |
| Depreciation/amortization | -2 | -2 | -2 | -4 | -3 | 1 | -6 | -7 | 0 |
| EBIT | 46 | 35 | 12 | 3 | 40 | 52 | 36 | 17 | 23 |
| EBIT, % | 12.6% | 9.9% | 4.4% | 0.9% | 11.8% | 14.6% | 12.4% | 5.2% | 8.1% |
| Non-recurring items, SEK m | - | -1 | -2 | -15 | - | - | - | - | - |
| Adjusted EBIT | 46 | 35 | 14 | 18 | 40 | 52 | 36 | 17 | 23 |
| Adjusted EBIT, % | 12.6% | 9.9% | 5.1% | 5.6% | 11.8% | 14.6% | 12.4% | 5.2% | 8.1% |

## Quarterly data, segment (cont.)

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| **Preschool International** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** |
| Number of children (average) | 8,328 | 7,677 | 7,573 | 7,722 | 7,640 | 7,209 | 7,223 | 5,034 | - |
| Net sales | 376 | 356 | 259 | 380 | 368 | 337 | 265 | 256 | - |
| EBITDA | 33 | 8 | 19 | 82 | 41 | 11 | 23 | 49 | - |
| EBITDA, % | 8.8% | 2.2% | 7.3% | 21.6% | 11.1% | 3.3% | 8.7% | 19.1% | - |
| Depreciation/amortization | -6 | -6 | -6 | -10 | -9 | -7 | -8 | -5 | - |
| EBIT | 28 | 2 | 13 | 72 | 32 | 4 | 15 | 44 | - |
| EBIT, % | 7.4% | 0.6% | 5.0% | 18.9% | 8.7% | 1.2% | 5.7% | 17.2% | - |
| Non-recurring items, SEK m | 0 | 0 | 6 | 16 | - | - | - | - | - |
| Adjusted EBIT | 28 | 2 | 8 | 56 | 32 | 4 | 15 | 44 | - |
| Adjusted EBIT, % | 7.4% | 0.6% | 3.1% | 14.7% | 8.7% | 1.2% | 5.7% | 17.2% | - |
| Number of preschool units | 91 | 81 | 81 | 78 | 78 | 77 | 77 | 75 | - |

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| **Group-Overhead and adjustments** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** |
| Net sales | 2 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 1 |
| EBITDA | -20 | -23 | -18 | -18 | -16 | -17 | -10 | -38 | -20 |
| Depreciation/amortization | -1 | -1 | -1 | -1 | -1 | -1 | -1 | 0 | 0 |
| EBIT | -21 | -24 | -18 | -19 | -17 | -18 | -11 | -38 | -20 |
| Non-recurring items, SEK m | -3 | -6 | -6 | -1 | -1 | -2 | -1 | -21 | -5 |
| Adjusted EBIT | -17 | -18 | -12 | -18 | -16 | -17 | -10 | -17 | -15 |

| SEK million, unless otherwise stated | 2015/16 | | | 2014/15 | | | | 2013/14 | |
|---|---|---|---|---|---|---|---|---|---|
| **GROUP** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** |
| Number of children (average) | 63,716 | 62,443 | 62,103 | 61,295 | 61,269 | 60,570 | 60,452 | 57,623 | 51,984 |
| Net sales | 2,316 | 2,239 | 1,679 | 2,199 | 2,177 | 2,146 | 1,641 | 2,011 | 1,676 |
| EBITDA | 244 | 140 | 72 | 215 | 220 | 168 | 117 | 246 | 160 |
| EBITDA, % | 10.5% | 6.3% | 4.3% | 9.8% | 10.1% | 7.8% | 7.1% | 12.2% | 9.5% |
| Depreciation/amortization | -48 | -50 | -42 | -54 | -52 | -48 | -48 | -50 | -40 |
| EBIT | 196 | 90 | 31 | 161 | 167 | 119 | 69 | 196 | 120 |
| EBIT, % | 8.5% | 4.0% | 1.8% | 7.3% | 7.7% | 5.5% | 4.2% | 9.7% | 7.2% |
| Non-recurring items, SEK m | -4 | -7 | -3 | -76 | -1 | -2 | -1 | -21 | -5 |
| Adjusted EBIT | 199 | 97 | 34 | 237 | 168 | 121 | 69 | 217 | 125 |
| Adjusted EBIT, % | 8.6% | 4.3% | 2.0% | 10.8% | 7.7% | 5.6% | 4.2% | 10.8% | 7.5% |
| Net financial items | -29 | -28 | -37 | -95 | -48 | -60 | -65 | -65 | -48 |
| **Income before taxes** | **167** | **62** | **-6** | **66** | **120** | **59** | **3** | **131** | **72** |
| Tax for the current period | -38 | -14 | 8 | 14 | -25 | -14 | -1 | -30 | -16 |
| **Profit/loss for the period** | **129** | **48** | **2** | **80** | **94** | **45** | **3** | **100** | **56** |
| Number of annual employees (period) | 9,783 | 9,588 | 9,283 | 9,394 | 9,205 | 9,157 | 8,881 | 9,174 | 7,063 |
| Number of units | 419 | 404 | 399 | 394 | 392 | 391 | 391 | 394 | 319 |

## Financial definitions

| | |
|---|---|
| Absence due to illness | Short-term and long-term absence due to illness recalculated to full-time divided by the number of annual employees (FTE). |
| Adjusted EBIT | Operating profit/loss excluding non-recurring items. |
| Adjusted EBIT margin | Adjusted EBIT as a percentage of revenues. |
| Adjusted EBITDA | Operating profit/loss before depreciation/amortization of tangible and intangible non-current assets excluding non-recurring items. |
| Adjusted net debt | Net debt less property-related loans, i.e. loans from the Norwegian State Housing Bank (Norw. *Husbanken*), construction loans for ongoing construction projects and other property loans in Norway. |
| Capital employed | Total assets less non-interest-bearing current liabilities and provisions as well as deferred tax liability. |
| Capital expenditure | It includes expenditures on intangible and tangible non-current assets (excluding properties in Norway) and equipment, including investments financed through leases. |
| Cash flow from investments | Cash flow from investing activities according to the cash flow statement. This includes investments in buildings, acquisitions and investments in tangible and intangible non-current assets. Investments financed through leases are not included. |
| Cash flow from operating activities | Cash flow from operating activities including change in working capital and before cash flow from investing and financing activities. |
| Earnings per share | Profit/loss for the period in SEK divided by the average number of shares outstanding before/after dilution. |
| EBITDA | Operating profit/loss before depreciation/amortization of tangible and intangible non-current assets. |
| EBITDA margin | EBITDA as a percentage of revenues. |
| Employee turnover | The 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 have left the company) / (Average number of permanent and probationary employees). |
| Equity/assets ratio | Equity as a percentage of total assets. |
| General information | All amounts in tables are in SEK million unless otherwise stated. All amounts in parentheses () are comparative figures for the same period the previous year unless otherwise stated. |
| Interest cover | Adjusted EBIT for the past 12 months plus financial income in relation to interest expense. |
| Net debt | Interest-bearing liabilities (current and non-current) less cash and cash equivalents. |
| Net debt/adjusted EBITDA | Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months. |
| Net margin | Profit/loss for the year as a percentage of revenues. |
| Non-recurring items | Non-recurring items are recognized separately to show development in the underlying operations more clearly. Non-recurring items are property-related items such as capital gains on the sale of properties or property damage that is not covered by corporate insurance policies, consulting expenses in connection with company acquisitions, severance pay for senior executives, large integration expenses relating to acquisitions, and costs relating to strategic decisions and larger restructuring measures that result in divestment of operations. |
| Number of annual employees | The average number of annual employees during the period – full time equivalents (FTE). |
| Number of children/students | Average number of enrolled children/students during the period in question. Participants in adult education programs are not included in the group's total number of children/students. |
| Number of education units | Refers to the number of preschools, compulsory schools and/or upper secondary schools operating during the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit. |
| Operating margin (EBIT margin) | Operating profit/loss as a percentage of revenues. |
| Operating profit/loss (EBIT) | Operating profit/loss before net financial items and tax. |
| Return on capital employed | Adjusted EBIT + interest income for the past 12 months divided by average working capital (opening balance+closing balance)/2. |
| Return on equity | Profit/loss for the past 12 months divided by the average equity (opening balance+closing balance)/2. |

# Financial information for the 2012/13, 2013/14 and 2014/15 financial years

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *SEK million* | *Note* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|
| Net sales | | 8,163 | 6,372 | 5,125 |
| | | 8,163 | 6,372 | 5,125 |
| Cost of goods sold | | –705 | –581 | –483 |
| Other external expenses | 3, 4, 5 | –1,805 | –1,536 | –1,257 |
| Personnel expenses | 5, 6 | –4,854 | –3,607 | –2,856 |
| Depreciation/amortization | 7 | –203 | –164 | –139 |
| Non-recurring items | 8 | –79 | –35 | –14 |
| | | –7,646 | –5,923 | –4,749 |
| **Operating income** | 9 | **517** | **449** | **376** |
| Interest income and similar profit/loss items | 11, 26 | 24 | 10 | 0 |
| Interest expenses and similar profit/loss items | 12 | –293 | –219 | –255 |
| | | –269 | –209 | –255 |
| **Income before taxes** | | **248** | **240** | **121** |
| Tax | 10 | –26 | –51 | 7 |
| **Profit/loss for the period** | | **222** | **189** | **128** |
| **Other comprehensive income:** | | | | |
| *Items that will not be reclassified to profit/loss* | | | | |
| Remeasurement of defined benefit pension plans | 6 | –123 | – | – |
| Deferred tax relating to defined benefit pension plans | 10 | 33 | – | – |
| | | –90 | | |
| *Items that will be reclassified to profit/loss* | | | | |
| Translation differences | | –18 | –2 | – |
| **Other comprehensive income for the year** | | **–108** | **–2** | **–** |
| **Profit/loss for the period** | | **115** | **187** | **128** |
| **Profit/loss for the year attributable to:** | | | | |
| Stockholders of the parent company | | 222 | 189 | 128 |
| Non-controlling interests | | – | – | – |
| **Comprehensive income for period attributable to:** | | 222 | 189 | 128 |
| Stockholders of the parent company | | 115 | 187 | 128 |
| Non-controlling interests | | – | – | – |
| | | 115 | 187 | 128 |
| Average number of ordinary shares before and after dilution (thousands of shares) | | 82,420 | 75,043 | 73,432 |
| Earnings per ordinary share, before and after dilution (SEK) | 28 | –1,647 | –1,052 | –1,327 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *SEK million* | *Note* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| *Intangible non-current assets* | | | | |
| Goodwill | 14,15,16 | 4,740 | 4,756 | 3,687 |
| Brands | 15, 16 | 194 | 194 | 94 |
| Other intangible non-current assets | 17 | 7 | 10 | 4 |
| | | 4,941 | 4,960 | 3,785 |
| *Tangible non-current assets* | | | | |
| Buildings | 18, 33 | 502 | 589 | – |
| Equipment | 19, 20 | 228 | 233 | 213 |
| Improvement expenses on third-party property | 21 | 112 | 105 | 85 |
| | | 842 | 927 | 298 |
| **Other non-current assets** | | | | |
| Long-term receivables | | 5 | 4 | 4 |
| Deferred tax assets | 10 | 96 | 54 | 64 |
| | | 101 | 58 | 68 |
| **Total non-current assets** | | **5,884** | **5,945** | **4,151** |
| **Current assets** | | | | |
| Inventories | | | | |
| Merchandise | | 1 | 1 | 1 |
| | | 1 | 1 | 1 |
| **Current receivables** | | | | |
| Accounts receivable | 23 | 176 | 177 | 195 |
| Current tax assets | | 58 | 26 | 49 |
| Other receivables | | 14 | 75 | 13 |
| Prepaid expenses and accrued income | 24 | 422 | 375 | 279 |
| | | 670 | 653 | 536 |
| **Cash and cash equivalents** | 25 | **695** | **562** | **338** |
| **Total current assets** | | **1,366** | **1,216** | **875** |
| **TOTAL ASSETS** | 34 | **7,250** | **7,161** | **5,026** |

| *SEK million* | *Note* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 27 | 8 | 8 | 7 |
| Other paid-in capital | | 1,903 | 1,903 | 1,468 |
| Translation reserve | | –20 | –2 | – |
| Retained earnings including profit/loss for the period | | 413 | 280 | 91 |
| **Total equity** | | **2,304** | **2,189** | **1,566** |
| | | | | |
| **Non-current liabilities** | | | | |
| Non-current liabilities to credit institutions | 26, 32 | 2,299 | 2,720 | 2,057 |
| Pension provisions | 6, 29 | 46 | – | – |
| Restructuring provisions | 30 | 69 | 20 | 28 |
| Deferred tax liability | 10 | 80 | 98 | 39 |
| Derivatives | 11, 26 | 2 | 13 | 21 |
| Other non-current liabilities | 3, 26, 32 | 310 | 300 | 251 |
| **Total non-current liabilities** | 33 | **2,806** | **3,151** | **2,396** |
| | | | | |
| **Current liabilities** | | | | |
| Liabilities to credit institutions | 26, 32 | 641 | 404 | 149 |
| Other interest-bearing liabilities | 3, 26, 32 | 74 | 65 | 58 |
| Accounts payable | 32 | 392 | 376 | 302 |
| Current tax liability | | 32 | – | – |
| Other liabilities | 26, 32 | 121 | 193 | 55 |
| Accrued expenses and deferred income | 31 | 880 | 783 | 500 |
| **Total current liabilities** | 33 | **2,140** | **1,821** | **1,064** |
| **TOTAL EQUITY AND LIABILITIES** | 34 | **7,250** | **7,161** | **5,026** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note 27 | Equity attributable to owners of the parent company | | | |
|---|---|---|---|---|---|
| *SEK million* | *Share capital* | *Other paid-in capital* | *Translation reserve* | *Retained earnings* | *Total equity* |
| **Opening balance, July 1, 2012** | **7** | **1,468** | **–** | **–37** | **1,438** |
| Profit/loss for the period | | | | 128 | 128 |
| Other comprehensive income | | | | | – |
| **Comprehensive income for the period** | | | | | **128** |
| | | | | | |
| **Closing balance, June 30, 2013** | **7** | **1,468** | **0** | **91** | **1,566** |
| Profit/loss for the period | | | | 189 | 189 |
| Other comprehensive income | | | – 2 | | – 2 |
| **Comprehensive income for the period** | | | | | **187** |
| | | | | | |
| Transactions with owners, new share issue | 1 | 435 | | | 436 |
| **Closing balance, June 30, 2014** | **8** | **1,903** | **– 2** | **280** | **2,189** |
| | | | | | |
| Profit/loss for the period | | | | 222 | 222 |
| Remeasurement of defined benefit pension plans | | | | –123 | –123 |
| Deferred tax relating to defined benefit pension plans | | | | 33 | 33 |
| Translation difference | | | – 18 | – | – 18 |
| **Comprehensive income for the period** | | | | | **115** |
| **Closing balance, June 30, 2015** | **8** | **1,903** | **–20** | **413** | **2,304** |

## CONSOLIDATED CASH FLOW STATEMENT

| *SEK million* | *Note* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Operating profit/loss | | 517 | 449 | 376 |
| Adjustment for items not affecting cash flow | | | | |
| Changes in provisions | | –28 | –9 | –38 |
| Capital gains on the sale of tangible non-current assets | | –15 | – | – |
| Depreciation of non-current assets | 7 | 203 | 164 | 139 |
| Tax paid | | –54 | –4 | –13 |
| **Cash flow from operating activities before changes in working capital** | | **623** | **600** | **464** |
| *Cash flow from changes in working capital* | | | | |
| Change in inventories | | 0 | 0 | 0 |
| Change in operating receivables | | 17 | 27 | –59 |
| Change in operating liabilities | | 44 | –7 | 4 |
| **Cash flow from operating activities** | | **684** | **620** | **409** |
| *Investing activities* | | | | |
| Investment of intangible non-current assets | | 0 | –9 | –3 |
| Acquisition of subsidiaries | 13 | –22 | –743 | –14 |
| Investment of tangible non-current assets | 18, 19, 21 | –244 | –112 | –78 |
| Sale of tangible non-current assets | 18 | 198 | – | – |
| **Cash flow from investing activities** | | **–68** | **–864** | **–95** |
| *Financing activities* | | | | |
| Interest received | | 14 | 5 | 12 |
| Interest paid | | –177 | –169 | –209 |
| New share issue[1)] | | – | 381 | – |
| Borrowing[2)] | 32 | 154 | 511 | 492 |
| Amortization of debt | 32 | –467 | –259 | –565 |
| **Cash flow from financing activities** | | **–476** | **469** | **–270** |
| Cash flow for the period | | 140 | 225 | 44 |
| Cash and cash equivalents at beginning of period | | 562 | 337 | 293 |
| Exchange-rate differences in cash and cash equivalents | | –7 | 0 | – |
| **Cash and cash equivalents at end of period** | 25 | **695** | **562** | **337** |

1) The total amount for the new share issue for the 2013/14 financial year was SEK 436 million, of which SEK 381 million was paid in cash and therefore affected the cash flow. The remaining SEK 55 million was offset against promissory notes.
2) On June 30, 2015 the Group signed a new agreement with lending banks for long-term financing. The refinancing took place on July 7, 2015 and accordingly did not affect the cash flow for the 2014/15 financial year. For more information refer to Note 32.

