



Change Through Education

AcadeMedia AB (publ)

# YEAR-END REPORT July 2019 - June 2020

The Adult Education Segment has turned the corner, now seeing strong demand going forward

The Covid-19 pandemic has been well managed with continuing limited financial impact

Board proposes an ordinary dividend of SEK 1.50 (1.25) per share

**Academe**media

# AcademeMedia

## Year-end Report 2019/20

### Fourth quarter (April – June 2020)

- Net sales increased by 2.1 percent and amounted to SEK 3,227 million (3,162). Organic growth, including bolt-on acquisitions, was 3.9 percent.
- Operating profit (EBIT) amounted to SEK 334 million (218). Excluding the effects of IFRS 16, EBIT was SEK 279 million (218), which was an increase of 28 percent. Operating profit, adjusted for items affecting comparability and effects of IFRS 16, amounted to SEK 279 million (232).
- Items affecting comparability amounted to SEK 0 million (-14).
- Net profit for the period amounted to SEK 179 million (148). Excluding IFRS 16, it was SEK 206 million (148).
- Cash flow from operating activities amounted to SEK 963 million (425). Excluding IFRS 16, it was SEK 634 million (425).
- The average number of children and students in preschool, compulsory school, and upper secondary school during the fourth quarter was 82,999 (79,994), representing an increase of 3.8 percent. Growth was completely organic.
- Earnings per share was SEK 1.70 (1.41) before and after dilution. Adjusted for IFRS 16, earnings per share was SEK 1.96 (1.41) before and SEK 1.95 (1.41) after dilution.
- The coronavirus outbreak had a sizable impact on operations but limited financial impact in the period.

### Full year (July 2019 – June 2020)

- Net sales increased by 4.7 percent to SEK 12,271 million (11,715). Organic growth including bolt-on acquisitions amounted to 5.4 percent.
- Operating profit (EBIT) amounted to SEK 973 million (635). Excluding the effects of IFRS 16, EBIT was SEK 763 million (635), which was an increase of 14.8 percent. Operating profit, adjusted for items affecting comparability and effects of IFRS 16, amounted to SEK 728 million (634).
- Items affecting comparability amounted to SEK 36 (1) million.
- Net profit for the period amounted to SEK 431 million (431). Excluding IFRS 16, it was SEK 549 million (431).
- Cash flow from operating activities amounted to SEK 2,521 million (684). Excluding IFRS 16, it was SEK 1,069 million (684).
- The average number of children and students in preschool, compulsory school, and upper secondary school during the year was 82,433 (79,493), representing an increase of 3.7 percent. Growth was completely organic.
- Earnings per share was SEK 4.09 (4.09) before and after dilution. Adjusted for IFRS 16, earnings per share was SEK 5.21 (4.09) before and after dilution.
- The Board of Directors proposes a dividend of SEK 1.50 per share (1.25) for the 2019/20 financial year.

Implementation of IFRS 16 has a significant effect on AcadeMedia's financial statements. To simplify the comparison, the 2019/20 financial year is presented adjusted for IFRS 16. This is described as "Excluding IFRS 16". Important key performance indicators and additional key performance indicators based on rolling 12 months are presented excluding IFRS 16. For example, adjusted operating profit (EBIT) is reported excluding IFRS 16. The segments within AcadeMedia have unchanged accounting principles and will continue to report rent as Other external expenses.

### Fourth quarter Group

SEK m	Fourth quarter				Full year			
	2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19	Δ % <sup>3</sup>	2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19	Δ % <sup>3</sup>
Net sales	3,227	3,227	3,162	2.1%	12,271	12,271	11,715	4.7%
EBITDA	713	363	290	25.2%	2,486	1,102	931	18.4%
EBITDA margin, %	22.1%	11.2%	9.2%	2 p.p.	20.3%	9.0%	7.9%	1.1 p.p.
Operating profit/loss (EBIT)	334	279	218	28.0%	973	763	635	20.2%
EBIT margin, %	10.4%	8.6%	6.9%	1.7 p.p.	7.9%	6.2%	5.4%	0.8 p.p.
Adjusted operating profit/loss EBIT <sup>2</sup> ,	279	279	232	20.3%	728	728	634	14.8%
Adjusted EBIT margin, %	8.6%	8.6%	7.3%	1.3 p.p.	5.9%	5.9%	5.4%	0.5 p.p.
Net financial items	-105	-16	-14	-14.3%	-417	-56	-69	18.8%
Profit/loss before tax	229	263	204	28.9%	556	707	566	24.9%
Profit/loss for the period	179	206	148	39.2%	431	549	431	27.4%
Earnings per share basic (SEK)	1.70	1.96	1.41	38.9%	4.09	5.21	4.09	25.0%
Earnings per share diluted (SEK)	1.70	1.95	1.41	38.9%	4.09	5.21	4.09	25.0%
Number of children and students <sup>4</sup>	82,999	82,999	79,994	3.8%	82,433	82,433	79,493	3.7%
Number of full-time employees	12,738	12,738	12,487	2.0%	12,686	12,686	12,405	2.3%

<sup>1</sup> Amounts relate to adjustments for implementation of the accounting standard IFRS 16 Leases to show the accounting as it was applied in previous accounting periods (IAS 17). <sup>2</sup> Relates to financial statements with application of previous accounting policies (IAS 17). This means that leases of real estate are recognised as rent and not as finance leases. <sup>3</sup> Relates to change between 2019/20 ex IFRS 16 and 2018/19, i.e. comparative figures. <sup>4</sup> Excl. Adult Education. See definitions on pages 31-32.



## From our CEO

*The fourth quarter of 2019/20 was marked by the ongoing Covid-19 pandemic. Teaching conditions have been very different from normal, requiring tremendous effort from our staff and students. We have worked hard to provide all students and participants with the necessary conditions to be able to achieve their educational goals and for the operations to function as well as possible. These experiences will be valuable to us as we move into the future.*

Although the Covid-19 pandemic has had a substantial impact on operations, the economic impact has been limited. Operating profit showed growth both in the fourth quarter and for the full year 2019/20, which is largely attributable to the recovery in adult education. The organic growth for the year was over 5 percent.

### **The Adult Education Segment has turned the corner, and we see strong demand moving forward**

The fourth quarter result is a testament to the Adult Education Segment leaving its restructuring phase. The loss-making contracts with the Swedish Public Employment Service will be terminated in the autumn of 2020. Operations in Municipal Adult Education and Higher Vocational Education continue to grow, gaining market share. AcadeMedia is a clear leader in distance education and our extensive experience in this field has mitigated much of the impact of the pandemic on teaching during the quarter. Overall, sales in the quarter increased by 6.0 percent and adjusted operating profit rose by SEK 33 million compared with the previous year.

Unemployment in Sweden has increased, and adult education is becoming even more important for society by helping people to find new jobs and to avoid long-term unemployment. The government is therefore investing in adult education through significant increased funding. The Swedish National Agency for Higher Vocational Education has responded rapidly to new directives by increasing the number of student places in higher vocational education. The Swedish Public Employment Service has also received increased funds but has not yet announced how those funds will be used.