## NOTES WITH ACCOUNTING PRINCIPLES AND COMMENTS ON THE FINANCIAL STATEMENTS

### Note 1: General information, accounting and valuation principles

**General information**

The Company, AcadeMedia AB (publ) (previously Svensk Utbildning Intressenter Final Holding AB), corp. reg. no. 556846-0231, is domiciled in Stockholm, Sweden. The Annual General Meeting resolved on a change of name on September 11, 2015 and this was registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on September 22, 2015. The head office address is Adolf Fredriks kyrkogata 2, Box 213, 101 24 Stockholm, Sweden. The financial statements were approved on June 1, 2016 by the board of directors.

**Rules and standards applied**

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretation statements from the International Financing Reporting Interpretation Committee as adepted by the EU. The consolidated accounts are also prepared in accordance with Swedish law through application for financial reporting of the Swedish Financial Reporting Board's recommendation RFR 1, supplementary accounting rules for groups.

**New and amended accounting principles for the year**

*New and amended accounting principles for the year*

A number of new or updated accounting recommendations and interpretations apply for the financial year starting on January 1, 2014. None of these has had any significant impact on the Group's financial statements other than that new information is being provided.

The Group has applied early adoption of IAS 19, updated rules concerning contributions from employees or third parties. The amendment has not resulted in any significant impact on the Group's financial statements.

In addition, a line has been added to the consolidated statement of comprehensive income for non-recurring items.

*Future changes to accounting principles*

A number of new or amended IFRSs will go into effect during the upcoming financial year or later and have not been adopted early in the preparation of these financial statements. Below is a description of the IFRSs that are expected to or may have an impact on the consolidated financial statements. Apart from the IFRSs described below, other new rules approved by the IASB as of December 31, 2014, are not expected to have any impact on the Group's financial statements.

IFRS 9 Financial Instruments goes into effect on January 1, 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. Various parts of the new standard have been revised, some of them relating to recognition and measurement of financial assets and financial liabilities. IFRS 9 classifies financial assets in three categories. Classification is established at initial recognition based on the nature of the asset and the entity's business model. The other part relates to hedge accounting. In general the new principles make it easier to prepare a report that provides a fair presentation of an entity's management of financial risk using financial instruments. Finally, new principles have been introduced regarding impairment of financial assets, where the model is based on anticipated losses. One purpose of this new impairment model is to ensure that provisions are made at an earlier stage for credit losses. It is still unclear whether IFRS 9 will affect the Group, as the Group has not yet made an evaluation of the effects. The EU has not yet approved the standard.

IFRS 15 Revenue from Contracts with Customers enters into force on January 1, 2018 to replace all previously issued standards and interpretations that address revenue (i.e. IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services). IFRS 15 contains a collective revenue recognition model for customer contracts. The idea of the standard is for the entire process to begin with a contract between two parties on the sale of goods or services. Initially a customer contract is to be identified, which generates an asset for the seller (a right, a promise of payment) and a liability (an undertaking, a promise to transfer goods/services). According to this model, revenue is subsequently recognized thereby proving that the undertaking to deliver the promised goods or services to the customer has been fulfilled. The EU has not yet approved the standard. The Group has not yet evaluated the effects of the introduction of the standard. The EU has not yet approved the standard.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative will go into effect on January 1, 2016. These amendments are aimed at further encouraging entities to use their professional judgment to determine which disclosures to provide and how to present the disclosures in the financial statements. To make this possible, a number of specific improvements have been made in the areas of materiality, disaggregation and sub-totaling, note structure, disclosures on accounting principles and presentation of items in other comprehensive income (OCI) originating from investments measured according to the equity method.

**Basis for the preparation of the accounts**

The consolidated accounts have been prepared in accordance with the cost method, other than for certain financial assets and liabilities (including derivative instruments) which are measured at fair value. The balance sheet items under the headings "current assets" and "current liabilities" are expected to be recovered or paid within a 12-month period. All other balance sheet items are expected to be recovered or paid at a later date. All amounts are reported in millions of Swedish kronor (SEK million) unless otherwise stated.

**Consolidation principles**

The consolidated accounts cover the parent company and its subsidiaries. The financial statements for the parent company and subsidiaries which are included in the consolidated accounts refer to the same period and are prepared according to the same accounting principles. All intra-group transactions and dealings are eliminated in their entirety and are thus not included in the consolidated accounts.

*Subsidiaries*

Subsidiaries are all companies where the Group has a controlling interest. The Group has a controlling interest in a company when it is exposed to or has the right to a variable return on its holding in the company, and has the ability to influence the return through its control over the company. Subsidiaries are included in the consolidated accounts as of the date the controlling interest is transferred to the Group and consolidated until the date the controlling interest ceases. A determining factor in whether a company should be consolidated is if the Group is deemed to have a controlling interest. AcadeMedia has no non-controlling interest holdings.

**Translation of receivables and liabilities in foreign currencies**

*Functional currency and reporting currency*

Items included in the financial statements of the various entities in the Group are valued in the currency used in the financial environment where the respective company has its primary operations (functional currency). The parent company's and the Swedish subsidiaries' functional currency and reporting currency is Swedish kronor. The functional currency and reporting currency for the subsidiaries in Norway is Norwegian kroner. The Group's reporting currency is Swedish kronor.

*Cont. Note 1*

*Foreign currency transactions*
Foreign currency transactions are translated to the functional currency at the exchange rate in effect on the transaction date. On the closing day, monetary receivables and liabilities expressed in foreign currencies are translated at the exchange rate in effect on the closing day. All exchange-rate differences are included in profit/loss. Exchange-rate differences from operating items are recognized in operating profit/loss as other operating income or other operating expenses, while exchange-rate differences relating to financial assets and liabilities are recognized as financial income or financial expense.

*Financial statements of foreign operations*
All exchange-rate differences arising in the translation of a subsidiary's profit/loss and financial position from the Company's functional currency to the Group's reporting currency are recognized in other comprehensive income altogether in the translation reserve in equity. Assets and liabilities of foreign operations are translated into Swedish kronor at the closing rate on the closing day, while income and expense items are translated at an average rate for the year. In connection with divestment of net investments in foreign operations, the translation differences pertaining to the net investment are recognized through profit or loss.

**Gross accounting**
Gross accounting is always applied for reporting of assets and liabilities, except in cases where both an asset and a liability exist with the same counterparty and can be offset on legal grounds and offsetting is the intended action. Gross accounting is also applied for income and expenses unless otherwise stated.

**Classification of assets and liabilities**
Non-current assets, non-current liabilities and provisions are expected to be recovered or fall due for payment later than twelve months from the closing day. Current assets, current liabilities and provisions are expected to be recovered or fall due for payment within twelve months of the closing day.

**Related party transactions**
Related parties are the companies in which AcadeMedia has a controlling or significant interest in terms of the operational and financial decisions taken. Related parties include the companies and physical persons who are able to exercise a controlling or significant influence over the Group's financial and operational decisions.

**Business combinations**
Business combinations are reported according to the acquisition method. The purchase consideration consists of the transferred assets, liabilities the Group assumes from the previous owner of the acquired company and any issued shares. The purchase consideration also includes the fair value of all assets or liabilities that result from an agreed contingent consideration. Acquisition-related expenses are expensed as they arise and recognized as non-recurring items. In cases where a contingent consideration is remeasured at fair value, it is recognized in operating profit/loss. Identifiable acquired assets and assumed liabilities are measured initially at fair value on the acquisition date.

The amount by which the purchase consideration, any non-controlling interests and the fair value of previous shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill.

Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill is tested annually to identify any impairment and is recognized at cost less any accumulated impairment losses. Any impairment losses are recognized immediately as an expense and are not reversed. Gains or losses on the divestment of an entity include the residual carrying amount of the goodwill relating to the divested entity.

Goodwill is allocated between cash-generating units in impairment testing. Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination where the goodwill item arose.

**Intangible non-current assets excluding goodwill**
*Brands*
Brands are carried at acquisition cost. In connection with acquisitions of subsidiaries, cost is calculated according to a royalty-based valuation model. In connection with acquisitions of subsidiaries, brands are recognized as intangible assets with an indefinite useful life. Brands are tested for impairment annually or if there is an indication of impairment, and are carried at cost less accumulated impairment losses.

A few of AcadeMedia's brands have a limited useful life and are carried at cost less accumulated amortization and impairment losses. Depreciation takes place on a straight-line basis to distribute the costs for the brands over their assessed useful lives. Amortization is based on the useful life periods as shown below.

*Other intangible non-current assets*
Other intangible assets with a limited useful life are carried at cost less amortization and any impairment losses. Amortization takes place on a straight-line basis over the assessed useful life of the asset. The useful life periods are reviewed on every closing day and adjusted as needed. When the depreciable amount of the assets is established, the assets' residual value is taken into account where applicable.

The straight-line amortization method is used. The following amortization schedule is applied:

| | Number of years |
|---|---|
| Other intangible assets | 3–5 years |
| Brands | Indefinite useful life |
| Other brands | 5 years |

The Company has not identified any limitations in the useful lives of its brands and they are thus considered indefinite.

**Tangible non-current assets**
Tangible non-current assets are recognized at cost less depreciation and any impairment losses.

Expenses for improving an asset's performance to exceed its original level increase the asset's carrying amount. Further expenditures are added to the asset's carrying amount or recognized as a separate asset, depending on which is appropriate, only when it is likely that future economic benefits associated with the asset will accrue to the Group and the asset's cost can be reliably measured. All other forms of repair and maintenance are recognized as expenses in the income statement during the periods in which they arise.

Tangible non-current assets are derecognized from the balance sheet when they are divested or if they cannot be expected to add any economic benefit in the future, either through use or sale. Profit and loss are calculated as the difference between the sale amount and the recognized residual value of the asset. Profit or loss is recognized in the income statement in the accounting period in which the asset was divested as other expenses and other income.

Tangible non-current assets are depreciated systematically over the estimated useful life of the asset. The useful life periods are reviewed on every closing day and adjusted as needed. When establishing the depreciable amount of the assets, the assets' residual value is taken into account where applicable. The straight-line depreciation method is used for all types of assets.

Depreciation periods are linear and based on the useful life periods below:

| | Number of years |
|---|---|
| Buildings | 25–30 years |
| Equipment | 3–10 years |
| Improvement expenses on third-party property | 3–20 years |

*Cont. Note 1*

**Impairment of tangible and intangible non-current assets**
Goodwill and brands with indefinite useful lives are tested annually for impairment or if there is any indication of loss of value. Tangible and intangible non-current assets that are depreciated or amortized are tested when there is an indication that an asset has declined in value. The impairment test is done by calculating the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of net realizable value and the asset's value in use in operations. An assessment is made of the recoverable amount per cash-generating unit.

Previously recognized impairment losses are reversed if the recoverable amount is considered to exceed the carrying amount. The reversal amount is, however, not greater than the carrying amount would have been if an impairment had not been recognized in earlier periods. Goodwill impairment losses are not reversed and are recognized in non-recurring items.

**Financial assets**
*Classification*
The Group classifies its financial assets in the categories "Financial assets at fair value through profit or loss" and "Loan receivables and accounts receivable." The classification depends on the purpose for which the financial asset was acquired.

All purchases and sales of financial assets are recognized on the transaction date.

*Loan receivables and accounts receivable*
Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments and that are not listed in an active market.

Loan receivables are measured initially at fair value and are subject to regular and systematic analysis for the purpose of establishing the amount of the receivable coming in. If a loan receivable is deemed doubtful, a provision is made for the difference between the carrying amount and the expected inflow of cash. Any interest income on loan receivables is included in financial income.

Accounts receivable are initially set at their nominal amounts. A provision is made for doubtful receivables on the closing day when there is objective evidence that the full value of the asset will not be received. Losses pertaining to doubtful receivables are recognized in the income statement under external expenses.

The Group's cash and cash equivalents, accounts receivable and other current receivables are included in this category.

*Financial assets are measured at fair value through profit or loss*
For AcadeMedia this category includes derivative instruments classified as hedging instruments. The assets are measured at fair value with changes in value recognized in the income statement. Transaction expenses are recognized in the income statement and are not capitalized.

*Recognition and measurement*
Purchases and sales of financial assets are recognized on the transaction day, i.e. the date when the Group commits to the purchase or sale of the asset. Financial instruments are recognized initially at fair value plus transaction costs. This applies to all financial assets that are not recognized at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognized at fair value, while associated transaction expenses are recognized in the income statement. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has essentially transferred all risks and benefits associated with ownership. Financial assets measured at fair value through profit or loss are recognized after the acquisition date at fair value. Loan receivables and accounts receivable are recognized after the acquisition date at accrued cost applying the effective-interest method.

Profits and losses resulting from changes in fair value for the category of financial assets measured at fair value through profit or loss are recognized as profit/loss in the period in which they arise and are included in the income statement item "Financial items" (refer to Notes 11, 12).

*Principles for impairment of financial assets*
*– Loan receivables and accounts receivable*
At the end of every reporting period the Group performs a test to identify any objective evidence of impairment of a financial asset or group of financial assets. An impairment loss is recognized for a financial asset or Group of financial assets if there is objective evidence of impairment resulting from one or more events that occurred after the asset was initially recognized (a "loss event") and this event (or events) has an impact on the estimated future cash flows for the financial asset or Group of financial assets which can be reliably estimated.

In the loan receivables and accounts receivable categories, impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not happened), discounted with the financial asset's original effective interest rate. The carrying amount of the asset is written down and the impairment loss is recognized in the consolidated income statement.

**Financial liabilities**
*Classification*
The Group classifies its financial liabilities in the categories "Financial liabilities at fair value through profit or loss" and "Financial liabilities measured at amortized cost".

*Financial liabilities measured at fair value through profit or loss*
For AcadeMedia this category includes derivative instruments classified as hedging instruments. The liabilities are measured at fair value with changes in value recognized in the income statement.

*Financial liabilities measured at amortized cost*
Interest-bearing and non-interest-bearing financial liabilities not held for trading are recognized in this category. The liabilities are measured at amortized cost. Non-current liabilities have a remaining term of more than one year, while liabilities with shorter terms are recognized as current liabilities. Accounts payable have short anticipated terms and are therefore measured at nominal amounts with no discount.

**Inventories**
Inventories are measured at the lower of cost and net realizable value. Inventories mainly consist of books and other educational materials.

**Provisions**
Provisions are recognized when the Group has a legal or informal obligation resulting from past events, where it is likely that a payment will be required to fulfil the obligation and the amount can be reliably measured. In cases where the Company expects a provision it has made to be compensated by an external party – for example within the framework of an insurance agreement – the expected compensation is recognized as a separate asset, but only when it is essentially certain that the payment will be received.

**Contingent liabilities**
Contingent liabilities are possible obligations arising from past events and whose existence will only be confirmed by one or several uncertain future events, which are not entirely within AcadeMedia's control, happening or not happening. Also reported as contingent liabilities are obligations arising from past events that have not been recognized as a liability or provision because it is not likely that the obligation will be settled or because the size of the obligation cannot be estimated with sufficient reliability.

*Cont. Note 1*

**Remuneration to employees**

Salaries, social security fees, bonuses and other current remuneration to employees are recognized when the employee has performed the service.

*Pensions*

The Group's pension plans consist in part of defined benefit plans with a contractual promise regarding future pension levels related primarily to the final salary, and in part of defined contribution plans for which insurance premiums are paid and the employee carries the risk associated with the future pension level.

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. For defined contribution pension plans the Group pays contributions to publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. The contributions are normally based on the salary level. The Group has no legal or informal obligations to pay additional contributions. The Group's obligations regarding defined contribution plans are recognized as a pension expense in the income statement as and when they are earned by the employee performing his/her work tasks for the Company.

A defined benefit pension plan is a pension plan with no defined contribution. The defined benefit pension plans consist largely of plans that provide a benefit based on final salary and length of service. Calculations are made for defined benefit plans according to the unit credit method for the purpose of establishing the present value of obligations relating to benefits for current and former employees. These calculations are made annually and based on actuarial assumptions which are established annually at the end of the accounting period. Assumptions are made on inflation, changes in social security fees, staff turnover, discount rates and life expectancy. The present value of defined benefit obligations is established by discounting the estimated future cash flows using the interest rate for first-class corporate bonds issued in the same currency as the compensation will be paid in with due dates comparable to the current pension obligations.

Pension expenses relating to service during the current period are recognized as personnel expenses in the income statement. Costs for service in previous periods are also recognized directly in the income statement as personnel expenses. Net interest is calculated using the discount rate on the defined benefit pension liability and on the fair value of plan assets, and this expense is included in personnel expenses in the income statement.

The Group's net obligations consist of the calculated present value of the pension obligation less the fair value of the plan assets. Changes in the present value of the net obligations resulting from changed actuarial assumptions and experience-based adjustments are treated as remeasurement effects and recognized in other comprehensive income.

The carrying amounts of pensions and similar obligations in the consolidated balance sheet correspond to the obligations' present value at the closing of the accounts with a deduction of the fair value of plan assets including payroll tax. If the value of the obligation exceeds the value of the plan assets, a liability is recognized. If the plan assets exceed the obligations, an asset is recognized in the consolidated balance sheet.

In the Norwegian companies' defined benefit pension plans, the employees make contributions to the plans according to established terms. The contribution consists of a fixed percentage of the employee's salary and it is not related to the number of years of service. Employee contributions are recognized as a reduction of the cost of service for the period in which the services are performed. This accounting principle involves early adoption of IAS 19, updated rules for contributions from employees or third parties. Figures for the comparative year 2013/14 have been restated. The effect of the changed accounting principle is not significant.

The Swedish companies' defined benefit pension obligations under the ITP2 plan are insured through an Alecta pension insurance. This plan is a defined benefit plan covering several employers. The plan is accounted for as a defined contribution pension plan as Alecta cannot provide sufficient information on the Group's proportional share of the plan's obligations, plan assets and expenses in order to account for the plan as a defined benefit pension plan.

*Severance pay*

Other senior executives are defined as the members of executive management. Other senior executives have a period of notice from the Company of 4–12 months. If other senior executives resign, the period of notice is 4–8 months. The period of notice for certain senior executives may also be extended by six months if the executive intends to take up a new position with a company running competing operations. During the period of notice remuneration is paid based on the individual's employment contract. Two senior executives also have the right to severance pay of six and ten monthly salaries respectively in addition to salary during the period of notice if notice is given by the employer.

The period of notice for other employees is normally as stipulated in the collective agreement.

**Leases**

Finance leases where the Group in all material respects takes over all risks and benefits associated with ownership of the leased object are reported in the statement of financial position at the fair value of the leased object or, if the value is lower, at the present value of future minimum lease payments. Lease payments are recognized as financing expenses and amortization of debt. Assets under finance leases are depreciated over the anticipated useful life of the asset.

Leases where the lessor essentially retains all of the risks and benefits associated with ownership are classified as operating leases. Lease payments are expensed on a straight-line basis in the statement of comprehensive income during the lease period. Any incentives received upon signing of lease agreements are taken into account initially.

**Revenue**

*Net sales*

Net sales are recognized at the fair value of the amount received or the amount that will be received in return for goods or services sold within the Group's ordinary operations. Net sales are recognized excluding VAT and net after any discounts. The Group's main source of revenue is school vouchers and participant fees. Tuition fees are recognized as revenue and allocated over the period during which the instruction is provided, including time for work carried out before and after student instruction. Revenue for preschool operations is recognized based on the same fundamental principle. Revenue for goods sold is recognized upon delivery to students.

*Interest*

Interest income is recognized as and when it is earned (calculated based on the return on the underlying asset according to the effective interest rate).

*Dividends*

Revenues are recognized in the income statement when the shareholders' right to receive a dividend payment has been established.

**Cost of goods sold**

The cost of goods sold mainly pertains to expenses for school meals, educational materials and the cost of other consumables.

**Non-recurring items**

Non-recurring items are recognized on a separate line and relate to non-recurring income and expenses. The purpose of this accounting principle is to present significant non-recurring items separately so that the changes and comparability of the items presented in the adjusted operating profit/loss are more relevant for comparison

*Cont. Note 1*

purposes. Income and expenses recognized on this line are specified and commented on in Note 8.

**Tax**

*Income tax*

Tax expense for the period consists of current tax and deferred tax. Tax is recognized in the income statement, except where the tax relates to an item that is recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or in equity.

Current tax is tax to be paid or received in the current year as well as adjustments of previous years' current tax. The tax rates and laws applied in calculating the amount are those adopted or announced as of the closing day.

*Deferred tax*

Deferred tax is recognized on the closing day according to the balance sheet method for temporary differences between recognized and fiscal values of assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carry-forwards, to the extent it is likely that a taxable profit will be available against which the deductible temporary differences can be used. The value of deferred tax assets is to be determined on every closing day and adjusted to the extent it is no longer likely that a sufficient profit will be generated so that all or part of the deferred tax asset can be utilized. Deferred tax assets and tax liabilities are established based on the tax rates in effect for the period in which the asset is realized or the liability paid, based on tax rates (and laws) that have been adopted or announced by the closing day.

**Recognition of cash flows**

Cash and cash equivalents consist of available cash, bank balances and other liquid investments with an original maturity of less than three months and that are exposed to insignificant value fluctuation. Incoming and outgoing payments are recognized in the cash flow statement. Cash flow from operating activities is recognized according to the indirect method.

**Business segments**

Reportable segments are identified based on the internal reporting to the highest executive decision-maker, which in AcadeMedia's case is the Board of Directors. In this reporting the Group consists of the four segments: Preschool and Compulsory School (Sweden), Upper Secondary School (Sweden), Adult Education (Sweden) and Preschool Norway. In some business segments additional follow-up procedures are carried out per company or school. Refer to Note 9 for more information.

The companies and schools in the respective segments are deemed by the Company to be a collective business segment with similar long-term financial results in accordance with the basic principles in IFRS 8. This is based on the following assertions:

- The services are of the same type.
- The services are produced in similar production processes.
- The services are aimed at the same type of customer.
- The services are sold and distributed in a similar way.

**Key estimates and judgments**

The preparation of year-end accounts and the application of various accounting standards are often based on executive management's judgments or assumptions and estimates which are deemed reasonable under the prevailing conditions. These assumptions and estimates are usually based on past experience, but are also based on other factors, such as anticipated future events. Actual results may be different and actual outcomes may deviate from the assumptions and estimates made. Assumptions and estimates are reviewed on a regular basis and any changes are reported in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

The judgments made by the Group when applying IFRS that have a considerable impact on the financial statement, and estimates made that may require significant adjustments to be made in the following year's financial statements, are mainly those in the following areas:

- Testing for impairment of goodwill and other intangible assets
- Deferred tax assets
- Provisions for pension liabilities
- Provisions for future liabilities
- Reporting of preference shares

AcadeMedia tests for any indications of a decline in the value of assets on a regular basis throughout the year. If such an indication exists, the asset's recoverable amount is calculated. For goodwill and brands with an indefinite useful life, the recoverable amount is calculated at least once a year. The recoverable amount is established by calculating the value in use. In making these calculations, certain assumptions and estimates must be made. Refer to Note 16 for more information.

Deferred tax assets are recognized only to the extent it is deemed likely they may lead to lower tax payments in the future. In these judgments, several assumptions on future circumstances and estimates of variables have been made, the most important of which being an assessment of the companies' future profit generation.

AcadeMedia has a number of defined benefit pension plans. The present value of pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. In the assumptions used to establish the net expense (income) for pensions, the discount rate is included. If these assumptions change, this will affect the carrying amount of the pension obligations. Further information on such things as sensitivity analysis for changes in significant assumptions is provided in Note 6. Future events and changes in business parameters may make it necessary to change estimates and assumptions.

The Company has determined that no contractual obligation to pay dividends exists between AcadeMedia and holders of preference shares on the date of the issue of the preference shares. The Company cannot with any certainty conclude that dividends will be paid to holders of preference shares in the future. Decisions on payment of dividends are ultimately the responsibility of the Annual General Meeting. Based on this, the preference shares have been classified as equity.

## Note 2: Intragroup sales

The parent company has no transactions with other companies in the Group of companies to which the Company belongs.

## Note 3: Leases

| | Group | | |
|---|---|---|---|
| | 2014/15 | 2013/14 | 2012/13 |
| **Lease payments (operating)**[1] | | | |
| Premises | 1,167 | 914 | 760 |
| Equipment | 152 | 57 | 53 |
| **Total** | **1,319** | **971** | **813** |
| | | | |
| **Lease payments (finance)**[1] | | | |
| Equipment | 89 | 88 | 66 |
| **Total** | **89** | **88** | **66** |

1) Lease expenses for assets held through operating leases, such as rented premises, machinery and office equipment, are recognized among other external expenses.

Future payments for non-cancellable operating and finance leases are as follows:

| Contractual lease payments | Group | | |
|---|---|---|---|
| | 2015/2016 | 2016–2019 | >2019 |
| Operating leases | | | |
| Premises | 1,175 | 2,397 | 2,737 |
| Equipment | 31 | 28 | 2 |
| **Total** | **1,206** | **2,425** | **2,739** |

In the case of the lease transactions above, there is an option to extend the leases if the option is exercised according to the agreement. If AcadeMedia opts not to extend the leases, AcadeMedia will normally have an obligation to guarantee the majority of the residual value.

Existing leases vary in duration from two to 25 years. Computers are leased for 2–3 years, while premises are rented for up to 25 years. Premises/rental contracts are upwardly adjusted annually in line with the index.

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2014/2015 | | 2013/2014 | | 2012/2013 | |
| *Finance leases*[1] | *Minimum lease payments* | *Present value of minimum lease payments* | *Minimum lease payments* | *Present value of minimum lease payments* | *Minimum lease payments* | *Present value of minimum lease payments* |
| Payments due | | | | | | |
| Within one year | 50 | 49 | 65 | 63 | 56 | 55 |
| Later than one year but within five years | 21 | 20 | 24 | 23 | 32 | 31 |
| Total | 71 | 69 | 89 | 86 | 88 | 86 |
| | | | | | | |
| Interest | – | 2 | – | 3 | – | 2 |
| Total | 71 | 71 | 89 | 89 | 88 | 88 |
| | | | | | | |
| Current portion | – | 49 | – | 64 | – | 58 |
| Long-term portion | – | 20 | – | 23 | – | 36 |

1) Finance leases are included in the balance sheet under equipment. Refer to Note 19. Future undiscounted obligations for finance leases according to the table above.

The interest rate is determined at the signing of the lease. All leases have fixed repayment schedules. The variable payments included do not amount to significant sums.

## Note 4: Remuneration to auditors

| | Group | | |
|---|---|---|---|
| | 2014/15 | 2013/14 | 2012/13 |
| Ernst & Young AB | | | |
| – Audit assignment | 5 | 4 | 3 |
| – Auditing services over and above audit assignment | 0 | 0 | 0 |
| – Tax advisory services | 0 | 0 | 0 |
| – Other services | 1 | 7 | 0 |
| PWC | | | |
| – Audit assignment | 1 | 0 | – |
| – Other services | 2 | 0 | – |
| **Total fees** | **9** | **11** | **3** |

### Note 5: Remuneration to employees

| | Group | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| *Salaries and remuneration* | | | |
| Board of Directors and CEO | 5 | 5 | 5 |
| Other employees | 3,498 | 2,640 | 2,060 |
| **Group total** | **3,503** | **2,645** | **2,065** |
| *Expenses for social security contributions and pension obligations* | | | |
| Board of Directors and CEO | 3 | 3 | 3 |
| Of which pension expenses, including payroll tax | 1 | 1 | 1 |
| Other employees | 1,352 | 975 | 786 |
| Of which pension expenses, including payroll tax | 281 | 213 | 174 |
| **Group total** | **1,355** | **978** | **789** |
| **Total** | **4,858** | **3,623** | **2,854** |

The Group has received hiring subsidies in the form of wage subsidies totaling SEK 59 million (2013/14: SEK 26 million, 2012/13: SEK 14 million) which are recognized in personnel expenses. The cost of hired personnel is recognized in the income statement under the item other external expenses and amounts to SEK 74 million (2013/14: SEK 73 million, 2012/13: SEK 32 million).

| | Group | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| *Average number of employees* | | | |
| Average number of employees, Sweden | 7,494 | 6,717 | 6,087 |
| of which men | 1,804 | 2,024 | 1,629 |
| of which women | 5,690 | 4,693 | 4,458 |
| Average number of employees, Norway | 1,665 | 280 | – |
| of which men | 193 | 28 | – |
| of which women | 1,472 | 252 | – |
| Average number of employees, total | 9,159 | 6,997 | 6,087 |
| of which men | 1,997 | 2,052 | 1,629 |
| of which women | 7,162 | 4,945 | 4,458 |
| *Proportion of women and men on the Board of Directors* | | | |
| Women | 50 % | 50 % | 50 % |
| Men | 50 % | 50 % | 50 % |
| *Proportion of women and men in senior positions* | | | |
| Women | 71 % | 67 % | 67 % |
| Men | 29 % | 33 % | 33 % |

On September 15, 2015 Martin Sandgren was formally appointed as Deputy CEO of AcadeMedia AB. The costs for the Deputy CEO are included in the item “Other employees” in the table above.

*Cont. Note 5*

**Remuneration to the Board of Directors of AcadeMedia Group AB (formerly AcadeMedia AB)**

AcadeMedia AB (publ) has not, up to now, had an operating Board of Directors. The Board has consisted of Harry Klagsbrun and Erika Henriksson. An operating Board of Directors has been appointed for AcadeMedia Group AB (formerly AcadeMedia AB). This body has handled all key matters relating to the Company's governance. The Chairman of the Board and board members are paid a fee as resolved by the Annual General Meeting. The total annual fixed fee for a member elected by the AGM is SEK 150,000 and for the Chairman, SEK 250,000. The board members who are employed by EQT do not receive board fees. Neither the Chairman of the Board nor any of the board members has any agreements on pension benefits, other benefits or severance pay. Sofia Larsen was a member of AcadeMedia's Board of Directors until the end of August 2014. Silvija Seres became a board member on January 1, 2015.

**Board fees**

| *(Amounts in SEK '000)* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|
| Ulf Mattsson, Chairman of the Board | 250 | 250 | 250 |
| Harry Klagsbrun | – | – | – |
| Torbjörn Magnusson | 150 | 150 | 150 |
| Erika Henriksson | – | – | – |
| Ali Farahani, deputy | – | – | – |
| Helen Fasth Gillstedt | 150 | 150 | 150 |
| Sofia Larsen (until August 31, 2014) | 25 | 150 | 150 |
| Silvija Seres (from January 1, 2015) | 75 | – | – |
| **Total** | **650** | **700** | **700** |

No benefits or pension disbursements were paid out in 2014/15, 2013/14 or 2012/13 to the Board of Directors.

**Remuneration to the CEO and other senior executives**

| | *Group* | | |
|---|---|---|---|
| *(Amounts in SEK '000)* | *2014/15* | *2013/14* | *2012/13* |
| Marcus Strömberg, CEO, fixed salary | 3,878 | 3,438 | 3,250 |
| Other senior executives, fixed salary | 10,599 | 7,192 | 5,599 |
| Total | 14,477 | 10,630 | 8,849 |
| Number of other senior executives | 7 | 6 | 6 |
| Marcus Strömberg, CEO, variable remuneration | | | |
| | 1,146 | 1,100 | 825 |
| Other senior executives, variable remuneration | 1,827 | 1,599 | 710 |
| Total | 2,973 | 2,699 | 1,535 |
| Number of other senior executives | 5 | 4 | 2 |
| Marcus Strömberg, CEO, benefits | 71 | 83 | 62 |
| Other senior executives, benefits | 234 | 151 | 161 |
| Total | 305 | 234 | 223 |
| Number of other senior executives | 5 | 4 | 5 |
| Marcus Strömberg, CEO, pension | 1,175 | 964 | 1,102 |
| Other senior executives, pensions | 2044 | 1,495 | 1,177 |
| Total | 3,219 | 2,459 | 2,279 |
| Number of other senior executives | 7 | 6 | 6 |
| **Total** | **20,974** | **16,022** | **12,886** |

*Cont. Note 5*

Executive management consists of the following positions: Chief Executive Officer, Deputy CEO, Chief Financial Officer, Head of HR and Head of Communication and Public Affairs. AcadeMedia's CEO receives a basic salary and benefits. Marcus Strömberg also collects variable remuneration of a maximum of six monthly salaries calculated based on set performance targets on a full-year basis. The targets are both operational and financial in nature, such as quality and financial performance.

The CEO's annual pension premiums amount to a maximum of 30 percent of his fixed basic salary. The CEO has a premium-based pension solution. The CEO also receives benefits consisting of a car and housing.

If notice of termination is given by AcadeMedia the CEO is entitled to a 12-month period of notice. The salary during the period of notice will be reduced by the amount of any remuneration from another employer as of month seven. If notice of termination is given by AcadeMedia the CEO is entitled to 12 months' severance pay, in addition to the period of notice. If the CEO resigns, the period of notice is six months, plus six months if the CEO intends to take up a new position with a company running competing operations.

Other senior executives are defined as members of executive management. Sofia Larsen took over as Head of the Preschool and Compulsory School segment on September 1, 2015. The others were members of executive management throughout the 2014/15 financial year. All members of executive management receive remuneration in addition to their fixed salary and pension consisting of variable pay of a maximum of three or six monthly salaries. As is the case for the CEO, the performance targets that apply are both operational – relating to quality and employees – and financial.

**Incentive program for senior executives and managers ("MPP")**

Since 2012, there has been a Management Participation Program ("MPP") within the Group, aimed at the CEO, executive management and other key individuals. A total of 47 individuals (2013/14: 47, 2012/13: 35) are covered by the program. The purpose is to give these individuals a share of the increase in value generated within the company during the EQT V fund's ownership period (EQT V is the parent Company for Marvin Holding Ltd, which in turn owns AcadeMedia). Under the program the individual purchases a number of ordinary shares in AcadeMedia and at the same time receives a loan from AcadeMedia that carries cash interest. The investment, which is made on market terms, is associated with risk and the entire investment could be lost. The total loan for MPP participants amounts to SEK 12,969,000 (2013/14: 12,969,000, 2012/13: 8,091,000). The total interest paid to MPP participants in 2014/15 was SEK 1,167,000 (2013/14: 851,000, 2012/13: 667,000).