AcadeMedia is the market leader in adult education in Sweden with a broad contract portfolio, well equipped to contribute in many of the initiatives that are initiated. For example, our Higher Vocational Education business has received a good allocation in the extra allocation rounds from The Swedish National Agency for Higher Vocational Education and we expect about 20 percent more participants this autumn compared with the same period last year. In addition, the City of Stockholm's drawn-out procurement process has now concluded. The agreements signed show a renewed trust providing good stability for up to four years. It is obviously gratifying that many pieces are starting to fall into place at the same time as the number of applicants for this autumn's starts are higher than ever both in the higher vocational education and in our municipal adult education. The financial impact will not be achieved until students have been recruited to the programmes and, in some cases, completed their education.

### **Covid-19 – time for evaluation and reflection**

AcadeMedia's Norwegian and German preschools closed in March and reopened later in the spring. Unlike most other European countries, the Swedish authorities decided to keep preschools and compulsory schools open, while upper secondary school and adult education transitioned to distance education. Despite the difficulties and rapid changes we have experienced, we can be proud of the way that the spring semester was managed in all segments.

While the pandemic is still ongoing, we have begun to evaluate our work from the spring. We have seen strong engagement with many perspectives. For example, Ifous conducted a survey in which more than 2,300 upper secondary school students across the country answered questions about how they experienced distance education compared to regular education. The survey demonstrated the tremendous importance of the social interactions between teacher and student, and among students. Many said they miss being physically in school. The results also showed that both students and teachers want to be able to supplement in-school teaching with digital aids to enhance learning and participation.

We need to continue to evaluate whether, and if so how, the quality of teaching and student learning have been affected by distance learning. This is partly to adapt teaching to each student's level of knowledge and partly to be able to continue to develop digital technology as a complementary tool for increased teaching quality and improved learning. Digital teaching is not appropriate for everyone or all the time, but where it is appropriate it should be made available. Rules must be changed, and such changes would benefit Swedish schools.

This autumn, all our units are expected to resume in-classroom teaching and planning for this took place at the end of the quarter. There are challenges, mainly in upper secondary school, with respect to preventing the spread of infection since students generally travel further to school and the premises are not always suitable for physical distancing. There was concern last spring that infection would spread in the open preschools and compulsory schools, but we have not seen any widespread increase of infection in our units. AcadeMedia has collaborated with several stakeholders and authorities to develop guidelines that will help us to run normal operations while minimising the risk of further spread of infection.

The Covid-19 outbreak has had a limited financial impact on the financial year. The Preschool Segment was adversely affected in Germany, where parental fees could not be fully charged. This had a negative impact on sales in the Preschool Segment of SEK 15 million for the full year. Lower expenses and some employees on furlough in Germany in the fourth quarter reduced the negative impact on earnings to SEK 8 million for the full year. In Sweden, distance education in the Upper Secondary School Segment resulted in lower direct costs, which were partially offset by investments in digital services.

### Municipal finances are impacted by the pandemic

Even before the coronavirus Covid-19 pandemic, the number of municipalities in Sweden running at a deficit was increasing. During the spring, the Swedish government provided substantial financial aid packages to the municipalities. Despite these, even more municipalities warn of a worsening economy. It is likely that a number of them will need to both raise taxes and review costs. We know that some are discussing smaller school voucher increases than would have been implemented otherwise.

AcadeMedia is carefully monitoring the situation and as an important player in the community, we are continually reviewing how we work and how we allocate our resources.

Our assessment is that in practice, the municipalities will find it difficult to cut costs for schools. The equal terms principle ensures that, regardless of choice of provider, students have access to the same conditions and resources.

We are continuously working to modify and adapt our costs and to find new ways of working. The Swedish Association of Local Authorities and Regions has noted that digitalisation is an important component of the solution; we agree with this and we are on the leading edge of this effort.

### Eight new units start in the first quarter of 2020/21

With another financial year behind us, we look forward to welcoming all the new students to the autumn semester. We are particularly excited to welcome the four new upper secondary schools and four new preschools that will open in the first quarter of 2020/21. A total of 10-15 new units are being planned in Germany for 2020/21, though developments related to the Covid-19 pandemic may change these plans. The strong demand in Germany and the rapidly increasing number of new students in upper secondary school are important driving forces in our growth.

We are also pleased that we completed the planning of our new upper secondary school campus in Uppsala during the spring. The advantages of forming a campus are many. We gain flexibility and several economies of scale and in addition, we can rent larger properties without increasing risk when several schools share the premises. For the students, the sense of belonging and community that can be found at a campus is often great. In Uppsala the existing NTI Upper Secondary School and the newly opened ProCivitas will move into a 5,500 square metre building on the university campus.

### Dividend proposed

As a result of the financial development during the year and the group's strong financial position and stable outlook, the board of AcadeMedia has decided to propose a dividend of SEK 1.50 (1.25) per share for the financial year 2019/20. The group's strong financial position and good level of quality also leave room to capture future business opportunities and to manage an increased uncertainty related to the pandemic.

## Marcus Strömberg

President and CEO

AcadeMedia AB (publ)



## Development in the fourth quarter (April 2020 to June 2020)

All figures for the 2019/2020 financial year are reported in accordance with the new accounting standard IFRS 16 Leases, unless otherwise stated. The segments report excluding IFRS 16. Previous financial years have not been restated according to the new standard. On 1 July 2019, AcadeMedia implemented a new segment reporting and comparative figures have been recalculated. The Upper Secondary School Segment and Adult Education Segment are not affected.

### Impact following the Covid-19 outbreak

The Covid-19 outbreak has had limited financial impact in the quarter. The Preschool Segment was affected in Germany as result of parental fees not being fully charged during the closure period, impacting net sales with SEK -12 million in the quarter. The EBIT-effect was SEK -5 million.

### Volume development and net sales

Net sales in the fourth quarter increased by 2.1 percent to SEK 3,227 million (3,162). Organic growth, including bolt-on acquisitions, amounted to 3.9 percent and exchange rate development impacted sales by -1.8 percent. No larger acquisitions affected sales in the quarter. The average number of children and students, excluding the Adult Education Segment, increased by 3.8 percent to 82,999 (79,994).

### Operating profit (EBIT) and adjusted EBIT

Operating profit (EBIT) for the quarter was SEK 334 million (218) with an EBIT margin of 10.4 percent (6.9). Excluding IFRS 16, EBIT amounted to SEK 279 million (218) and an EBIT margin of 8.6 percent (6.9). Adjusted EBIT was SEK 279 million (232) with an adjusted EBIT margin of 8.6 percent (7.3).

The improved earnings were mainly attributable to the Adult Education Segment where all business areas contribute positively to the result. The Upper Secondary School also showed a strong quarter, mainly due to a timing effect from marketing expenses taken earlier in the year, but also somewhat lower expenses related to distance education. The Compulsory School Segment continues to improve due to more children and better capacity utilisation. The Preschool Segment was affected by higher personnel expenses in Norway, and from lower parental fees in Germany. Overhead expenses were higher than last year due to efforts around digitalisation.