## Note 6: Pensions

**Pensions**

The Group has defined contribution plans and defined benefit plans in Sweden and Norway.

| | *Group* | | |
|---|---|---|---|
| *Net pension expenses* | *2014/15* | *2013/14*[1] | *2012/13* |
| Cost of service during the period | 55 | 7 | – |
| Employee contributions | –15 | –2 | – |
| Net interest | –1 | 0 | – |
| Pension expense, defined benefit pension plans, in profit/loss for the year | 39 | 5 | – |
| Pension expense, defined contribution pension plans, in profit/loss for the year | 180 | 179 | 141 |
| Pension expenses in profit/loss for the year | 219 | 184 | 141 |
| Remeasurement of defined benefit pension plans recognized as other comprehensive income | 123 | 0 | – |
| **Pension expense in total comprehensive income for the period** | **342** | **184** | **141** |

1) Defined benefit pension expenses for the period relate to about two months due to the acquisition date.

The comparative year was restated in connection with early adoption of IAS 19 on updated rules for employee benefits.

Defined benefit pension plans in Sweden are according to the ITP 2 agreement and are secured through pension insurance with Alecta, and are pension plans that cover several employers. This pension plan is accounted for as a defined contribution pension plan as Alecta cannot provide sufficient information in order to account for the plan as a defined benefit pension plan.

The premiums for the pension insurance plans contracted with Alecta amount to SEK 67 million (2014/13: SEK 33 million, 2012/13: no data available). The Group's percentage of the premiums paid to Alecta amounted to around SEK 0.2 percent (2013/14: around 0.2 percent, 2012/13: no data available). Premiums for the defined benefit retirement and family pension plans are calculated on an individual basis and are determined by factors such as salary, previously vested pension and expected remaining period of service.

The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations, calculated according to Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective funding ratio should normally be allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent or exceeds 155 percent, steps are to be taken to return the funding ratio to within the normal interval. In the case of a low funding ratio, steps may be taken to raise the agreed price for new policies and expand existing benefits. In the case of a high funding ratio steps many be taken to introduce premium reductions. As of June 30, 2015, Alecta's surplus in the form of its collective funding ratio was 154 percent (2013/14: 147 percent, 2012/13: 130 percent).

*Cont. Note 6*

The following is information on defined benefit pension plans in Norway. The Norwegian companies are obliged to comply with the Norwegian law on mandatory occupational pensions. The Company's pension plans meet the requirements in this law. The plans provide defined future benefits in the form of retirement, family and disability pension. These benefits are mainly determined by the number of years of service, salary at retirement and social insurance levels.

Defined benefit pension plans in Norway are secured in accordance with the plans' rules through pension insurance with Storebrand Livforsikring AS.

The size of the pension premiums is determined by the insurance provider based on different criteria than those in IAS 19. Under the pension agreement the employees contribute 2 percent of their gross salary in premium payments.

| | *Group* | | |
|---|---|---|---|
| *Net defined benefit pension liability* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Present value of pension liability | 381 | 227 | – |
| Fair value of plan assets[1] | –335 | –264 | – |
| **Net pension liability (+)/assets (–) in the balance sheet** | **46** | **–38** | **–** |

1) This amount includes premiums paid into the plan assets, recognized as current receivables.

| | *Group* | | |
|---|---|---|---|
| *Change in present value of pension liability* | *2014/15* | *2013/14[1]* | *2012/13* |
| Pension liability, opening balance | 227 | 0 | – |
| Effect of acquisitions | 7 | 224 | – |
| Cost of service during the period | 54 | 7 | – |
| Interest expense | 9 | 2 | – |
| Remeasurement of pensions, | | | |
| – demographic assumptions | 17 | 0 | – |
| – financial assumptions | 95 | 0 | – |
| – experience-based adjustments | 8 | 0 | – |
| Pension disbursements | –3 | 0 | – |
| Paid payroll tax | –11 | –6 | – |
| Exchange-rate difference | –22 | 0 | – |
| **Pension liability, closing balance** | **381** | **227** | **–** |

1) The period is about two months due to the date of the acquisition.

| | *Group* | | |
|---|---|---|---|
| *Change in fair value of plan assets* | *2014/15* | *2013/14[1]* | *2012/13* |
| **Plan assets, opening balance** | **264** | **–** | **–** |
| Effect of acquisitions | 7 | 224 | – |
| Interest income | 10 | 2 | – |
| Return over and above interest income | –3 | – | – |
| Employer contributions | 63 | 37 | – |
| Employee contributions | 15 | 2 | – |
| Pension disbursements from plan assets | –3 | – | – |
| Exchange-rate difference | –18 | – | – |
| **Plan assets, closing balance** | **335** | **264** | **–** |

1) The period is about two months due to the date of the acquisition.

The plan assets consist of pension insurance through Storebrand Livforsikring AS, invested according to Storebrand Ekstra Forsiktig and consist of interest-bearing investments with a good credit rating.

The present value of pension obligations depends on a number of factors established based on a number of assumptions.

| *Significant actuarial assumptions* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
|---|---|---|---|
| Discount rate | 2.30 % | 4.00 % | – |
| Salary increase | 2.75 % | 3.75 % | – |
| Upward adjustment of pension | 0.00 % | 0.60 % | – |
| Increase in social security amount | 2.50 % | 3.50 % | – |

*Cont. Note 6*

Life expectancy assumptions follow the K2013BE mortality table. The assumption on staff turnover is based on outcomes over the past three years. The assumption on staff turnover is lower than the previous year, and accordingly the average remaining period of service has increased from six to seven years.

The Norwegian pension agreements cover around 2,000 individuals who are mainly active young women.

The weighted average duration of defined benefit pension liabilities is around 37 years.

The expected contributions to the Norwegian defined benefit plans amount to around SEK 76 million. Added to this is Norwegian payroll tax of around SEK 11 million. The expected contributions to the Swedish defined benefit plans with Alecta amount to around SEK 70 million. Added to this is Swedish payroll tax of around SEK 17 million.

The defined benefit pension plans expose the Group to various risks, including risk associated with life expectancy, salary levels etc. Each change in the assumptions applied will have an impact on the carrying amounts of the pension obligations. Responsibility for pension obligations for former employees, so called paid-up policies, is however transferred to the insurance provider and the pension obligations for paid-up policies are not recognized as net debt.

| *Sensitivity analysis for pension liabilities* | *Change in assumptions* | | *Change in liability, SEK m* | |
|---|---|---|---|---|
| Discount rate | –0.50% | 0.50 % | 64 | –54 |
| Salary increase | –1.00% | 1.00 % | –34 | 42 |
| Upward adjustment of pension | – | 0.50 % | – | 52 |

The sensitivity analysis involved changing one actuarial assumption while the other assumptions remain unchanged. This method shows the liability's sensitivity to an individual assumption. This is a simplified method as the actuarial assumptions are normally correlated.

## Note 7: Depreciation and amortization

| | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Other intangible assets | –3 | –1 | –2 |
| Brands | 0 | 0 | 0 |
| Equipment | –147 | –136 | –118 |
| Improvement expenses on third-party property | –29 | –24 | –19 |
| Buildings | –24 | –3 | – |
| **Depreciation/amortization for the year** | **–203** | **–164** | **–139** |

## Note 8: Non-recurring items

Non-recurring items include non-recurring income and expenses. These are on a separate line in the accounts to improve comparability between periods.

| | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Gains on the sale of properties, Preschool Norway | 16 | – | – |
| Restructuring expenses | –65 | – | – |
| Non-recurring operating expenses | –23 | – | – |
| Transaction costs | –7 | –35 | –14 |
| **Total** | **–79** | **–35** | **–14** |

Restructuring expenses in 2015/14 relate to provisions for future expenses for 12 units in the process of being divested. Non-recurring operating expenses are mainly the costs of integration of organizations and infrastructure in Adult Education as a result of the Hermods acquisition in spring 2014, but also include severance pay for senior executives.

Transaction expenses are fees and services purchased in connection with company acquisitions.

The Group's operating profit/loss would be as follows if non-recurring items had not had their own line in the accounts.

### Consolidated income statement data

| | *Group* | | |
|---|---|---|---|
| *SEK million* | *2014/15* | *2013/14* | *2012/13* |
| Net sales | 8,163 | 6,372 | 5,125 |
| Other operating income | 16 | – | – |
| | 8,179 | 6,372 | 5,125 |
| Cost of goods sold | –705 | –581 | –483 |
| Other external expenses | –1,895 | –1,571 | –1,271 |
| Personal expenses | –4,858 | –3,607 | –2,856 |
| Depreciation/amortization | –204 | –164 | –139 |
| | –7,662 | –5,923 | –4,749 |
| **Operating income** | **517** | **449** | **376** |

## Note 9: Segment accounting

The Group's operations are run within four segments: Preschool and Compulsory School (Sweden), Upper Secondary School (Sweden), Adult Education (Sweden) and Preschool Norway. Preschool Norway is located in Norway while the other segments are in Sweden.

AcadeMedia's Preschool and Compulsory School segment operates preschools and compulsory schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. They are run entirely based on the school voucher system.

AcadeMedia's Preschool Norway segment operates preschools in Norway under the Espira brand. The segment was established in connection with the acquisition of Espira in May 2014. Preschool Norway is Norway's third largest preschool provider and has a clear proficiency-oriented concept. The segment's operations are based on a publicly funded school voucher system similar to the Swedish one.

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 16 different brands, offering both university preparatory and vocationally-oriented programs. The segment's brands include Plusgymnasiet, NTI, LBS, ProCivitas and Rytmus. They are run entirely based on the school voucher system.

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education. AcadeMedia Adult Education is divided into four areas: language and integration, municipal adult education, labor market services and higher vocational education. The units are operated under brands such as Eductus, Hermods, Pysslingen and NTI-skolan. The reimbursement model varies between business areas but is based on public funding across the board, mainly from municipalities and public employment agencies.

The segments are responsible for the ongoing financial results up to and including operating profit. Responsibility for operating assets and financing, including cash and cash equivalents, rests at the Group level. This means that cash and cash equivalents and interest-bearing assets and liabilities are not allocated out. Consequently, it is not possible to allocate net financial income/expense and tax on the year's profits per segment either.

**2014/15**

| *SEK million* | *Preschool and Compulsory School* | *Preschool Norway* | *Upper Secondary School* | *Adult Education* | *Other/ Group* | *Total* | *Elimina-tions* | *Group* |
|---|---|---|---|---|---|---|---|---|
| Net sales, external | 3,159 | 1,351 | 2,341 | 1,309 | 3 | 8,163 | – | 8,163 |
| Net sales, internal | 28 | 0 | 18 | 4 | 200 | 250 | –250 | – |
| **Sales revenue, total** | **3,187** | **1,351** | **2,359** | **1,313** | **203** | **8,413** | **–250** | **8,163** |
| EBITDA before non-recurring items | 263 | 140 | 294 | 158 | –56 | 799 | – | 799 |
| Depreciation/amortization | –51 | –33 | –103 | –12 | –4 | –203 | – | –203 |
| Operating income (EBITA) before non-recurring items | 212 | 107 | 191 | 146 | –60 | 596 | – | 596 |
| Non-recurring items | –19 | 16 | –57 | –15 | –4 | –79 | – | –79 |
| Operating profit/loss (EBIT) | 193 | 123 | 134 | 131 | –64 | 517 | – | 517 |
| Net financial items | – | – | – | – | –269 | –269 | – | –268 |
| Profit/loss after financial items (EBT) | – | – | – | – | 248 | 248 | – | 249 |
| Tax on profit for the year | – | – | – | – | –26 | –26 | – | –26 |
| **Profit for the year** | **–** | **–** | **–** | **–** | **222** | **222** | **–** | **222** |
| **Total number of students (average)** | **28,709** | **7,449** | **24,739** | 1) | **–** | **60,897** | **–** | **60,897** |
| Number of children, preschools | 9,766 | 7,449 | 0 | – | – | 17,215 | – | 17,215 |
| Number of students, compulsory schools | 18,943 | 0 | 0 | – | – | 18,943 | – | 18,943 |
| Number of students, upper secondary schools | 0 | 0 | 24,739 | – | – | 24,739 | – | 24,739 |
| Number of employees (average) | 3,954 | 1,665 | 2,069 | 1,361 | 110 | 9,159 | – | 9,159 |
| Number of units (closing balance) | 211 | 78 | 105 | – | – | 394 | – | 394 |

1) The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years.

*Cont. Note 9*

**2013/14**

| *SEK million* | *Preschool and Compulsory School* | *Preschool Norway*[2] | *Upper Secondary School* | *Adult Education* | *Other/ Group* | *Total* | *Elimina-tions* | *Group* |
|---|---|---|---|---|---|---|---|---|
| Net sales, external | 3,022 | 256 | 2,087 | 1,005 | 2 | 6,372 | | 6,372 |
| Net sales, internal | 29 | 0 | 17 | 3 | 180 | 229 | –229 | – |
| **Sales revenue, total** | **3,051** | **256** | **2,104** | **1,009** | **182** | **6,601** | **–229** | **6,372** |
| EBITDA before non-recurring items | 253 | 49 | 308 | 95 | –56 | 649 | – | 649 |
| Depreciation/amortization | –50 | –5 | –100 | –9 | 0 | –164 | – | –164 |
| Operating income (EBITA) before non-recurring items | 202 | 44 | 208 | 86 | –55 | 485 | – | 485 |
| Non-recurring items | 0 | 0 | 0 | 0 | –35 | –35 | – | –35 |
| Operating profit/loss (EBIT) | 203 | 44 | 208 | 86 | –92 | 449 | – | 449 |
| Net financial items | – | – | – | – | –209 | –209 | – | –209 |
| Profit/loss after financial items (EBT) | – | – | – | – | 240 | 240 | – | 240 |
| Tax on profit for the year | – | – | – | – | –51 | –51 | – | –51 |
| **Profit for the year** | **–** | **–** | **–** | **–** | **189** | **189** | **–** | **189** |
| **Total number of students (average)** | **28,271** | **1,259** | **22,285** | [1] | **–** | **51,815** | **–** | **51,815** |
| Number of children, preschools | 9,641 | 1,259 | – | – | – | 10,900 | – | 10,900 |
| Number of students, compulsory schools | 18,630 | – | – | – | – | 18,630 | – | 18,630 |
| Number of students, upper secondary schools | – | – | 22,285 | – | – | 22,285 | – | 22,285 |
| Number of employees (average) | 3,791 | 280[2] | 1,846 | 937 | 93 | 6,997 | – | 6,997 |
| Number of units (closing balance) | 211 | 75 | 108 | – | – | 394 | – | 394 |

1) The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years.
2) Espira was acquired in May 2014.

**2012/13**

| *SEK million* | *Preschool and Compulsory School* | *Preschool Norway*[2] | *Upper Secondary School* | *Adult Education* | *Other/ Group* | *Total* | *Elimina-tions* | *Group* |
|---|---|---|---|---|---|---|---|---|
| Net sales, external | 2,717 | – | 1,830 | 577 | 1 | 5,125 | – | 5,125 |
| Net sales, internal | 50 | – | 20 | 2 | 145 | 217 | –217 | – |
| **Sales revenue, total** | **2,767** | **–** | **1,850** | **579** | **146** | **5,342** | **–217** | **5,125** |
| EBITDA before non-recurring items | 257 | – | 259 | 52 | –40 | 528 | – | 528 |
| Depreciation/amortization | –48 | – | –87 | –2 | –2 | –139 | – | –139 |
| Operating income (EBITA) before non-recurring items | 209 | – | 172 | 50 | –42 | 389 | – | 389 |
| Non-recurring items | – | – | – | – | –14 | –14 | – | –14 |
| Operating profit/loss (EBIT) | 209 | – | 172 | 50 | –56 | 376 | – | 376 |
| Net financial items | – | – | – | – | –255 | –255 | – | –255 |
| Profit/loss after financial items (EBT) | – | – | – | – | 121 | 121 | – | 121 |
| Tax on profit for the year | – | – | – | – | –7 | –7 | – | –7 |
| **Profit for the year** | **–** | **–** | **–** | **–** | **128** | **128** | **–** | **128** |
| **Total number of students (average)** | **25,930** | **–** | **20,309** | [1] | **–** | **46,239** | **–** | **46,239** |
| Number of children, preschools | 8,783 | – | 0 | – | – | 8,783 | – | 8,783 |
| Number of students, compulsory schools | 17,148 | – | 0 | – | – | 17,148 | – | 17,148 |
| Number of students, upper secondary schools | 0 | – | 20,309 | – | – | 20,309 | – | 20,309 |
| Number of employees (average) | 3,647 | – | 1,710 | 631 | 99 | 6,087 | – | 6,087 |
| Number of units (closing balance) | 199 | – | 96 | – | – | 295 | – | 295 |

1) The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years.
2) Espira was acquired in May 2014.