### Net financial items

Net financial items for the quarter amounted to SEK -105 million (-14) of which interest expense relating to

### Fourth quarter in summary by segment

	Number of students (average)		Net sales, SEK m.		Adjusted operating profit/loss (EBIT), SEK m.		Adj. EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Preschool	21,404	21,319	964	1,009	80	92	8.3%	9.1%	80	92	8.3%	9.1%
Compulsory School	25,706	24,482	809	780	75	71	9.3%	9.1%	75	63	9.3%	8.1%
Upper Secondary School	35,889	34,194	1,049	990	121	90	11.5%	9.1%	121	84	11.5%	8.5%
Adult Education	- <sup>1</sup>	- <sup>1</sup>	405	382	35	2	8.6%	0.5%	35	2	8.6%	0.5%
Group adj., Parent Company	-	-	1	0	-32	-24	-	-	23 <sup>2</sup>	-24	-	-
<b>Total</b>	<b>82,999</b>	<b>79,994</b>	<b>3,227</b>	<b>3,162</b>	<b>279</b>	<b>232</b>	<b>8.6%</b>	<b>7.3%</b>	<b>334<sup>2</sup></b>	<b>218</b>	<b>10.4%</b>	<b>6.9%</b>

<sup>1</sup> The volume of Adult Education is not measured based on the number of participants since the length of the programmes varies from individual occasions to academic years. <sup>2</sup> Includes effect of implementation of the new lease standard IFRS 16 of SEK 55 million (0).

lease liabilities related to right-of-use assets, attributable to IFRS 16, was SEK -89 million (-). Interest expense for the quarter, excluding IFRS 16, was somewhat higher than last year SEK -14 million (-12).

### Profit and comprehensive income for the period

Profit after tax increased and was SEK 179 million (148). Tax expense for the quarter was SEK -50 million (-56), representing an effective tax rate of 21.7 percent (27.4). Comprehensive income was SEK 157 million (166). Excluding IFRS 16, profit for the period increased to SEK 206 million (148) and comprehensive income increased to SEK 184 million (166).

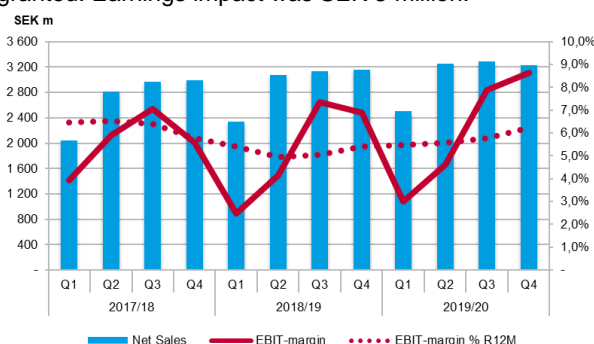
### Items affecting comparability

Items affecting comparability was SEK 0 million (-14).

Items affecting comparability	Fourth quarter	
	2019/20	2018/19
SEK m		
Restructuring expenses (Upper Sec.)	-	-14
Restructuring expenses (Comp. School)	-	-8
Retroactive revenue from previous years (Upper Sec.)	-	9
<b>Total</b>	<b>-</b>	<b>-14</b>

### Acquisitions, divestments, new establishments, and discontinued operations

In the period one integrated pre- and compulsory school was acquired. In Germany, two new units opened. Also, one property was sold to the municipality of Oslo when no permission to open the preschool was granted. Earnings impact was SEK 3 million.



In the graph, the EBIT-margin is presented excl. IFRS 16.



## Development in the full year (July 2019 to June 2020)

### Impact following the Covid-19 outbreak

Covid-19 had limited financial impact on the full year. The Preschool Segment had SEK 15 million lower net sales and an EBIT-effect of SEK -8 million relating to Germany.

### Volume development and net sales

Net sales increased by 4.7 percent in the full year and amounted to SEK 12,271 million (11,715). The organic growth, including bolt-on acquisitions, amounted to 5.4 percent and exchange rate development had a negative impact on sales of -0.7 percent. No larger acquisitions affected sales during the full year. The average number of students, excluding the Adult Education Segment, increased by 3.7 percent to 82,433 (79,493).

### Operating profit (EBIT) and adjusted EBIT

Operating profit (EBIT) for the full year amounted to SEK 973 million (635), and an EBIT margin of 7.9 percent (5.4). Excluding IFRS 16, EBIT amounted to SEK 763 million (635), which represents an EBIT margin of 6.2 percent (5.4). Adjusted EBIT amounted to SEK 728 million (634) with an adjusted EBIT margin of 5.9 percent (5.4).

Improved earnings were mainly attributable to the Adult Education Segment, where last year was very weak while this year had high underlying volumes in Municipal Adult Education and Higher Vocational Education and a more stable development in Labour Market Services. The Compulsory School Segment continued its strong development due to more children and more efficient utilisation of capacity. The Preschool Segment was affected by higher personnel expenses in Norway and expenses related to new establishments in Germany. Lower parental fees in Germany also had a negative impact despite reduced expenses. The review of the unit portfolio in Sweden last year and lower costs for temporary staff in Sweden partially offset the impact on results and margins. The Upper Secondary School Segment's continued work on quality, digitalisation, and new units also had an impact on the result.

Group overhead expenses were higher than last year due to continued efforts on digitalisation, implementation of a new payroll system and real estate projects related to new units.

### Full year in summary by segment

	Number of students (average)		Net sales, SEK m.		Adjusted operating profit/loss (EBIT), SEK m.		ADJ. EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Preschool	20,854	20,575	3,707	3,619	174	189	4.7%	5.2%	226	189	6.1%	5.2%
Compulsory School	25,179	24,265	3,005	2,857	176	145	5.9%	5.1%	176	141	5.9%	4.9%
Upper Secondary School	36,400	34,653	3,999	3,757	354	344	8.9%	9.2%	365	364	9.1%	9.7%
Adult Education	-*	-*	1,557	1,478	131	32	8.4%	2.2%	131	17	8.4%	1.2%
Group adj., Parent Company	-	-	4	4	-107	-76	-	-	74 <sup>2</sup>	-76	-	-
Total	82,433	79,493	12,271	11,715	728	634	5.9%	5.4%	973 <sup>2</sup>	635	7.9%	5.4%

<sup>1</sup> The volume of Adult Education is not measured based on the number of participants since the length of the programmes varies from individual occasions to academic years. <sup>2</sup> Includes effect of implementation of the new lease standard IFRS 16 of SEK 209 million (0).

### Net financial items

Net financial items for the full year amounted to SEK -417 million (-69) of which interest expense relating to lease liabilities related to right-of-use assets, attributable to IFRS 16, was SEK -360 million (-). Interest expense for the period, excluding IFRS 16, was somewhat lower than last year SEK -46 million (-51).

### Profit and comprehensive income for the period

Profit after tax amounted to SEK 431 million (431). Tax for the full year was SEK -125 million (-136), representing an effective tax rate of 22.5 percent (24.0). Comprehensive income for the period was SEK 345 million (324), where the previous year was affected by actuarial losses related to defined benefit pension plans in Norway. Excluding IFRS 16, profit for the period increased to SEK 549 million (431) and comprehensive income increased to SEK 462 million (324).

### Items affecting comparability

Items affecting comparability was SEK 36 (1) million.

Items affecting comparability	Full year	
	2019/20	2018/19
SEK m		
Restructuring expenses (Group)	-11	-
Restructuring expenses (Adult)	-	-15
Restructuring expenses (Upper Sec.)	-	-14
Restructuring expenses (Comp. school)	-	-14
Write down of assets	-17	-
Transaction-related expenses	-	-0
Retroactive revenue from previous year	11	45
Pension change Norway	53	-
<b>Total</b>	<b>36</b>	<b>1</b>

### Acquisitions, divestments, new establishments and discontinued operations

Prior to the 2019/20 school year, twelve preschools in Sweden with approximately 800 children were closed or sold. One compulsory school and three upper secondary schools were closed, which impacted the unit portfolio and student numbers from the first quarter 19/20. During the full year 2019/20, 20 new units opened, six units were acquired, four units were combined and now counts as two.



## Cash flow and financial position

According to IFRS 16, lease payments are recognised under financing activities, where before they were categorised under operating activities. As a result, cash flow from operating activities is higher and cash flow from financing activities is lower, with all else being equal. During the fourth quarter of 2019/20, lease payments (interest and principal) related to right-of-use assets amounted to SEK 329 million and during the full year the payments amounted to SEK 1,452 million. Cash flow from investing activities is not affected by IFRS 16.

### Cash flow excluding effect of IFRS 16

SEK m	Fourth quarter		Full year	
	2019/20 excl IFRS 16*	2018/19	2019/20 excl IFRS 16*	2018/19
<b>Cash flow from operating activities before changes in working capital</b>	<b>347</b>	<b>246</b>	<b>926</b>	<b>785</b>
Cash flow from changes in working capital	287	179	142	-101
<b>Cash flow from operating activities</b>	<b>634</b>	<b>425</b>	<b>1 069</b>	<b>684</b>
Investments related to existing operations <sup>1</sup>	-74	-64	-264	-327
Investments related to expansion <sup>2</sup>	-23	-66	-111	-232
<b>Cash flow from investing activities</b>	<b>-97</b>	<b>-130</b>	<b>-375</b>	<b>-559</b>
<b>Cash flow from financing activities</b>	<b>-409</b>	<b>-64</b>	<b>-678</b>	<b>-296</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>128</b>	<b>232</b>	<b>16</b>	<b>-172</b>

\* Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

Cash flow from operating activities for the fourth quarter amounted to SEK 634 million (425). The increase was due to a higher operating profit in the quarter and also due to favourable working capital development, SEK 287 million (179). The improved working capital in the quarter compared to last year was partially due to calendar effects with higher prepaid school vouchers as well as due to an increase in staff related liabilities such as accrual for vacation.

Cash flow from investing activities has been divided into investments related to existing operations<sup>1</sup> and investments related to expansion<sup>2</sup>. Investment in existing operations was higher compared to last year and amounted to SEK -74 million (-64) contributing to a free cash flow of SEK 560 million (362). Expansion investments in the period were SEK -23 million (-66). In total, cash flow from investing activities amounted to SEK -97 million (-130). In the quarter, one property in Oslo, Norway, was divested for NOK 65 million. The impact on earnings is limited and the sales proceeds will impact the cash flow in the first quarter 20/21. Cash flow from financing activities totalled SEK -409 million (-64), following amortisation of debt. All in all, cash flow for the quarter amounted to SEK 128 million (232).

For the full year, cash flow from operating activities amounted to SEK 1,069 million (684). The increase was due to higher operating profit and improvement in working capital, SEK +142 million (-101). The working capital development was more normal this year than last year, when it was affected by the unusually favourable working capital at the beginning of the financial year (1 July 2018). Investments in existing operations amounted to SEK -264 million (-327), contributing to a free cash flow of SEK 805 million (356). Expansion investments in the period was SEK -111 million (-232) and primarily consisted of new preschool buildings in Norway, SEK -60 million (-197). In total, cash flow from investing activities for the full year amounted to SEK -375 million (-559). Cash flow from financing activities amounted to SEK -678 million (-296). Cash flow from financing activities includes dividend to shareholders of SEK -132 million. All in all, cash flow for the full year amounted to SEK 16 million (-172).

<sup>1</sup> Investments related to existing operations include leasehold improvements, investments in equipment, investments in intangible non-current assets, investments in non-current financial assets, and divestment of non-current financial assets.

<sup>2</sup> Expansion investments include investments in own preschool buildings in Norway, as well as acquisitions.

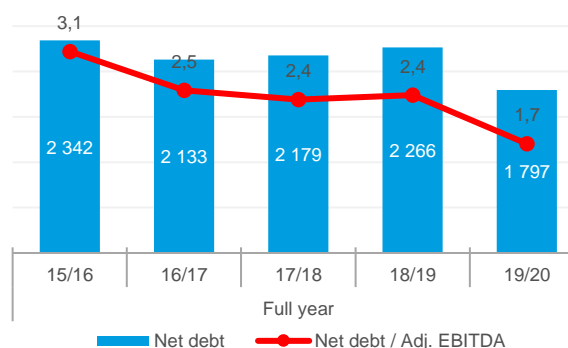


## Financial position

Following the implementation of IFRS 16, leased premises are recognised as right-of-use assets and lease liabilities, respectively, in the balance sheet. Due to this change in accounting principles, total assets have increased by a total of SEK 6,949 million as of 30 June 2020. The comments on financial position below excludes the effect of IFRS 16.

Consolidated equity amounted to SEK 4,925 million (4,589) and the equity/asset ratio increased to 51,5 percent (47.2).

Consolidated interest-bearing net debt as of 30 June 2020 amounted to SEK 1,797 million (2,266). The decline in net debt over the past 12 months is due to a combination of lower interest-bearing debt following amortisations of SEK 344 million and a weaker Norwegian krona. Excluding real estate loans, the adjusted net debt amounted to SEK 1,138 million (1,533). The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and short-term construction loans, have, due to the weaker Norwegian krona, decreased by SEK 74 million over the past 12 months to SEK 659 million (733). Building assets decreased during the equivalent period by SEK 128 million to SEK 1,001 million (1,129) as an effect of the weakening of the Norwegian krona and sale of one property to the Municipality of Oslo for NOK 65 million.



Non-current interest-bearing liabilities at the end of the quarter totalled SEK 1,961 million (2,205). Current interest-bearing liabilities totalled SEK 364 million (592). Net debt in relation to adjusted EBITDA<sup>1</sup> (rolling 12 months) amounted to 1.7 (2.4), which meets the Group's financial target of a net debt in relation to adjusted EBITDA lower than 3.0. The development follows seasonal pattern and is normally at its lowest in the fourth quarter as a result of the Group's cash flow being strongest in the last quarter and then net debt decreases. Property-adjusted net debt divided by adjusted EBITDA<sup>1</sup> (12m) was 1.1 (1.6).

In Norway, an agreement was reached in 2019 between employers represented by PBL and employee organisations in the Preschool segment on the new pension plan that came into force on 1 January 2020. Under the new plan about 90 percent of employees in the Norwegian operation transitioned to a defined contribution pension plan, while the rest remain in the current defined benefit system. The change in pension plan resulted in a reduced pension provision of SEK 95 million and a one-off administrative expense of SEK 42 million. Overall, the result in the third quarter was positively affected by the change in pension plan by net SEK 53 million, reported as an item affecting comparability. The cash flow was only affected by the administrative expense of SEK 42 million. The new pension plan generated higher pension expenses of approximately SEK 10 million per annum as of 1 January 2020.