*Cont. Note 9*

**Geographic information**

| *Revenue from external customers (based on place of residence)* | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Sweden | 6,812 | 6,116 | 5,342 |
| Norway | 1,351 | 256 | – |
| **Total** | **8,163** | **6,372** | **5,342** |

| *Non-current assets by country* | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Sweden | 4,583 | 4,568 | 4,082 |
| Norway | 1,200 | 1,319 | – |
| **Total** | **5,783** | **5,887** | **4,082** |

The Group has one customer whose net sales amounted to around 10 percent of the Group's total net sales for 2014/15. The breakdown by segment for this customer is as follows: Preschool and Compulsory School SEK 541 million, Upper Secondary School SEK 241 million and Adult Education SEK 73 million. In previous years there has been no customer with net sales amounting to 10 percent of the Group's total net sales.

## Note 10: Tax

Income tax in the consolidated statement of comprehensive income consists of the following main components:

| | *Group* | | |
|---|---|---|---|
| *Income statement* | *2014/15* | *2013/14* | *2012/13* |
| *Current tax* | | | |
| Current tax on profit for the year | –30 | –28 | –16 |
| Adjustment for previous years | –1 | 3 | –4 |
| **Total current tax** | **–31** | **–25** | **–20** |
| *Deferred tax* | | | |
| Emergence and reversal of temporary differences | 5 | –26 | 27 |
| **Total deferred tax** | **5** | **–26** | **27** |
| **Total tax expense recognized in the income statement** | **–26** | **–51** | **7** |
| *Other comprehensive income* | | | |
| Deferred tax attributable to defined benefit pension plans | 33 | – | – |
| **Total tax expense recognized in other comprehensive income** | **33** | **–** | **–** |

Income tax on the Group's pre-tax profits differs from the theoretical amount it would have been if a weighted average tax rate had been used for the profits of the consolidated companies as follows:

*Cont. Note 10*

**Reconciliation of tax recognized in the income statement**

| | Group | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| **Profit before tax** | **248** | **240** | **121** |
| Tax on profit for the year based on the tax rate in effect (22.0%) | –54 | –53 | –32 |
| *Tax effect of:* | | | |
| Effect of other tax rates for foreign companies | –4 | – | – |
| Other non-deductible expenses | –5 | –4 | –4 |
| Non-taxable income | 24 | 1 | 0 |
| Utilization of previous year's unrecognized loss carry-forwards | 0 | 1 | 43 |
| Deferred tax on sale of properties[1)] | 14 | – | – |
| Revaluation of deferred tax change in the Swedish tax rate | – | – | 3 |
| Adjustment for previous years | –1 | 4 | –3 |
| Other | 0 | 0 | 0 |
| **Recognized tax expense** | **–26** | **–51** | **7** |

1) The difference between the recognized deferred tax liability attributable to sold properties prior to the sale and the taxable outcome of the sale, i.e. zero.

The weighted average tax rate was 24 percent (2013/14: 23 percent; 2012/13: 22 percent). The increase is due to the fact that the subsidiaries in Norway are included for the full financial year (2014/15) but only for two months of the previous year (2013/14).

| | Group | | |
|---|---|---|---|
| *Deferred tax assets* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Intangible non-current assets | 2 | – | – |
| Tangible non-current assets | 11 | 12 | 4 |
| Tax deficit | 36 | 42 | 60 |
| Pension provisions | 12 | – | – |
| Other | 35 | – | – |
| **Total deferred tax assets** | **96** | **54** | **64** |
| *Deferred tax liability* | | | |
| Intangible non-current assets | 20 | 11 | 12 |
| Tangible non-current assets | 22 | 51 | 5 |
| Untaxed reserves | 38 | 36 | 22 |
| **Total deferred tax liabilities** | **80** | **98** | **39** |
| *Change in deferred tax* | | | |
| Deferred tax net, opening balance | –44 | 26 | 0 |
| Reclassification, previous year | 21 | – | – |
| Deferred tax according to the income statement | 5 | –26 | 27 |
| Company acquisitions | –1 | –44 | –1 |
| Deferred tax pension recognized as equity | 33 | – | – |
| Translation difference | 2 | 0 | – |
| **Deferred tax net, closing balance** | **16** | **–44** | **26** |

Reclassification of previous year's tax refers to adjustment between current tax and deferred tax for previous years.

The income tax recognized in other comprehensive income during the year amounts to the following:

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Deferred tax attributable to defined benefit pension plans | 33 | – | – |
| **Total** | **33** | **–** | **–** |

*Cont. Note 10*

**Tax loss carry-forwards**

The tax loss carry-forwards for the Group amount to SEK 164 million (2013/14: SEK 191 million, 2012/13: SEK 252 million). As of June 30, 2015 the Group did not have the right to fully use loss carry-forwards to offset a surplus due to changes in the Group structure. The full right to use tax deficits in Sweden with the current Group structure will be available in 2021. The Group only has tax deficits in Sweden. Loss carry-forwards have no time limit.

Deferred tax assets are recognized as an asset to the extent it is likely that the loss carry-forward can be used to offset a surplus in future tax returns. SEK 164 million (2013/14: SEK 191 million, 2012/13 SEK 252 million) of the Group's deficit is expected to be able to offset future tax surpluses.

## Note 11: Interest income and similar profit/loss items

| | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Interest income | 13 | 2 | 3 |
| Derivatives | 11 | 8 | –3 |
| Other | 1 | 0 | 0 |
| **Interest income and similar profit/loss items** | **24** | **10** | **0** |

## Note 12: Interest expense and similar profit/loss items

| | *Group* | | |
|---|---|---|---|
| | *2014/15* | *2013/14* | *2012/13* |
| Interest expense | –218 | –181 | –226 |
| Borrowing costs[1)] | –73 | –25 | –23 |
| Exchange rate losses | –1 | –5 | 0 |
| Other | –1 | –8 | –6 |
| **Interest expense and similar profit/loss items** | **–293** | **–219** | **–255** |

1) Arrangement costs for new loans are expensed over the term of the loan applying the effective interest method. In 2014/15 depreciation/amortization according to plan was SEK 28 million. In connection with a new loan agreement on June 30, 2015, the remaining loan costs amounting to SEK 45 million were expensed. A total of SEK 73 million was expensed for the year 2014/15.

## Note 13: Business combinations

**Acquisitions 2014/2015**

Espira Barnehager AS implemented two acquisitions during the financial year and in both cases all of the shares were acquired. On October 6, 2014 Engelsrudhagen barnehagetomt AS was acquired and on January 2, 2015 Espira Knerten AS was acquired. Both are now part of the Preschool Norway segment. On June 1, 2015 Pysslingen Förskolor och Skolor AB acquired all of the shares in Hammarby Förskolor AB, which is part of the Preschool and Compulsory School segment. Together these acquisitions represent a value of less than 5 percent of the Group, and accordingly they are not specified as separate acquisitions in the tables.

The purchase consideration in all acquisitions consists of a cash consideration and no agreements are in place regarding a contingent or deferred consideration.

The following are disclosures of adjusted acquired net assets and goodwill. No portion of the goodwill will be tax deductible.

| *Acquisition effects of acquisitions made* | *2014/2015* |
|---|---|
| Purchase consideration including transaction costs | 35 |
| Purchase consideration excluding transaction costs | 35 |
| Fair value of acquired net assets excluding goodwill | –16 |
| **Total goodwill** | **19** |

| *Acquired fair value* | *2014/2015* |
|---|---|
| Tangible non-current assets | 15 |
| Current assets | 6 |
| Cash and cash equivalents | 13 |
| Long-term loans | –7 |
| Other current liabilities | –7 |
| Current tax liability | –1 |
| Deferred tax liability | –3 |
| **Acquired net assets** | **16** |

The fair value of acquired receivables is included in current assets in the amount of SEK 6 million. The receivables are expected to be collected in their entirety.

Goodwill has arisen through the acquisition of Hammarby Förskolor AB and consists of synergy effects with existing units in the Preschool and Compulsory School segment. Besides synergy effects the following components are included in goodwill: personnel, educational programs, recruitment and professional development, service organization and relationships with government agencies.

In connection with acquisitions of preschools in Norway, the surplus value was allocated to the acquired property. This gave rise to an adjustment of the deferred tax liability.

| *Effect of acquisitions on consolidated cash and cash equivalents* | *2014/2015* |
|---|---|
| Agreed purchase consideration | 35 |
| Cash and cash equivalents at acquisition | –13 |
| **Effect on consolidated cash and cash equivalents** | **22** |

**Acquisitions 2013/2014**

On July 1, 2013 ACM 2001 AB acquired all of the shares in Kompetensutvecklingsinstitutet Sverige AB, hereafter called KUI. These operations are part of the Adult Education segment and are operated with a focus on care and healthcare.

On December 31, 2014 ACM 2001 AB acquired all of the shares in Hermods Group AB and its subsidiaries. Hermods is Sweden's oldest education company, founded in 1898. Its operations include municipal adult education, labor market services, upper secondary schools and vocational education including higher vocational education. The purchase consideration including transaction costs amounted to SEK 357 million, of which SEK 6 million was transaction costs. The fair value of the acquired net assets, excluding goodwill, was SEK 128 million and the total goodwill was SEK 223 million.

On May 12, 2014 ACM 2001 AB acquired all of the shares in Espira Holding AS and its subsidiaries. The purchase consideration including transaction costs amounted to SEK 571 million, of which SEK 17 million was transaction costs. The fair value of the acquired net assets, excluding goodwill, was SEK –163 million and the total goodwill was SEK 717 million.

On January 1, 2014 the company Klaragymnasierna was acquired. Four compulsory schools and one upper secondary school were acquired from JB Education's bankruptcy estate on July 1, 2013. KUI, Klaragymnasierna and the JB schools combined represent a value of less than 5 percent of the Group, and accordingly they are not specified as separate acquisitions in the tables.

The purchase consideration in all acquisitions consists of a cash consideration and no agreements are in place regarding a contingent or deferred consideration.

*Cont. Note 13*

The following are disclosures of adjusted acquired net assets and goodwill. No portion of the goodwill will be tax deductible.

| *Acquisition effects of acquisitions made 2013/2014* | *Espira Holding AS* | *Hermods Group AB* | *Other acquisitions* |
|---|---|---|---|
| Purchase consideration including transaction costs | 571 | 357 | 107 |
| Transaction costs | –17 | –6 | –5 |
| Purchase consideration excluding transaction costs | 554 | 351 | 102 |
| Fair value of acquired net assets excluding goodwill | 163 | –91 | –3 |
| **Total goodwill** | **717** | **260** | **99** |

| *Acquired fair value 2013/2014* | *Espira Holding AS* | *Hermods Group AB* | *Other acquisitions* |
|---|---|---|---|
| Intangible non-current assets excluding goodwill | 0 | 98 | 0 |
| Tangible non-current assets | 583 | 15 | 4 |
| Other assets, including deferred tax assets | 5 | 1 | 0 |
| Current assets | 73 | 83 | 18 |
| Cash and cash equivalents | 214 | 40 | 8 |
| Long-term loans | –541 | 0 | 0 |
| Other non-current liabilities | 0 | –46 | 0 |
| Other current liabilities | –460 | –85 | –24 |
| Provisions | –37 | 0 | 0 |
| Current tax liability | 0 | –15 | –3 |
| **Acquired net assets** | **–163** | **91** | **3** |

The fair value of acquired receivables is included in current assets in the amount of SEK 174 million. The receivables are expected to be collected in their entirety.

Goodwill has arisen through the acquisition of four compulsory schools and one upper secondary school from the JB Group, Kompetensutvecklingsinstitutet Sverige AB, Klaragymnasierna, Hermods Group AB and Espira Gruppen AS. The goodwill consists of synergy effects with existing units within the Preschool and Compulsory School and Upper Secondary School segments. Besides synergy effects the following components are included in goodwill: personnel, educational programs, recruitment and professional development, service organization and relationships with government agencies.

| *The effect of acquisitions on consolidated cash and cash equivalents 2013/2014* | *Espira Holding AS* | *Hermods Group AB* | *Other acquisitions* |
|---|---|---|---|
| Agreed purchase consideration | 554 | 351 | 102 |
| Cash and cash equivalents at acquisition | –214 | –40 | –9 |
| **Effect on consolidated cash and cash equivalents** | **340** | **311** | **93** |

**Acquisitions 2012/2013**

On September 1, 2012 Pysslingen Förskolor och Skolor AB acquired all of the shares in Kista Montessoriskola AB and on February 1, 2013 Pysslingen Förskolor och Skolor AB acquired all of the shares in Montessoriskolan i Linköping AB. These acquisitions combined represent a value of less than 5 percent of the Group, and accordingly they are not specified as separate acquisitions in the tables. The purchase consideration in all acquisitions consists of a cash consideration and no agreements are in place regarding a contingent or deferred consideration.

The following are disclosures of adjusted acquired net assets and goodwill. No portion of the goodwill will be tax deductible.

| *Acquisition effects of acquisitions made* | *2012/2013* |
|---|---|
| Purchase consideration including transaction costs | 23 |
| Transaction costs | –1 |
| Purchase consideration excluding transaction costs | 22 |
| Fair value of acquired net assets excluding goodwill | –3 |
| **Total goodwill** | **19** |

| *Acquired fair value 2012/2013* | *2012/2013* |
|---|---|
| Tangible non-current assets | 0 |
| Current assets | 2 |
| Cash and cash equivalents | 8 |
| Other current liabilities | –6 |
| Current tax liability | –1 |
| **Acquired net assets** | **3** |

Fair value of acquired receivables is included in current assets and amounts to SEK 2 million. The receivables are expected to be collected in their entirety.

Goodwill has arisen through the acquisition of Maria Montessoriskolan, Kista Montessoriskola AB, Montessoriskolan i Linköping AB and consists of synergy effects with existing units within the Preschool and Compulsory School segment. Besides synergy effects the following components are included in goodwill: personnel, educational programs, recruitment and professional development, service organization and relationships with government agencies.

| *Effect of acquisitions on consolidated cash and cash equivalents* | *2012/2013* |
|---|---|
| Agreed purchase consideration | 22 |
| Cash and cash equivalents at acquisition | –9 |
| **Effect on consolidated cash and cash equivalents** | **14** |

The Group has been consolidating a number of substantial acquisitions for a number of years. The high growth rate puts added pressure on management. In 2014/15 an organization and Group management structure was developed in order to handle future challenges and continued growth. In 2015/16 and beyond the Group will continue to expand. Below is a list of acquisitions made by the Group by year.

*Cont. Note 13*

**Group total**

| *Acquisition effects of acquisitions made* | *2014/2015* | *2013/2014* | *2012/2013* |
|---|---|---|---|
| Purchase consideration including transaction costs | 35 | 1,034 | 23 |
| Transaction costs | 0 | –27 | –1 |
| Purchase consideration excluding transaction costs | 35 | 1,007 | 22 |
| Fair value of acquired net assets excluding goodwill | –16 | 69 | –3 |
| **Total goodwill** | **19** | **1,076** | **19** |

Goodwill is mainly attributable to:
- The fact that the businesses can be run with sustainable strong profitability based on their quality and attractiveness
- Annual cost synergies which are expected to come from overlapping resources in sales and marketing, administration and education
- Scale benefits and efficiency improvements in purchasing and administration
- Expansion into new geographic markets

| *Effect of acquisitions on consolidated cash and cash equivalents* | *2014/2015* | *2013/2014* | *2012/2013* |
|---|---|---|---|
| Agreed purchase consideration | 35 | 1,007 | 22 |
| Cash and cash equivalents at acquisition | –13 | –262 | –8 |
| Adjustment of net cash | 0 | –2 | – |
| **Effect on consolidated cash and cash equivalents** | **22** | **743** | **14** |

| *Contribution of acquisitions to consolidated profit* | *2014/2015* | *2013/2014* | *2012/2013* |
|---|---|---|---|
| Net sales | 10 | 801 | 20 |
| Net profit | 2 | 69 | 2 |
| *of which Espira* | | | |
| Net sales | – | 256 | – |
| Net profit | – | 33 | – |
| *of which Hermods* | | | |
| Net sales | – | 282 | – |
| Net profit | – | 15 | – |

| *If the units had been included in consolidated profit/loss from July 1 their contribution would have been* | *2014/2015* | *2013/2014* | *2012/2013* |
|---|---|---|---|
| Net sales | 50 | 2,139 | 33 |
| Operating profit (EBIT) | 5 | 103 | 2 |
| *Of which Espira* | | | |
| Net sales | – | 1,186 | – |
| Operating profit/loss (EBIT) | – | 21 | – |
| *Of which Hermods* | | | |
| Net sales | – | 621 | – |
| Operating profit/loss (EBIT) | – | 52 | – |

### Note 14: Goodwill

| | Group | | |
|---|---|---|---|
| | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| Acquisition cost, opening balance | 4,760 | 3,687 | 3,668 |
| Company acquisitions | 19 | 1,076 | 19 |
| Translation difference | –35 | –3 | – |
| **Accumulated acquisition cost, closing balance** | **4,744** | **4,760** | **3,687** |
| Divestments, opening balance | –4 | – | – |
| Divestments for the year | – | –4 | – |
| **Accumulated divestments, closing balance** | **–4** | **–4** | **–** |
| **Carrying amount, closing balance** | **4,740** | **4,756** | **3,687** |

### Note 15: Brands

| | Group | | |
|---|---|---|---|
| | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| Acquisition cost, opening balance | 194 | 94 | 95 |
| Acquisitions for the year | – | – | 0 |
| Company acquisitions | – | 100 | – |
| Disposals | – | – | –1 |
| **Accumulated acquisition cost, closing balance** | **194** | **194** | **94** |
| Amortization, opening balance | 0 | 0 | –1 |
| Disposals for the year | – | – | 1 |
| Amortization for the year | 0 | 0 | 0 |
| **Accumulated amortization, closing balance** | **0** | **0** | **0** |
| Carrying amount, closing balance | 194 | 194 | 94 |
| The brands that are included above: | | | |
| Pysslingen | 39 | 39 | 39 |
| Vittra | 8 | 8 | 8 |
| Rytmus | 5 | 5 | 5 |
| NTI | 30 | 30 | 30 |
| LBS | 12 | 12 | 12 |
| ProCivitas | 0 | 0 | 0 |
| NTI-skolan | 0 | 0 | 0 |
| Hermods | 100 | 100 | – |
| Eductus | 0 | 0 | 0 |
| | **194** | **194** | **94** |

## Note 16: Impairment testing

The Group tests at least once a year for impairment of goodwill and brands (refer to accounting principles in Note 1). Goodwill and brands are monitored within the Group by segment as they are clearly defined areas with similar business models. The segments are therefore the Group's cash-generating units (CGE) and are tested in the impairment test.

The recoverable amount of the segments is calculated on the basis of a ten-year forecast which is based on: approved budget, the segment's business plan up to and including 2019/2020, and an additional five years so that the depreciation/amortization will reflect the investment assumptions. The Board of Directors has approved these plans based on previous results, industry experience and expectations for market trends. Budgets and business plans are drawn up individually and are based on the segments' unit portfolios. The business plans include assumptions on growth in the number of students, margins, operating capital tied up and investment requirements.

The cash flow beyond the forecast amounts is expected to grow by 1 percent for the Swedish units and 2 percent for the Norwegian ones. The growth rate of 1 percent is viewed as a cautious assumption given the inflation goals in place and the fact that the number of children in Sweden is expected to rise. New units are expected to be started after 2015/16 and acquisitions have been excluded. A summary of the breakdown of goodwill and brands by segment can be found below.

| *CGU – June 30, 2015* | *Goodwill* | *Brands* | *Growth rate*[1] | *Wacc*[2] |
|---|---|---|---|---|
| Preschool and Compulsory School | 1,813 | 47 | 1 % | 12.5 % |
| Preschool Norway | 680 | 0 | 2 % | 12.6 % |
| Upper Secondary School | 1,493 | 47 | 1 % | 12.4 % |
| Adult Education | 754 | 100 | 1 % | 12.4 % |
| | 4,740 | 194 | | |
| **CGU – June 30, 2014** | | | | |
| Preschool and Compulsory School | 1,791 | 47 | 1 % | 12.5 % |
| Preschool Norway | 715 | 0 | 2 % | 12.6 % |
| Upper Secondary School | 1,495 | 47 | 1 % | 12.3 % |
| Adult Education | 755 | 100 | 1 % | 12.3 % |
| | 4,756 | 194 | | |
| **CGU – June 30, 2013** | | | | |
| Preschool and Compulsory School | 1,782 | 47 | 1 % | 11.2 % |
| Upper Secondary School | 1,456 | 47 | 1 % | 11.2 % |
| Adult Education | 449 | 0 | 1 % | 11.2 % |
| | 3,687 | 94 | | |

1) A weighted average growth rate is used to extrapolate cash flows beyond the business plan period.
2) Pre-tax discount rate used for estimated future cash flows.

AcadeMedia has conducted a comprehensive analysis of the sensitivity in the variables used in the model. The analysis takes into account a reasonable decline in gross margins, an increase in the discount rate and lowered growth assumptions. A change in each of the significant assumptions included in the calculation shows that the recoverable amount exceeds the carrying amount with a margin for the segments Preschool and Compulsory School, Upper Secondary School and Adult Education. The Preschool Norway segment's recoverable amount exceeds the carrying amount by SEK 76 million. In the case of a change in the growth rate from 2.0 to 1.2 percent, the recoverable amount would match the carrying amount.

The calculations made using the factors described above have shown that there is no impairment of consolidated goodwill or brands for 2014/15.

## Note 17: Other intangible non-current assets

| | *Group* | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Acquisition cost, opening balance | 31 | 26 | 22 |
| Acquisitions for the year | 3 | 4 | 3 |
| Disposals for the year | –3 | –1 | – |
| Company acquisitions | – | 2 | – |
| **Accumulated acquisition cost, closing balance** | **31** | **31** | **25** |
| | | | |
| Amortization, opening balance | –21 | –21 | –20 |
| Disposals | 0 | 1 | 1 |
| Amortization for the year | –3 | –1 | –2 |
| **Accumulated amortization, closing balance** | **–24** | **–21** | **–21** |
| **Carrying amount, closing balance** | **7** | **10** | **4** |

Other intangible non-current assets consist of computer software and teaching platforms.

## Note 18: Buildings

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Acquisition cost, opening balance | 592 | – | – |
| Translation difference | –29 | – | – |
| Company acquisitions | 14 | 592 | – |
| Purchases | 134 | – | – |
| Less sales for the year | –193 | – | – |
| **Accumulated acquisition cost, closing balance** | **518** | **592** | **–** |
| Depreciation, opening balance | –3 | – | – |
| Translation difference | 0 | – | – |
| Depreciation of equipment sold | 11 | – | – |
| Depreciation for the year | –24 | –3 | – |
| **Accumulated depreciation, closing balance** | **–16** | **–3** | **–** |
| **Carrying amount, closing balance** | **502** | **589** | **–** |

The properties are preschool buildings in the Preschool Norway segment and were obtained through the acquisition of Espira. The Group has also built and owns preschool properties within the Preschool Norway segment. Ten preschool properties were sold during the year. As of June 30, 2015, 17 properties were owned.

## Note 19: Equipment

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Acquisition cost, opening balance | 699 | 598 | 506 |
| Translation difference | –1 | –4 | – |
| Company acquisitions | 0 | 17 | 1 |
| Purchases | 143 | 146 | 145 |
| Less sales for the year | 0 | 0 | 0 |
| Disposals | –128 | –58 | –54 |
| **Accumulated acquisition cost, closing balance** | **713** | **699** | **598** |
| Depreciation, opening balance | –466 | –385 | –318 |
| Translation difference | 0 | – | – |
| Depreciation for the year | –147 | –136 | –118 |
| Disposals | 128 | 55 | 51 |
| **Accumulated depreciation, closing balance** | **–485** | **–466** | **–385** |
| **Carrying amount, closing balance** | **228** | **233** | **213** |

## Note 20: Equipment held under finance leases

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Acquisition cost, opening balance | 250 | 223 | 172 |
| Purchases | 67 | 79 | 88 |
| Disposals | –63 | –51 | –37 |
| **Accumulated acquisition cost, closing balance** | **254** | **251** | **223** |
| Depreciation, opening balance | –164 | –131 | –99 |
| Depreciation for the year | –84 | –85 | –68 |
| Disposals | 63 | 51 | 36 |
| **Accumulated depreciation, closing balance** | **–185** | **–165** | **–131** |
| **Carrying amount, closing balance** | **69** | **86** | **92** |

The leased assets in the table above are included in the table in Note 19. The Group's future lease obligations are described in Note 3.

### Note 21: Expenses for improvement of third-party property

| | *Group* | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Acquisition cost, opening balance | 226 | 183 | 155 |
| Company acquisitions | – | 7 | – |
| Purchases | 39 | 37 | 30 |
| Disposals | –4 | –1 | –3 |
| **Accumulated acquisition cost, closing balance** | **261** | **226** | **182** |
| Depreciation, opening balance | –121 | –97 | –76 |
| Depreciation for the year | –29 | –24 | –19 |
| Disposals | 1 | 0 | –2 |
| **Accumulated depreciation, closing balance** | **–149** | **–121** | **–97** |
| **Carrying amount, closing balance** | **112** | **105** | **85** |

### Note 22: : Shares in subsidiaries

The Group operates businesses in Sweden and Norway. The parent company has a controlling influence over the subsidiaries. The parent company owns 100 percent of all subsidiaries, directly or indirectly.

| | |
|---|---|
| **Closing book value as of June 30, 2014** | **2,121** |
| AcadeMedia AB, shareholder contributions | 65 |
| **Closing book value as of June 30, 2015** | **2,186** |

| *Direct ownership Subsidiary* | *Corp. reg. no.* | *Domicile* | *% capital* | *Number of shares* | *Nominal value* | *Book value* |
|---|---|---|---|---|---|---|
| AcadeMedia AB | 556806-1369 | Stockholm | 100 % | 50,000 | 1 | 2,186 |

| *Indirect ownership of subsidiaries in the Group* | *Corp. reg. no.* | *Domicile* | *% capital* | *Number of shares* | *Nominal value/share (SEK)* |
|---|---|---|---|---|---|
| ACM 2010 AB | 556805-3051 | Stockholm | 100 % | 50,000 | 1 |
| ACM 2001 AB | 556057-2850 | Stockholm | 100 % | 12,041,246 | 2 |
| Anew Learning AB | 556402-8925 | Stockholm | 100 % | 10,000 | 1,000 |
| AcadeMedia Eductus AB | 556527-4007 | Stockholm | 100 % | 20,000 | 2,000 |
| Nordens Teknikerinstitut AB (NTI) | 556120-3679 | Stockholm | 100 % | 10,000 | 1,000 |
| Klaragymnasium AB | 556630-3938 | Stockholm | 100 % | 1,000 | 100 |
| Ljud & Bildskolan LBS AB | 556485-1649 | Stockholm | 100 % | 10,000 | 1,000 |
| Drottning Blankas Gymnasieskola AB | 556566-8794 | Stockholm | 100 % | 4,000 | 400 |
| Hermods Gymnasium AB (f.d. AcadeMedia Learning Consulting AB) | 556528-6696 | Stockholm | 100 % | 2,800 | 280 |
| Mikael Elias Gymnasium AB | 556558-3282 | Stockholm | 100 % | 250,000 | 1 |
| Framtidsskolan Örestad Utveckling AB | 556607-0552 | Stockholm | 100 % | 1,000 | 100 |
| ProCivitas Privata Gymnasium AB | 556615-7102 | Stockholm | 100 % | 1,000 | 100 |
| Plushögskolan AB | 556495-5853 | Gothenburg | 100 % | 1,000 | 100 |
| Plusgymnasiet AB | 556578-9129 | Gothenburg | 100 % | 1,000 | 100 |
| P-PY 2009 AB | 556786-3609 | Stockholm | 100 % | 21,100,386 | 1 |
| Pysslingen Förskolor och Skolor AB | 556035-4309 | Stockholm | 100 % | 90,000 | 100 |
| Söder Triaden Förskolor AB | 556468-5955 | Stockholm | 100 % | 102 | 1000 |
| AcadeMedia Support AB | 556568-8479 | Stockholm | 100 % | 1,000 | 100 |
| Primaskolan i Sverige AB | 556557-0958 | Stockholm | 100 % | 4,000 | 100 |
| Didaktus AB | 556590-6947 | Stockholm | 100 % | 808,600 | 10 |
| Didaktus Skolor AB | 556473-2856 | Stockholm | 100 % | 4,300 | 50 |
| Didaktus Utbildningar AB | 556645-3626 | Stockholm | 100 % | 2,000 | 50 |
| NTI-skolan AB | 556709-8057 | Stockholm | 100 % | 2,000 | 100 |
| IT Gymnasiet Sverige AB | 556597-0471 | Stockholm | 100 % | 6,000 | 100 |
| Framtidsgymnasiet i Göteborg AB | 556478-1606 | Stockholm | 100 % | 1,000 | 100 |
| Framtidsgymnasiet i Sverige AB | 556575-5500 | Stockholm | 100 % | 1,000 | 100 |

*Cont. Note 22*

| *Indirect ownership of subsidiaries in the Group* | *Corp. reg. no.* | *Domicile* | *% capital* | *Number of shares* | *Nominal value/share (SEK)* |
|---|---|---|---|---|---|
| Framtidsgymnasiet Öst AB | 556530-4481 | Stockholm | 100 % | 6,999 | 100 |
| Rytmus AB | 556464-8979 | Stockholm | 100 % | 8,000 | 100 |
| Sjölins Gymnasium AB (f.d. Vittra-gymnasiet AB) | 556375-8399 | Stockholm | 100 % | 500 | 1,000 |
| Vittraskolorna AB | 556458-6716 | Stockholm | 100 % | 1,000 | 100 |
| AcadeMedia fria grundskolor AB | 556932-0699 | Stockholm | 100 % | 50,000 | 1 |
| Nya Designgymnasiet i Nacka AB | 556932-0681 | Stockholm | 100 % | 50,000 | 1 |
| Kompetensutvecklingsinstitutet Sverige AB | 556355-7395 | Stockholm | 100 % | 1,000 | 100 |
| Hermods Group AB | 556757-0949 | Stockholm | 100 % | 1,408,011 | 1 |
| Hermods AB | 556044-0017 | Stockholm, | 100 % | 11,000 | 100 |
| EC Utbildning AB | 556626-4387 | Karlshamn | 100 % | 1,000 | 100 |
| Coachning och utveckling i Sverige AB | 556820-7673 | Stockholm | 100 % | 500 | 100 |
| NK Datacenter AB | 556575-3901 | Stockholm | 100 % | 1,000 | 100 |
| Utbildningsborgen i Örebro AB | 556442-1328 | Örebro | 100 % | 5,000 | 100 |
| Sälj och Marknadshögskolan I Sverige AB | 556518-9361 | Stockholm | 100 % | 1,000 | 100 |
| Espira Holding AS | 913192281 | Karmøy | 100 % | 30 | 100,000 |
| ESPIRA GRUPPEN AS | 991926577 | Karmøy | 100 % | 54,630,000 | 0,1 |
| ESPIRA BARNEHAGER AS | 985072825 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA EIENDOM AS | 992642734 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ENTREPRENØR AS | 998253640 | Karmøy | 100 % | 2,000 | 1,000 |
| BARNEBYGG AS | 963261446 | Oslo | 100 % | 1,000 | 100 |
| ESPIRA AKADEMIET AS | 966825855 | Karmøy | 100 % | 920 | 152 |
| ESPIRA BJØRGENE AS | 988440418 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA BLAKSTAD AS | 996987329 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA BRÅDALSFJELLET AS | 988711896 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA BRÅSTEINTUNET AS | 993429082 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA DRAGERSKOGEN AS | 990652899 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA DVERGSNES AS | 991126627 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA EIKENGA SA | 974416581 | Karmøy | 100 % | 62 | 2,935 |
| ESPIRA EVJE AS | 996987337 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA FJELDEBAKKANE AS | 987415584 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA FURUHOLMEN AS | 987762780 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA GARHAUG AS | 986916490 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA GJEMBLE AS | 983089909 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA GULLHELLA AS | 985462437 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA GÅSERUD AS | 985030006 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA HALSNØY KLOSTER AS | 990797722 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA HELLDALSÅSEN AS | 985311374 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA HØYTORP FORT AS | 988711918 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA KLØVERENGA AS | 988067547 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA KNERTEN AS | 979339828 | Karmøy | 100 % | 210 | 1,000 |
| ESPIRA KNIVEÅSEN AS | 990343063 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA KRYSTALLVEIEN AS | 992419938 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA KUVENTRÆ AS | 989838563 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA LITLASUND AS | 992061472 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA LØVESTAD AS | 992823690 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA MARTHAHAUGEN AS | 990036888 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA MYRASKOGEN AS | 992061448 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA NORDMO AS | 985311366 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA OPAKER AS | 992081066 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA OPSAHL AS | 985797625 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA OSLO BARNEHAGEDRIFT AS | 914945577 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ORMADALEN AS | 992420189 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA RAMBJØRA AS | 986916512 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA REE AS | 989544489 | Karmøy | 100 % | 100 | 1,000 |

*Cont. Note 22*

| *Indirect ownership of subsidiaries in the Group* | *Corp. reg. no.* | *Domicile* | *% capital* | *Number of shares* | *Nominal value/share (SEK)* |
|---|---|---|---|---|---|
| ESPIRA ROMHOLT AS | 888440402 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA RUBBESTADNESET AS | 991996605 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA RÅ AS | 989932543 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SALAMONSKOGEN AS | 989512811 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SKJERABERGET SA | 884750652 | Karmøy | 100 % | 67 | 1,000 |
| ESPIRA SKOLEGATA AS | 986916644 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SKÅREDALEN AS | 992061529 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SNURREFJELLET AS | 986916563 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SOLKNATTEN AS | 990652813 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA STONGAFJELLET AS | 989838512 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA SUNDBYFOSS AS | 994310623 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA TAREMAREBY SA | 974524120 | Karmøy | 100 % | 630 | 500 |
| ESPIRA TJØSVOLL AS | 992062002 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA TORSBERGSKOGEN AS | 991361642 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ULSETSKOGEN AS | 991127402 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA VAGLETJØRN AS | 989838482 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA VANNVERKSDAMMEN AS | 990342598 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA VANSE AS | 988263095 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA VELDETUN AS | 985462372 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ØSTREM AS | 986916555 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ÅBOL AS | 992823585 | Karmøy | 100 % | 100 | 1,000 |
| ESPIRA ÅRHAUG AS | 988067644 | Karmøy | 100 % | 100 | 1,000 |
| ENGELSRUDHAGEN BARNEHAGETOMT AS | 913981464 | Karmøy | 100 % | 216,828 | 1 |
| GRØNNESTØLEN BARNEHAGE AS | 994310658 | Karmøy | 100 % | 100 | 1,000 |
| KARMSUND BARNEHAGE AS | 990586152 | Karmøy | 100 % | 100 | 1,000 |
| NORDJORDET BARNEHAGE AS | 992184337 | Karmøy | 100 % | 100 | 1,000 |
| SKOGEN BARNEHAGE AS | 992420243 | Karmøy | 100 % | 100 | 1,000 |
| SØNDRE KLEIVAN BARNEHAGE AS | 990050937 | Karmøy | 100 % | 100 | 1,000 |
| EVENTYRSKOGEN EIENDOM AS | 915165834 | Karmøy | 100 % | 100 | 1,000 |
| MOSTER BARNEHAGE AS | 915165982 | Karmøy | 100 % | 100 | 1,000 |

### Note 23: Accounts receivable

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Not overdue | 102 | 145 | 162 |
| Overdue 1–15 days | 32 | 14 | 9 |
| Overdue 16–30 days | 33 | 2 | 9 |
| Overdue more than 30 days | 9 | 16 | 15 |
| **Total** | **176** | **177** | **195** |
| Reserves for doubtful accounts receivable, opening balance | 1 | 2 | 3 |
| Increase of reserves | 2 | 1 | 1 |
| Reversed reserves (–) | –1 | –2 | –2 |
| **Reserves for doubtful accounts receivable, closing balance** | **2** | **1** | **2** |
| Confirmed bad debt losses | 1 | 0 | 0 |

The Group's reserves for doubtful accounts receivable are for the category "Overdue more than 30 days."