During the fourth quarter, an impairment test regarding goodwill and other intangible assets with indefinite life was performed on the group's cash generating units based on long term business plans. No cash generating unit had a book value exceeding its recoverable amount. Therefore, no impairment of goodwill or impairment of other intangible assets with indefinite life was reported during 2019/2020.

<sup>1</sup> Implementation of IFRS 16 had a significant effect on AcadeMedia's financial statements. Key performance indicators based on rolling 12 months are presented excluding the effect of IFRS 16. See pages 31-32 for definitions.

## The Board of Directors proposal on dividends

AcadeMedia's dividend policy is that surplus can be distributed provided that AcadeMedia meets its targets relating to quality and financial position. The Board of Directors deem the financial position stable and that other objectives are met. The Board of Directors proposes an ordinary dividend of SEK 1.50 per share (1.25) for the fiscal year 2019/20. This corresponds to SEK 158 million (131), 29 percent (31) of the profit for the period excluding IFRS 16.





## Preschool

- The number of children increased by 0.4 percent to 21,404 (21,319) in the fourth quarter.
- Sales decreased 4.5 percent to SEK 964 million (1,009), primary due to currency translation effects.
- Adjusted operating profit (adj. EBIT) declined to SEK 80 million (92).

AcadeMedia's Preschool segment runs preschools in Sweden, Norway and Germany. In Sweden, the business is conducted in many municipalities with a total of 109 units. In Norway, Espira is the third largest preschool provider with 104 units. In Germany we operate preschools at 49 units. The segment had a total of 262 units during the quarter.

### Impact following the Covid-19 outbreak

In alignment with national decisions, the preschools in Norway have reopened and in Germany a gradual reopening is underway. In Sweden, the preschools have remained open. The financial impact is limited. Lower parental fees, SEK 12 million, are partially mitigated by lower expenses, resulting in a net SEK -5 million impact on EBIT in the quarter.

### Outcome for the fourth quarter

The average number of children increased by 0.4 percent compared with the previous year and amounted to 21,404 (21,319). The increase was driven by new establishments, acquisitions, and enrolment in existing units. Adjusted for the approximately 800 children from the twelve divested and discontinued units in Sweden, the number of children increased by 4.2 percent.

Sales decreased by 4.5 percent to SEK 964 million (1,009). Negative currency effects, SEK -57 million, and lower parental fees in Germany during the closure period, SEK -12 million, were the main factors. Adjusted for currency effects, the increase was 1.1 percent.

Adjusted operating profit (EBIT) declined to SEK 80 million (92) and the margin was 8.3 percent (9.1). The margin decline was a result of higher personnel expenses in Norway due to new staff density regulation and higher pension costs. Lower parental fees in Germany were partially mitigated by lower expenses and staff furlough impacting EBIT net SEK -5 million. Operating profit (EBIT) was SEK 80 million (92) and the margin was 8.3 percent (9.1).

### Full year results

The average number of children increased by 1.4 percent during the full year and amounted to 20,854 (20,576). Net sales increased by 2.4 percent and amounted to SEK 3,707 million (3,619). Translation effects had a negative impact on sales corresponding to SEK -77 million, corresponding to -2.1 percent.

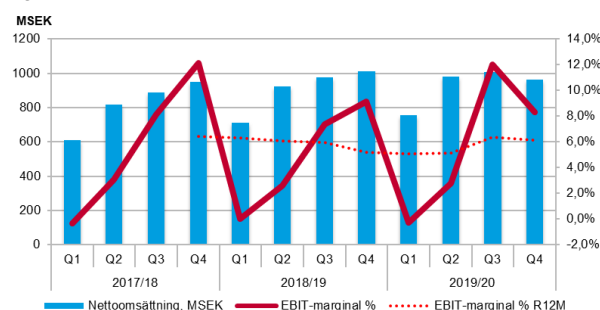
Adjusted operating profit (adj. EBIT) declined to SEK 174 million (189), with a margin of 4.7 percent (5.2). Last year's review of the unit portfolio in Sweden and lower costs for temporary staff in Sweden partially offset higher personnel expenses in Norway. Corona also impacted the full year in Germany negatively with approximately net SEK 8 million.

Operating profit (EBIT) was SEK 226 million (189) and the operating margin was 6.1 percent (5.2). The result included items affecting comparability of SEK 53 million relating to the transition to a new pension plan in Norway.

### Operational changes

During the fourth quarter two new units opened in Germany. In total 19 new preschools were added to the segment during the fiscal year. Moreover, four units in Germany were combined and are now counted as two and 12 preschools in Sweden were divested or closed at the start of the fiscal year.

Covid-19 has delayed the planned new openings in Germany. The revised target for 2020/21 is to open 10-15 units, of which a majority during 2021. To enable the expansion, we are strengthening our central organisation.



(SEK m)	Fourth quarter			Full year		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Net sales	964	1,009	-4.5%	3,707	3,619	2.4%
EBITDA	99	106	-6.6%	310	262	18.3%
EBITDA margin, %	10.3%	10.5%	-0.2 p.p.	8.4%	7.2%	1.2 p.p.
Depreciation/amortisation	-18	-12	-50.0%	-78	-68	-14.7%
Acquisition related depreciations	-1	-1	-	-5	-5	-
Operating profit (EBIT)	80	92	-13.0%	226	189	19.6%
EBIT margin, %	8.3%	9.1%	-0.8 p.p.	6.1%	5.2%	0.9 p.p.
Items affecting comparability	-	-	n.a.	53	-	-
Adjusted operating profit (EBIT)	80	92	-13.0%	174	189	-7.9%
Adjusted EBIT margin, %	8.3%	9.1%	-0.8 p.p.	4.7%	5.2%	-0.5 p.p.
Number of children and students	21,404	21,319	0.4%	20,854	20,576	1.4%
Number of units	262	257	1.9%	259	254	2.0%

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



## Compulsory School

- The number of students increased by 5.0 percent to 25,706 (24,482) in the quarter.
- Sales increased by 3.7 percent to SEK 809 million (780).
- Adjusted operating profit (EBIT) increased to SEK 75 million (71).

AcadeMedia's Compulsory School segment runs compulsory schools in many municipalities in Sweden under the brands Pysslingen, Vittra and Pops Academy. Operations are based entirely on the school voucher system. The segment had 111 units during the quarter.

### Impact following the Covid-19 outbreak

Compulsory school in Sweden has not been subject to any government guidelines to transition to distance education. However, some units have at times transitioned to distance education due to staff absence. Students staying at home have also been offered distance education. Covid-19 has had no financial impact on the quarter or the full year.

### Outcome for the fourth quarter

The average number of students increased by 5.0 percent compared with the previous year and amounted to 25,706 (24,482). With the exception of two acquisitions, the growth was entirely attributable to existing units which in some cases expanded capacity. Adjusted for acquisitions, growth in the number of students was 2.2 percent. Net sales increased by 3.7 percent and totalled SEK 809 million (780), which in addition to the volume increase was due to the annual adjustment of school vouchers. Last year, retroactive revenue had a positive impact.

Adjusted operating profit was SEK 75 million (71). This gave an operating margin of 9.3 percent (9.1). The higher results and margins were mainly an effect of more students and higher capacity utilisation at existing units.

Operating profit (EBIT) increased compared with the previous year and was SEK 75 million (63). This gave an operating margin of 9.3 percent (8.1).

### Full year results

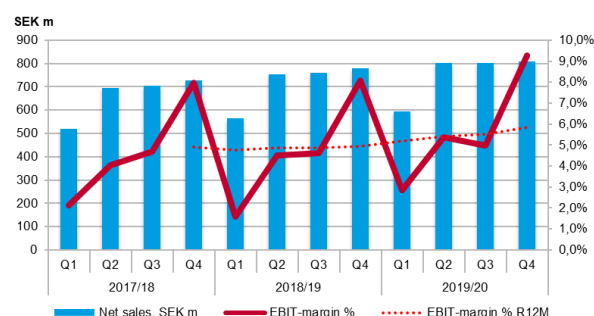
The average number of students increased by 3.8 percent and amounted to 25,179 (24,265). Net sales increased by 5.2 percent and amounted to SEK 3,005 million (2,857) mainly a result of an increased number of students, but also due to the annual school voucher adjustment and increased subsidies for special needs and state subsidies.

Adjusted operating profit was higher than last year and amounted to SEK 176 million (145) and the margin improved to 5.9 percent (5.1). More students at existing units in combination with stable personnel expenses had a positive impact. Results were also temporarily affected by delayed hiring and vacant positions at central support functions.

Operating profit (EBIT) improved to SEK 176 million (141) and the operating margin was 5.9 percent (4.9).

### Operational changes

Pops Academy, a school with 330 students, was acquired on 1 December 2019. As per 1 May 2020, the integrated compulsory school, Banérporten, with 524 students and children in Stockholm was acquired.



Compulsory School (SEK m)	Fourth quarter			Full year		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Net sales	809	780	3.7%	3,005	2,857	5.2%
EBITDA	92	79	16.5%	242	203	19.2%
EBITDA margin, %	11.4%	10.1%	1.3 p.p.	8.1%	7.1%	1 p.p.
Depreciation/amortisation	-16	-15	-6.7%	-65	-60	-8.3%
Acquisition related depreciations	-0	-0	n.a.	-1	-1	-
Operating profit (EBIT)	75	63	19.0%	176	141	24.8%
EBIT margin, %	9.3%	8.1%	1.2 p.p.	5.9%	4.9%	1 p.p.
Items affecting comparability	-	-8	n.a.	-	-4	-100.0%
Adjusted operating profit (EBIT)	75	71	5.6%	176	145	21.4%
Adjusted EBIT margin, %	9.3%	9.1%	0.2 p.p.	5.9%	5.1%	0.8 p.p.
Number of children and students	25,706	24,482	5.0%	25,179	24,265	3.8%
Number of units	111	110	0.9%	109	110	-0.9%

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



## Upper Secondary School (Sweden)

- The number of students increased by 5.0 percent in the fourth quarter, amounting to 35,889 (34,194).
- Sales increased 6.0 percent in the fourth quarter to SEK 1,049 million (990).
- Adjusted operating profit (adj. EBIT) decreased to SEK 121 million (90).

AcadeMedia's Upper Secondary School Segment provides upper secondary education throughout Sweden under 14 different brands, offering both academic and vocational programmes. The schools operate entirely based on the school voucher system. The segment had 143 units during the quarter.

### Impact following the Covid-19 outbreak

Since 18 March, all of AcadeMedia's upper secondary schools have conducted distance education, impacting all 36,000 students. We had the technical infrastructure which enabled distance education to succeed. To ensure access to school lunches for as many students as possible, AcadeMedia developed a lunch ordering app. Lunch could be picked up at predetermined locations. The app could be used by just over half of all students and other local solutions were in place for the rest.

The Swedish government announced at the end of May that ordinary teaching can be resumed this autumn.

### Outcome for the fourth quarter

The number of students increased by 5.0 percent compared with the previous year, amounting to 35,889 (34,194). Growth was attributable to the opening of four new schools at the beginning of the fiscal year, as well as to additional students enrolled in the ten new establishments that opened in the autumns of 2017 and 2018. Together, these 14 new establishments have admitted approximately 850 additional students compared to last year. Net sales increased by 6.0 percent to SEK 1,049 million (990), as a result of

increased student enrolment and the annual adjustment of school vouchers.

Adjusted operating profit was SEK 121 million (90), representing a margin of 11.5 percent (9.1). Improved result and margin were partly due to a timing difference relating to marketing expenses that last year was taken in the fourth quarter. The quarter has also had somewhat lower variable expenses since operations have transitioned to distance education, even though the described lunch solution was more expensive per portion.

Operating profit (EBIT) improved to SEK 121 million (84) and the margin was 11.5 percent (8.5).

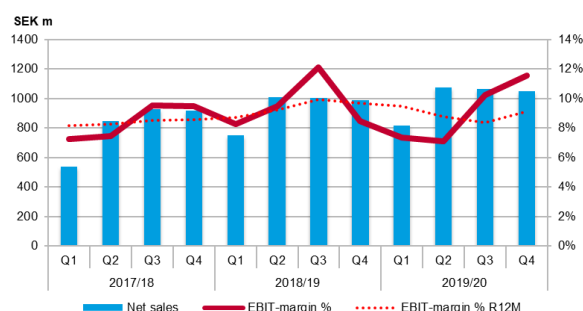
### Full year results

The number of students increased by 5.0 percent to 36,400 (34,653) and net sales increased by 6.4 percent to SEK 4,043 million (3,757). The growth was due new establishments and higher revenue per student.

Operating profit (EBIT) improved and amounted to SEK 365 million (364), the operating margin was 9.1 percent (9.7). Adjusted operating profit was SEK 354 million (344).

### Operational changes

Four new schools will open the autumn of 2020.



Upper Secondary Schools (SEK m)	Fourth quarter			Full year		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Net sales	1,049	990	6.0%	3,999	3,757	6.4%
EBITDA	163	121	34.7%	530	506	4.7%
EBITDA margin, %	15.5%	12.2%	3.3 p.p.	13.3%	13.5%	-0.2 p.p.
Depreciation/amortisation	-41	-36	-13.9%	-161	-138	-16.7%
Acquisition related depreciations	-1	-1	-	-4	-4	-
Operating profit (EBIT)	121	84	44.0%	365	364	0.3%
EBIT margin, %	11.5%	8.5%	3 p.p.	9.1%	9.7%	-0.6 p.p.
Items affecting comparability	-	-6	n.a.	11	20	n.a.
Adjusted operating profit (EBIT)	121	90	34.4%	354	344	2.9%
Adjusted EBIT margin, %	11.5%	9.1%	2.4 p.p.	8.9%	9.2%	-0.3 p.p.
Number of children and students	35,889	34,194	5.0%	36,400	34,653	5.0%
Number of units	143	144	-0.7%	143	143	-

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



## Adult Education (Sweden)

- Sales increased 6.0 percent to SEK 405 million (382).
- Operating profit (EBIT) was SEK 35 million (2).