Collateral is not normally held for receivables. The Group's customers are mainly municipalities, public authorities and multiple companies, with a low credit risk for the Group and the credit quality of outstanding accounts receivable is deemed very good. No significant concentrations of credit exist.

The reserves for doubtful accounts receivable are set aside individually in accordance with internal rules and normally when the receivables are more than 60 days overdue and in the amount of 100 percent. Established bad debt losses are included in other external costs.

### Note 24: Prepaid expenses and accrued income

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Prepaid rent | 223 | 202 | 180 |
| Prepaid lease expenses | 7 | 12 | 15 |
| Other prepaid expenses | 99 | 63 | 33 |
| Accrued income | 93 | 98 | 51 |
| **Total** | **422** | **375** | **279** |

Other prepaid expenses are mainly prepaid pension premiums. Accrued income mainly relates to unbilled programs in adult education.

### Note 25: Cash and cash equivalents

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Cash and bank balances | 695 | 562 | 338 |
| **Total** | **695** | **562** | **338** |

The definition of cash and cash equivalents in the balance sheet is the same as in the cash flow statement. Cash and cash equivalents consist of bank balances.

## Note 26: Financial risk and management of capital risk

The Group's general finance policy focuses on the unpredictability of the financial markets with the aim of minimizing potential unfavorable effects on the Group's financial results. Among other things, the Group uses derivative instruments to hedge certain risk exposure.

Risk management is handled at the central Group staff level according to policies established by the Board of Directors. The Board of Directors has established a finance policy that covers general financial risk management, which for specific areas, such as currency risk, interest rate risk and credit risk, prescribes the use of derivative instruments and non-derivative financial instruments, and the investment of surplus liquidity. The purpose is to minimize the Group's cost of capital through appropriate financing and efficient management and control of the Group's financial risks. The Group actively monitors its liquidity and updates its forecasts of expected liquidity development on an ongoing basis. This makes it possible to take the necessary steps in time.

### Interest rate risk

Business loans have the six-month IBOR interest rate. The Group has interest derivatives to manage interest risk. As of June 30, 2015, 1 percent (June 30, 2014: 19 percent, June 30, 2013: 71 percent) of the Group's bank loans were hedged using interest rate swaps. The effect of an increase in the variable interest rate of 1 percent on the Group's interest expense is therefore SEK 33 million.

The change in value of derivatives has increased profits by SEK 6,691,000 (7,830,000 for 2013/14 and 2,679,000 for 2012/13). The fair value of derivatives was SEK –2,401,000 as of June 30, 2015 (–12,804,000 as of June 30, 2014 and –20,634,000 as of June 30, 2013), which is reported as a long-term non-interest-bearing liability.

| *Interest rate swaps* | *Nominal amount* | *Fixed interest (%)* | *Fixed interest* |
|---|---:|---:|---:|
| Maturity Q1, 2017 | 40 | 3,270 | 1 |
| **Total** | **40** | | **1** |

### Finance policy

According to the Group's finance policy, short-term investments of surplus liquidity are only made in instruments with limited counterparty risk and a credit rating that is no lower than K1.

### Credit risk

Credit risk is the risk that a counterparty will not fulfil its obligations after the Group has completed delivery. In businesses where goods and services are provided against subsequent payment, it is not possible to fully avoid credit losses. Collateral is not normally held for accounts receivable. The majority of the Group's customers are public authorities or larger companies. The credit risk is deemed small in relation to the Group's total net sales. For more information, refer to Note 23.

### Liquidity and financing risk

Liquidity and financing risk is the risk that the Group will not be able to fulfill its payment obligations as a result of insufficient liquidity or difficulties raising new loans. AcadeMedia has access to long-term financing for its operations. On June 30, 2015 the Group signed a new long-term financing agreement with lending banks. The refinancing took place on July 7, 2015. The new agreement involved an extension of credit with significantly lower interest margins and better loan terms. Bank loans maturing for payment in 2020 carry interest rates which are set on a six-monthly basis.

The following covenants were established in connection with the financing from June 30, 2015 and apply prospectively.

Covenant 1, debt/equity ratio = net debt/EBITDA.
Covenant 2, interest cover = EBITDA/interest paid in cash
All covenants had been fulfilled by the Group as of June 30, 2015.

Most of the Group's operations are personnel-intensive and have a low investment requirement. The main investments required within the AcadeMedia Group are in equipment, except in Norway where new preschools usually require an investment by the Group in its own property. Additionally, the majority of the revenue/school vouchers are received in advance, resulting in negative working capital. AcadeMedia operations thus generate a positive cash flow, including when the business is growing. Additional financing is mainly needed for future acquisitions. For more information, refer to Note 33.

Access to additional financing is affected by factors such as market conditions, general access to credit, and AcadeMedia's credit rating and credit capacity. Furthermore, access to additional financing is dependent on customers, suppliers and lenders not having a negative opinion of AcadeMedia's long-term and short-term financial outlook.

Financing risk consists of the risk that an excessive portion of the Group's financing will mature within a short period, during which the Group's ability to obtain new financing is limited or financing can only be obtained on less favorable terms and with significantly higher costs.

The Group's financing consists mainly of a loan agreement for SEK 2,580 million entered into on June 30, 2015 between, among others, the wholly-owned subsidiary ACM 2010 AB as the original borrower and guarantee provider and DNB Sweden AB and Nordea Bank AB (publ) as the arrangers and original lenders. The loan agreement contains some covenants relating to the Group's financial position. As of June 30, 2015, all of the covenants had been fulfilled with a satisfactory margin. If AcadeMedia breaches any of these covenants in the future, this could result in the loans under the loan agreement maturing fully or in part for immediate repayment.

There is a risk that AcadeMedia, in connection with the maturity of the above-mentioned loan agreement or in the event additional financing should be needed, will not be able to obtain such financing on acceptable terms or at all. Factors such as the general availability of credit and the Group's credit rating have an impact on access to additional financing. Also, access to additional financing is dependent on the Group's lenders having a positive opinion of the Group's long-term and short-term financial outlook. Disruptions or uncertainties in the capital and credit markets may also limit access to capital. These factors may have a significantly negative impact on AcadeMedia's operations, financial position and results.

The Group has determined that the covenants will be fulfilled during the loan term and the risk of being required to repay the loans early is therefore low. A determination has also been made that the Group will be able to make interest payments even if the reference rate were to increase.

## Note 27: Share capital

| | *No. of ordinary shares (thousands of shares)* | *No. of preference shares (thousands of shares)* | *Shares (thousands of shares)* | *Share capital (SEK '000)* |
|---|---|---|---|---|
| **Opening balance, July 1, 2012** | **73** | **6,588** | **6,661** | **6,661** |
| **Closing balance, June 30, 2013** | **73** | **6,588** | **6,661** | **6,661** |
| *Employee program:* | | | | |
| Cash payment of issued shares January 31, 2014 | 1 | 79 | 80 | 80 |
| Cash payment for issued shares May 12, 2014 | 0 | – | – | – |
| Non-cash issue May 12, 2014 | 1 | 79 | 80 | 80 |
| Cash issue | 7 | 1,197 | 1,204 | 1,204 |
| **Closing balance, June 30, 2014** | **82** | **7,943** | **8,025** | **8,025** |
| **Closing balance, June 30, 2015** | **82** | **7,943** | **8,025** | **8,025** |

### Capital

AcadeMedia's financial goal is for growth in net sales to reach 5–7 percent per year for the Group excluding acquisitions. AcadeMedia also has a goal to deliver the best educational quality in the areas where the Group operates. The target is an adjusted EBIT of at least 8 percent of sales.

With respect to indebtedness, AcadeMedia's target is to have net debt in relation to operating profit before depreciation and amortization (EBITDA) excluding non-recurring items with a maximum factor of three. During brief periods there may, however, be deviation from this goal, for example in the event of larger acquisitions.

### Distribution of share capital June 30, 2015

| *Type of share* | *Series* | *Number* | *Amount in SEK* |
|---|---|---|---|
| Ordinary share | B | 71,456 | 71,456 |
| Ordinary share | D | 10,963 | 10,963 |
| Ordinary share | E | 1 | 1 |
| Preference share | A | 7,435,624 | 7,435,624 |
| Preference share | C1 | 90,000 | 90,000 |
| Preference share | C2 | 119,250 | 119,250 |
| Preference share | C3 | 107,100 | 107,100 |
| Preference share | C4 | 1,587 | 1,587 |
| Preference share | C5 | 27,000 | 27,000 |
| Preference share | C6 | 158,416 | 158,416 |
| Preference share | C7 | 3,855 | 3,855 |

The Company's shares could be issued in 14 series, including ordinary series B and E shares and preference series C shares, regardless of the number sequence. Series A and B shares entitle the holder to ten votes and series C, D and E shares to one vote. The nominal value per share is 1 krona.

In payment of dividends or other value transfer, all funds are to be distributed as follows: series B and D shares are to carry the same rights and all series A and C shares are to carry the same rights. Series E shares will not carry entitlement to dividend or other value transfer.

In the event of a value transfer, series A and series C shares carry the right to an annual upward adjustment of their contributions. Any remaining generated earned after such an upward adjustment are to be shared equally between series B and D.

Initially all funds are to be allocated to series A and series C shares until series A and series C shares combined have received an amount equivalent to the amount the owners of series A and series C shares have jointly contributed to the Company in the form of shareholder contributions and subscription payments for the series A and series C shares, upwardly adjusted by a factor (subsequently capitalized annually) from the date of the contribution to the date of payment ("adjustment factor").t

### Distribution of share capital June 30, 2014

| *Type of share* | *Series* | *Number* | *Amount* |
|---|---|---|---|
| Ordinary share | B | 71,456 | 71,456 |
| Ordinary share | D | 10,963 | 10,963 |
| Ordinary share | E | 1 | 1 |
| Preference share | A | 7,435,624 | 7,435,624 |
| Preference share | C1 | 90,000 | 90,000 |
| Preference share | C2 | 119,250 | 119,250 |
| Preference share | C3 | 107,100 | 107,100 |
| Preference share | C4 | 1,587 | 1,587 |
| Preference share | C5 | 27,000 | 27,000 |
| Preference share | C6 | 158,416 | 158,416 |
| Preference share | C7 | 3,855 | 3,855 |

### Share capital distribution June 30, 2013

| *Type of share* | *Series* | *Number* | *Amount* |
|---|---|---|---|
| Ordinary share | B | 64,472 | 64,472 |
| Ordinary share | D | 8,959 | 8,959 |
| Ordinary share | E | 1 | 1 |
| Preference share | A | 6,242,956 | 6,242,956 |
| Preference share | C1 | 90,000 | 90,000 |
| Preference share | C2 | 119,250 | 119,250 |
| Preference share | C3 | 107,100 | 107,100 |
| Preference share | C4 | 1,587 | 1,587 |
| Preference share | C5 | 27,000 | 27,000 |

## Note 28: Earnings per share

| *Earnings per share* | *2014/15* | *2013/14* | *2012/13* |
|---|---|---|---|
| Profit for the year attributable to owners of the parent company, net after tax (SEK m) | 222 | 189 | 128 |
| Dividend on preference shares for the year (SEK m) | – | – | – |
| Right of preference shares to dividend for the financial year, net after tax (SEK m) | 358 | 268 | 225 |
| Profit for the year attributable to owners of the parent company, after payment to preference shares, net after tax[1] (SEK m) | –136 | –79 | –97 |
| Average number of ordinary shares before and after dilution (thousands) | 82,420 | 75,043 | 73,432 |
| **Earnings per ordinary share before and after dilution (SEK)** | **–1,647** | **–1,052** | **– 1,327** |

1) Preference shares' entitlement to profit for the year, refer to Note 27.

## Note 29: Pension provisions

| | *Group* | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Pension provisions – Norway | 46 | – | – |

**Pension provisions in Norway**

Pension provisions in Norway consist of the net present value of defined benefit pension liabilities and the fair value of plan assets (refer to Note 6 Pensions).

## Note 30: Provisions

| | *Group* | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Provisions for restructuring expenses, opening balance | 20 | 28 | 66 |
| Provisions for restructuring expenses | 65 | 8 | 13 |
| Utilized provisions for restructuring expenses | –15 | –15 | –39 |
| Unutilized provisions for restructuring expenses | –1 | –1 | –12 |
| **Total other provisions** | **69** | **20** | **28** |

Restructuring expenses include the cost of divesting 12 units in accordance with the Group's education guarantee. The costs mainly consist of unused premises and redundant personnel. Provisions for the year for restructuring expenses consist of a restructuring package for 12 units. Estimated restructuring expenses for staff amount to SEK 9 million, rent of premises SEK 49 million and other expenses SEK 7 million. The provision is expected to be utilized in its entirety over the next two years.

## Note 31: Accrued expenses and deferred income

| | *Group* | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| Accrued payroll expenses | 639 | 545 | 400 |
| Deferred income | 149 | 149 | 25 |
| Accrued interest on loans | 26 | 35 | 22 |
| Other accrued expenses | 66 | 54 | 53 |
| **Total** | **880** | **783** | **500** |

Accrued payroll expenses relate mainly to vacation and vacation pay, but also to payroll taxes.

## Note 32: Mortgages, liabilities and amortization schedule

The table below shows the Group's financial liabilities, divided up according to the remaining period after the closing day up to the contractual maturity date. The amounts given in the table are the contractual liabilities.

| | Group | | |
|---|---|---|---|
| | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
| *Interest-bearing liabilities* | | | |
| Non-current liabilities to credit institutions | 2,299 | 2,796 | 2,132 |
| Borrowing costs | – | –76 | –75 |
| Total non-current liabilities to credit institutions | 2,299 | 2,720 | 2,057 |
| Long-term finance leases | 20 | 23 | 36 |
| Other interest-bearing non-current liabilities | 291 | 278 | 217 |
| Capitalized borrowing costs | –1 | –1 | –2 |
| Total other non-current liabilities | 310 | 300 | 251 |
| Current liabilities to credit institutions | 487 | 404 | 149 |
| Utilized overdraft facilities | 154 | – | – |
| Total current liabilities to credit institutions | 641 | 404 | 149 |
| Short-term finance leases | 49 | 64 | 57 |
| Other interest-bearing current liabilities | 25 | 1 | 1 |
| | 74 | 65 | 58 |
| **Total interest-bearing liabilities** | **3,324** | **3,488** | **2,514** |
| **Amortization** | | | |
| Amortization year 1 | 715 | 467 | 207 |
| Amortization years 2–5 | 2,462 | 2,651 | 2,169 |
| Amortization years 5– | 148 | 447 | 215 |
| **Total amortization** | 3,325 | 3,565 | 2,591 |

The difference between total amortization and total interest-bearing liabilities consists of borrowing costs, which reduce the interest-bearing liability but do not affect amortization.

| *Interest* | *Interest year 1* | *Interest years 2–5* | *Interest years 5–* | *Total* |
|---|---|---|---|---|
| Group | 107 | 311 | 42 | 460 |

| | Group | | |
|---|---|---|---|
| | *June30, 2015* | *June 30, 2014* | *June 30, 2013* |
| *Non-interest-bearing liabilities/credit maturing within 12 months* | | | |
| Accounts payable | 392 | 376 | 302 |
| Current tax liabilities | 32 | – | – |
| Other current liabilities | 121 | 193 | 55 |

*Cont. Note 32*

**Loan agreement**

On June 30, 2015 the Group signed a loan agreement for SEK 2,580 million between, among others, the wholly-owned subsidiary ACM 2010 AB as the original borrower and guarantee provider and DNB Sweden AB and Nordea Bank AB (publ) as the arrangers and original lenders and Nordea Bank (publ) as agent and surety agent. The interest rate on the credit facilities under the loan agreement is variable and based on IBOR (the IBOR used depends on the contractual lending currency) plus a variable margin based on the Group's net debt in relation to the Group's EBITDA. As of June 30, 2015 the Company had utilized SEK 2,300 million.

The variable interest rate margin at the beginning of the new agreement is 2.25 – 2.50 percent, which is around two percentage points lower than in the past. The new loan agreement went into effect on July 7, 2015 and matures in 2020. The loan is recognized under the heading "Long-term loans to credit institutions" and "Current liabilities to credit institutions." This includes loans from the Norwegian State Housing Bank (No. Husbanken) as of June 30, 2015 in the amount of SEK 180 million and the interest is 2.1–3.7 percent. The original term of the loan is 30 years, but the effective term varies from loan to loan.

The loan agreement contains covenants requiring certain financial key ratios to be achieved relating to interest cover and net debt/equity ratio in relation to the Group's EBITDA. The covenants are not to deviate from certain levels stipulated in the loan agreement. If the covenants cannot be fulfilled, the credit facilities may be cancelled and immediate repayment required.

The information below shows how the interest margins were set based on the interest cover.

| *Interest cover* | *Margin* |
|---|---|
| Greater than or equal to 3.25:1 | 2.50–2.75 % |
| Greater than or equal to 2.75:1 or less than 3.25:1 | 2.00–2.25 % |
| Greater than or equal to 2.25:1 and less than 2.75:1 | 1.75–2.00 % |
| Greater than or equal to 1.75:1 and less than 1.25:1 | 1.25–1.50 % |
| Less than 1.25:1 | 1.00–1.25 % |

Under the new credit agreement the interest expense is significantly lower than previous years. This is partly due to the fact that some loans have been amortized and that the interest margin, as a result of the lower debt/equity ratio, is around two percentage points lower than before.

Information on the Group's derivatives can be found in Note 11 and Note 26.

The Group has an overdraft of SEK 224 million, of which SEK 154 million had been utilized as of June 30, 2015.

Information on the Group's pledged assets can be found in Note 33.

Carrying amounts, by currency, for the Group's borrowing are as follows:

| *Amounts in SEK '000* | *June 30, 2015* | *June 30, 2014* | *June 30, 2013* |
|---|---|---|---|
| SEK | 2,515 | 2,707 | 2,486 |
| NOK | 700 | 749 | – |
| EUR | 110 | 110 | 105 |
| **Total** | **3,325** | **3,565** | **2,591** |

## Note 33: Pledged assets and contingent liabilities

| | *Group* | | |
|---|---|---|---|
| | *June30, 2015* | *June 30, 2014* | *June 30, 2013* |
| *Pledged assets* | | | |
| Chattel mortgages | 111 | 119 | 41 |
| Property mortgages | 404 | 330 | – |
| Shares in subsidiaries | 5,136 | 5,077 | 3,838 |
| | 5,651 | 5,526 | 3,879 |
| *Contingent liabilities* | | | |
| Guarantees | 175 | 58 | 0 |
| | **175** | **58** | **0** |

Chattel mortgages and pledged shares in subsidiaries have been provided as collateral to Nordea bank in Sweden for bank loans.

The property mortgages are pledged as collateral to the Norwegian State Housing Bank for bank loans.

Guarantees have been provided to landlords to enable the Group's subsidiaries to sign rental agreements with landlords in Sweden and Norway.

## Note 34: Disclosures on the Group's financial instruments

### Classification and categorization of the Group's assets and liabilities 2014/15

| *June 30, 2015* | *Financial assets measured at fair value through profit or loss* | *Loan receivables/ Accounts receivable* | *Total financial assets* | *Non-financial assets* | *Total* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | – | – | 0 | 4,941 | 4,941 |
| Tangible assets | – | – | 0 | 842 | 842 |
| Non-current receivables | – | 5 | 5 | – | 5 |
| Deferred tax assets | – | – | 0 | 96 | 96 |
| Equipment | – | – | 0 | 1 | 1 |
| Accounts receivable | – | 176 | 176 | – | 176 |
| Current tax assets | – | – | 0 | 58 | 58 |
| Other receivables | – | 13 | 13 | 1 | 14 |
| Prepaid expenses and accrued income | – | 104 | 104 | 318 | 422 |
| Cash and cash equivalents | – | 695 | 695 | – | 695 |
| **Total assets** | **0** | **993** | **993** | **6,257** | **7,250** |

| *June 30, 2015* | *Financial liabilities measured at fair value through profit or loss* | *Financial liabilities measured at amortized cost* | *Total financial liabilities* | *Non-financial liabilities* | *Total* |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| Equity | – | – | 0 | 2,304 | 2,304 |
| Non-current liabilities to credit institutions | – | 2,299 | 2,299 | – | 2,299 |
| Pension provisions | – | – | – | 46 | 46 |
| Restructuring provisions | – | – | – | 69 | 69 |
| Deferred tax liability | – | – | 0 | 80 | 80 |
| Derivatives | 2 | – | 2 | – | 2 |
| Other non-current liabilities | – | 310 | 310 | – | 310 |
| Liabilities to credit institutions | – | 641 | 641 | – | 641 |
| Other interest-bearing liabilities | – | 74 | 74 | – | 74 |
| Accounts payable | – | 392 | 392 | – | 392 |
| Current tax liability | | – | 0 | 32 | 32 |
| Other current liabilities | – | – | 0 | 121 | 121 |
| Accrued expenses and deferred income | – | 175 | 175 | 705 | 880 |
| **Total equity and liabilities** | **2** | **3,890** | **3,892** | **3,357** | **7,250** |

Measurement at fair value involves using a fair value hierarchy for measurement inputs. The three levels are:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices as included in Level 1 which are directly or indirectly observable for the asset or liability. There may also be inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and credit spreads.

**Level 3:** Unobservable inputs for the asset or liability. At this level market participant assumptions used in pricing of the asset or liability, including risk assumptions, are taken into account.

For all items above, with the exception of borrowing and derivatives, the book value is an approximation of the fair value, and accordingly these items are not split into levels based on the fair value hierarchy.

Fair value for borrowing for disclosure purposes is based on future cash flows of capital and interest, discounted to the current market interest rate on the closing day, i.e. level 2 in the fair value hierarchy. All of the Group's loans were refinanced as of June 30, 2015 so that the book value of loans corresponds to the fair value. Refer also to Note 27. The Group's derivatives are carried at fair value in the balance sheet and defined as level 2 in the fair value hierarchy. A description of how derivatives are measured can be found in Note 26.

*Cont. Note 34*

**Classification and categorization of the Group's assets and liabilities 2013/14**

| *June 30, 2014* | *Financial assets measured at fair value through profit or loss* | *Loan receivables/ Accounts receivable* | *Total financial assets* | *Non-financial assets* | *Total* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | – | – | 0 | 4,960 | 4,960 |
| Tangible assets | – | – | 0 | 927 | 927 |
| Non-current receivables | – | 4 | 4 | – | 4 |
| Deferred tax assets | – | – | 0 | 54 | 54 |
| Equipment | – | – | 0 | 1 | 1 |
| Accounts receivable | – | 177 | 177 | – | 177 |
| Current tax assets | – | – | 0 | 26 | 26 |
| Other receivables | – | 73 | 73 | 2 | 75 |
| Prepaid expenses and accrued income | – | 104 | 104 | 271 | 375 |
| Cash and cash equivalents | – | 562 | 562 | | 562 |
| **Total assets** | **0** | **920** | **920** | **6,241** | **7,161** |

| *June 30, 2014* | *Financial liabilities measured at fair value through profit or loss* | *Financial liabilities measured at amortized cost* | *Total financial liabilities* | *Non-financial liabilities* | *Total* |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| Equity | – | – | 0 | 2,189 | 2,189 |
| Non-current liabilities to credit institutions | – | 2,720 | 2,720 | – | 2,720 |
| Restructuring provisions | – | – | 0 | 20 | 20 |
| Deferred tax liability | – | – | 0 | 98 | 98 |
| Derivatives | 13 | – | 13 | – | 13 |
| Other non-current liabilities | – | 300 | 300 | – | 300 |
| Liabilities to credit institutions (current) | – | 404 | 404 | – | 404 |
| Other interest-bearing liabilities (current) | – | 65 | 65 | – | 65 |
| Accounts payable | – | 376 | 376 | – | 376 |
| Other current liabilities | – | 7 | 7 | 186 | 193 |
| Accrued expenses and deferred income | – | 165 | 165 | 618 | 783 |
| **Total equity and liabilities** | **13** | **4,037** | **4,050** | **3,111** | **7,161** |

For all items above, with the exception of borrowing and derivatives, the book value is an approximation of the fair value, and accordingly these items are not split into levels based on the fair value hierarchy.

Fair value for borrowing for disclosure purposes is based on future cash flows of capital and interest, discounted to the current market interest rate on the closing day, i.e. level 2 in the fair value hierarchy. Since loans to credit institutions carry variable interest, which is essentially considered to correspond to current market interest rates, the book value of loans excluding loan liabilities essentially corresponds to fair value.

The Group's derivatives are carried at fair value in the balance sheet and defined as level 2 in the fair value hierarchy. A description of how derivatives are measured can be found in Note 26.

*Cont. Note 34*

**Classification and categorization of the Group's assets and liabilities 2012/13**

| *June 30, 2013* | *Financial assets measured at fair value through profit or loss* | *Loan receivables/ Accounts receivable* | *Total financial assets* | *Non-financial assets* | *Total* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | – | – | 0 | 3,785 | 3,785 |
| Tangible assets | – | – | 0 | 298 | 298 |
| Non-current receivables | – | 4 | 4 | – | 4 |
| Deferred tax assets | – | – | 0 | 64 | 64 |
| Equipment | – | – | 0 | 1 | 1 |
| Accounts receivable | – | 195 | 195 | – | 195 |
| Current tax assets | – | – | 0 | 49 | 49 |
| Other receivables | – | 6 | 6 | 7 | 13 |
| Prepaid expenses and accrued income | – | 52 | 52 | 227 | 279 |
| Cash and cash equivalents | – | 338 | 338 | – | 338 |
| **Total assets** | **–** | **595** | **595** | **4,431** | **5,026** |

| *June 30, 2013* | *Financial liabilities measured at fair value through profit or loss* | *Financial liabilities measured at amortized cost* | *Total financial liabilities* | *Non-financial liabilities* | *Total* |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| Equity | – | – | 0 | 1,566 | 1,566 |
| Non-current liabilities to credit institutions | – | 2,057 | 2,057 | – | 2,057 |
| Restructuring provisions | – | – | 0 | 28 | 28 |
| Deferred tax liability | – | – | 0 | 39 | 39 |
| Derivatives | 21 | – | 21 | – | 21 |
| Other non-current liabilities | – | 251 | 251 | – | 251 |
| Liabilities to credit institutions (current) | – | 149 | 149 | – | 149 |
| Other interest-bearing liabilities (current) | – | 58 | 58 | – | 58 |
| Accounts payable | – | 302 | 302 | – | 302 |
| Other current liabilities | – | 5 | 5 | 50 | 55 |
| Accrued expenses and deferred income | – | 75 | 75 | 425 | 500 |
| **Total equity and liabilities** | **21** | **2,897** | **2,918** | **2,108** | **5,026** |

For all items above, with the exception of borrowing and derivatives, the book value is an approximation of the fair value, and accordingly these items are not split into levels based on the fair value hierarchy.

Fair value for borrowing for disclosure purposes is based on future cash flows of capital and interest, discounted to the current market interest rate on the closing day, i.e. level 2 in the fair value hierarchy. Since loans to credit institutions carry variable interest which is essentially considered to correspond to current market interest rates, the book value of loans excluding loan liabilities essentially corresponds to fair value.

The Group's derivatives are carried at fair value in the balance sheet and defined as level 2 in the fair value hierarchy. A description of how derivatives are measured can be found in Note 26.

## Note 35: Related party transactions

Purchases from/sales to Group companies are described in Note 2. Salaries and other remuneration to senior executives and the Board of Directors are paid as described in Note 5. In addition to salaries and other remuneration, the Group has purchased consulting services from board member Helen Fasth Gillstedt's company Blong AB for SEK 69,000 (2013/14: 266,000, 2012/13: 64,000).

## Note 36: Significant events after the end of the financial year

- Two new units have been opened within the preschool and compulsory school segment in August, one school in Stockholm and one preschool in the municipality of Haninge. In the segment preschool Norway, three new preschools have opened in August.
- The operations have started following the summer break and as per the end of August, the number of children and students amounted to 62,064 in aggregate which is an increase of 2.6 percent compared to last year.
- On July 7, 2015 all of the bank loans were restructured as a consequence of the new financing agreement which provides the Group with long-term financing maturing in 2020. In addition to extending the credit facilities, the new agreement provides significantly lower interest margins and better loan terms. The interest rate was reduced by more than 2 percent and after a repayment in connection with the restructuring process, the interest expense is expected to be reduced by around SEK 70 million; refer to Note 32.

# Auditors’ report regarding historical financial information

TO THE BOARD OF DIRECTORS OF
ACADEMEDIA AB (PUBL)

**Auditors’ Report on historical financial statements**

We have audited the financial statements for AcadeMedia AB (publ) on pages 173–211, which comprise the consolidated statements of financial position as of June 30, 2015, 2014 and 2013, the consolidated income statement, statement of changes in equity and cash flow statement for the financial years 2014/15, 2013/14 and 2012/13 and a summary of significant accounting policies and other explanatory notes.

**Responsibility of the Board of Directors and the Managing Director for the financial statements**

The board of directors and the managing director are responsible for the preparation of the financial statements and for ensuring that these financial statements provide a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and according to all applicable supplementary standards. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

**Auditors’ responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR´s Recommendation RevR 5 Examination of Financial Information in Prospectuses. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

An audit in accordance with FAR´s Recommendation RevR 5 Examination of Financial Information in Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company’s preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the board of directors and the managing director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements provide a true and fair view, in accordance with International Financial Reporting Standards as adopted by the EU and applicable supplementary standards, of the financial position of the Group of June 30, 2015, June 30, 2014 and June 30, 2013 and of its financial performance, statement of changes in equity and cash flows for these years.

Stockholm, June 1, 2016

**Ernst & Young AB**

| Staffan Landén | Oskar Wall |
|---|---|
| *Authorized Public Accountant* | *Authorized Public Accountant* |

# Definitions

| | |
|---|---|
| **AcadeMedia, the Company** or **the Group** | AcadeMedia AB (publ), the group in which AcadeMedia AB (publ) is the parent company or a subsidiary of the group, as the context may require. |
| **Carnegie** | Carnegie Investment Bank AB. |
| **Cornerstone Investors** | Mellby Gård AB, the Second Swedish National Pension Fund, Lannebo Fonder AB, ODIN Fonder, branch of ODIN forvaltning AS and Swedbank Robur Fonder AB. |
| **the Code** | The Swedish Code of Corporate Governance. |
| **DNB Markets** | DNB Markets, a part of DNB Bank ASA, Sweden branch. |
| **EUR** | Euro. |
| **Euroclear Sweden** | Euroclear Sweden AB. |
| **Global Co-ordinator** | Carnegie. |
| **LOU** | Public Procurement Act (Sw. *Lagen om offentlig upphandling*). |
| **LOV** | Act on Freedom of Choice Systems (Sw. *Lagen om valfrihetssystem*). |
| **Managers** | Carnegie, Nordea, SEB and DNB Markets. |
| **Nasdaq Stockholm** | The regulated market operated by Nasdaq Stockholm Aktiebolag. |
| **NOK** | Norwegian krona. |
| **Nordea** | Nordea Bank AB (publ). |
| **Offering** | The offering of shares as set out in the Prospectus. |
| **Placing Agreement** | The agreement regarding placing of shares described in section "Legal considerations and supplementary information – Placing Agreement". |
| **Principal Owner** or **Marvin Holding** | Marvin Holding Limited. |
| **Prospectus** | This prospectus. |
| **SCB** | Statistics Sweden (Sw. *Statistiska centralbyrån*). |
| **SEB** | Skandinaviska Enskilda Banken AB (publ). |
| **SEK** | Swedish krona. |
| **Sfi** | Swedish for immigrants, a publicly financed education for immigrants. |
| **SSB** | Statistics Norway (Nw. Statistisk sentralbyrå) |
| **USD** | US Dollar. |

For definitions of certain financial performance indicators, refer to the Section "Selected financial information – Definitions of certain financial performance indicators".

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