AcadeMedia's Adult Education Segment is Sweden's largest provider of adult education with a presence in about 150 locations in the country. The segment works in three main customer groups: Municipal Higher Education, Higher Vocational Education and Labour Market Services.

### Impact following the Covid-19 outbreak

In alignment with authority directives, more than 20,000 adult education participants transitioned to distance education in March. The segment's long experience of distance education and proprietary digital learning platforms has meant that teaching was less affected than expected. In addition, fewer participants and students have dropped out from their courses, which explains the limited financial impact in the quarter and full year. In dialogue with each customer, adult education will gradually return to normal during the autumn.

### Outcome for the fourth quarter

Net sales for the quarter increased by 6.0 percent and amounted to SEK 405 million (382). The increase is primarily within Higher Vocational Education, but also in the Municipal Adult Education business where demand for distance education and vocational education is growing. The Labour Market Services business account for approximately 10 percent (16) of total sales.

Operating profit (EBIT) increased to SEK 35 million (2), and the margin was 8.6 percent (0.5). All business areas contributed to the improved result driven mainly by higher volume. Quality-enhancing efforts in the Higher Vocational Education operation resulted in fewer dropouts and thus improved profitability. The Labour Market Services business has stabilised and shows a continued positive result.

### Full year results

Net sales for the full year increased by 5.3 percent to SEK 1,557 million (1,478). Adjusted operating profit was SEK 131 million (32), the margin was 8.4 percent (2.2). Operating profit (EBIT) was SEK 131 million (17), the margin was 8.4 percent (1.2). The higher sales and profitability were related to higher volumes in the Municipal Adult Education and Higher Vocational

Education business and stable development in the Labour Market Services business.

### Operational changes

Regular agreements have now been signed with the City of Stockholm for municipal adult education after the applications for review were rejected. The contracts will run from 1 January 2021 and up to four years. This means a maintained market leading position, stable turnover levels, and long-term stability.

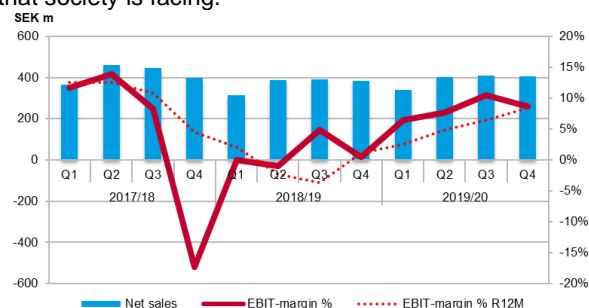
Parts of the municipal adult education procurement for the City of Gothenburg is still appealed and temporary agreements have been signed. Regular agreements have been signed for the contract areas that have not been appealed.

AcadeMedia's Higher Vocational Education is expected to have 8,000 educational places this coming autumn, compared with 6,700 educational places last year, after receiving additional educational places. The extra allocation means that AcadeMedia gains market share and the number of applications for the autumn start is at a record high.

As previously communicated, the contract for vocational and preparatory modules will be terminated in the second quarter 2020/21.

### Market development

Unemployment in Sweden is rising, and the government has announced large support packages and increased funding for adult education. AcadeMedia has the market's broadest contract portfolio and is prepared to quickly scale up operations in the case of increased demand. We maintain in close discussions with our customers to jointly meet the major challenges that society is facing.



Adult Education (SEK m)	Fourth quarter			Full year		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Net sales	405	382	6.0%	1 557	1 478	5.3%
EBITDA	39	6	550.0%	146	32	356.3%
EBITDA margin, %	9.6%	1.6%	8.0 p.p.	9.4%	2.2%	7.2 p.p.
Depreciation/amortisation	-3	-3	-	-10	-10	-
Acquisition related depreciations	-1	-1	-	-5	-5	-
Operating profit (EBIT)	35	2	1650.0%	131	17	670.6%
EBIT margin, %	8.6%	0.5%	8.1 p.p.	8.4%	1.2%	7.2 p.p.
Items affecting comparability	-	-	n.a.	-	-15	n.a.
Adjusted operating profit (EBIT)	35	2	1650.0%	131	32	309.4%
Adjusted EBIT margin, %	8.6%	0.5%	8.1 p.p.	8.4%	2.2%	6.2 p.p.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



## Quality

AcadeMedia's vision is to lead the development of education for the future. One of our goals in achieving this is to be a leader in learning, where the main indicator is '100% – everyone should achieve their educational objectives'. We can only accomplish this by providing the highest quality education in the areas in which the Group operates. To attain our goal, AcadeMedia maintains strong focus on systematic quality enhancing work. We have a group-wide quality management model and our size enables us to pursue development initiatives and find ways for the structured exchange of experiences on a large scale. We are constantly developing as a learning organisation.

*“By offering a superior learning environment, AcadeMedia helps people and communities develop and grow. All students have the same right to a quality education, regardless of place of residence or background. A good atmosphere for learning is also about determining the needs of and opportunities for each individual student. We will also be a learning organisation, where both employees and leaders can develop professionally.”* AcadeMedia's sustainability report 2018/19.

### Quality results for the fourth quarter

At the end of the academic year in June, the grades for AcadeMedia's compulsory and upper secondary schools were compiled. The results reported at this time are therefore preliminary and no national averages are available for comparison yet.

#### Preschools

In June, results were compiled from Swedish preschools' internal assessments of how well the national curriculum was met. The areas where the preschools' teaching reach the highest scores in the 2019/20 academic year is Language and communication 5.4 (-)<sup>3</sup>, followed by Play, Science and technology, and Norms and values. All three scoring 5.2 (-). Assessment area Culture reached the lowest score, 4.9 (-).

#### Compulsory School

AcadeMedia's own compilation of average grades for the 2019/20 academic year show that the proportion of students with passing grades in all subjects increased to 83.9 percent (82,3). The average grades for AcadeMedia's compulsory schools improved to 246.7 (242.3) and the percentage of students eligible for upper secondary school improved and amounted to 91.8 percent (91.3). The grades in AcadeMedia's compulsory schools continue to be higher than the latest published national averages.

#### Upper Secondary School

The internal compilation of grades for AcadeMedia's upper secondary schools show that the percentage of students who graduated increased to 90.3 percent (89.5). Also, the average final grades for students who graduated with full diplomas improved by 14.2 points (14.1). The results for upper secondary schools were slightly below last year's national average. The variation among AcadeMedia's upper secondary school operations is large.

### Quality results for the full year

In addition to the above, a number of other quality assessments have been completed during the year, in accordance with the AcadeMedia Group's annual cycle as well as for each school form. The results from the most important of these assessments have been presented in previous quarterly reports and a compilation for the fiscal year 2019/20 will be presented in AcadeMedia's quality report, which will be published in October 2020.

Examples of quality assessments performed during the year include a compilation of grades and results of national exams, student and parent surveys, employee satisfaction surveys, follow-up of inspections and quality assessments, internal inspections, assessment of educational quality, value added etc.

All results for all quality types and from all school levels are available on AcadeMedia's homepage, <https://utbildning.academedia.se/kvalitet/kvalitetsresultat>. Updates of the quality results are made in conjunction with publication of the quarterly reports.

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<sup>3</sup> Assessment criteria and scale were revised during 2019/20, hence no comparison with the previous year. The new scale is 0-8, in steps of two. The value 4 indicates that the goal fulfillment is acceptable in relation to the requirements in the guiding documents.



## Employees

The average number of full-time employees in the quarter was 12,738 (12,487) which represents an increase of 2.0 percent. For the full year, the average number of full-time employees was 12,686 (12,405). The proportion of women in the Swedish operation was 67.1 percent (67.5) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, was 18.4 percent aggregated over the twelve-month July 2019-June 2020 period, compared with 22.6 percent aggregated over the corresponding period in the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) was 4.6 percent (4.4) during the full year. Absence due to illness for the quarter amounted to 4.8 percent, 1.1 percentage points higher compared to the same period last year.

## Parent Company

On 1 June 2020, the parent company merged with its subsidiary, AcadeMedia Group AB, which had merged with its subsidiary ACM 2010 AM previously within the fiscal year.

Sales during the full year amounted to SEK 8 million (5). Operating profit (EBIT) amounted to SEK -17 million (-19) and profit after tax was SEK -50 million (-0) after receiving a group contribution amounting to SEK 100 million. The Parent Company's assets essentially consist of participations in Group companies and Group receivables. Operations are financed by equity and debt. Equity in the Parent Company as of 30 June 2020 was SEK 2,723 million (2,738). The Parent Company's interest-bearing debt as of 30 June 2020 was SEK 957 million (1,357).

## Owners and share capital

AcadeMedia AB (publ) is a public limited company listed on Nasdaq Stockholm since 2016. The number of shares and votes in AcadeMedia AB increased during the second quarter following a new share issue relating to the warrants programme for group management implemented at the Extraordinary General Meeting on 1 June 2016 (Warrant program 2016). In total, the number of shares and votes increased with 84,460 ordinary shares and as many votes.

As of 30 June 2020, share capital was SEK 105,548,345 and the number of shares amounted to a total of 105,548,345 shares distributed among 105,300,103 ordinary shares and 248,242 Class C shares. The quota value is SEK 1.00 per share. Mellby Gård AB is the largest shareholder in AcadeMedia with 21.0 percent of the capital as of 30 June 2020.

## Significant events after the end of the reporting period

AcadeMedia had no significant events to report after the end of the reporting period.

## Other

### Risks and uncertainties

AcadeMedia categorises risks as operating, external and financial and they are described in detail in AcadeMedia AB's 2018/19 Annual Report. Operating risks are the most crucial risks for AcadeMedia and include variations in demand and number of students and participants, risk relating to the supply of qualified employees and payroll expenses, risk relating to quality deficiencies, contractual compliance within adult education, AcadeMedia's reputation and brand, permits, and liability and property risk. With declining demand in a specific unit, fixed expenses and thus rental costs are a risk

The spread of the coronavirus has had a significant impact on AcadeMedia's operations as a result of decisions made by the governments in the countries where AcadeMedia operates. However, the financial impact during the fiscal year was limited. We are planning for a return to ordinary operation as of the start of the semester for all our segments. However, depending on how the spread of the infection develop during the autumn it is uncertain how this pandemic will impact our operation's moving forward. There is a risk that operations again will close for longer periods, that new openings will be delayed or that the decision to compensate AcadeMedia for loss of revenue or reimbursement for sick leave will change.

### Seasonal variations

AcadeMedia's four segments have different seasonal variations. The three school segments show a stable seasonal variation, while the Adult Education segment has a more irregular seasonal variation. The seasonal variations are described in detail in AcadeMedia AB's 2018/19 Annual Report.

The winter break, spring break and summer holiday periods have a major impact on the three school segments. Activity and revenue are lower during these periods. Leave has the greatest impact on the first quarter. Moreover, salary review for most teachers in Sweden takes place on 1 September and this also negatively impacts second quarter margins. School vouchers are adjusted at the beginning of each calendar year in Sweden, Norway and Germany, which has a positive impact on revenue while costs remain relatively unchanged. Taken together, there is a fairly stable seasonal



trend with lower earnings levels during the first six months of the year, followed by much stronger figures in the third and fourth quarters.

Adult education does not have recurring seasonal patterns in the same way as the school segments. Seasonal variation is influenced primarily by the contract portfolio and public spending. The number of working days or education days in the period may have some effect.

## Outlook

AcadeMedia does not publish any forecasts.

## Annual General Meeting 2020

AcadeMedia's Annual General Meeting 2020 will take place on Thursday, November 26, 2020 in Stockholm.

Shareholders who wish to submit proposals to the Nomination Committee for the Annual General Meeting 2020 can do so by e-mail to [valberedning@academedia.se](mailto:valberedning@academedia.se). Proposals should be submitted to the Nomination Committee no later than October 8, 2020.

Shareholders who wish to submit other proposals to the Board of Directors of the company for the Annual General Meeting 2020 can do so by e-mail to [bolagsstamma@academedia.se](mailto:bolagsstamma@academedia.se). Proposals should be submitted to the Board of Directors no later than October 8, 2020.



## Calendar

23 October 2020	Interim report Q1
27 October 2020	Annual Report 2019/20
26 November 2020	Annual General Meeting 2020
3 February 2021	Interim report Q2
6 May 2021	Interim report Q3

For further information, please visit <https://corporate.academedia.se>

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

Stockholm August 28, 2020

Marcus Strömberg  
*Chief Executive Officer*

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## Consolidated statement of comprehensive income

MSEK	Not	Fourth quarter			Full year		
		2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19	2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19
<b>Net sales</b>	3	<b>3,227</b>	<b>3,227</b>	<b>3,162</b>	<b>12,271</b>	<b>12,271</b>	<b>11,715</b>
Cost of services sold		-218	-218	-254	-993	-993	-997
Other external expenses		-350	-700	-662	-1,237	-2,621	-2,517
Personnel expenses		-1,947	-1,947	-1,942	-7,591	-7,591	-7,272
Depreciation/amortisation		-80	-80	-68	-323	-323	-280
Acquisition-related amortisation		-4	-4	-4	-16	-16	-16
Amortisation of right-of-use assets		-296	-	-	-1 175	-	-
Items affecting comparability <sup>2</sup>		-	-	-14	36	36	1
<b>Total operating expenses</b>		<b>-2,894</b>	<b>-2,948</b>	<b>-2,943</b>	<b>-11,299</b>	<b>-11,509</b>	<b>-11,080</b>
<b>OPERATING PROFIT/LOSS (EBIT)</b>		<b>334</b>	<b>279</b>	<b>218</b>	<b>973</b>	<b>763</b>	<b>635</b>
Interest income and similar profit/loss items	7	0	0	1	4	4	3
Interest expense and similar profit/loss items	7	-16	-16	-15	-61	-61	-72
Interest expense related to right-of-use assets	7	-89	-	-	-360	-	-
<b>Net financial items</b>		<b>-105</b>	<b>-16</b>	<b>-14</b>	<b>-417</b>	<b>-56</b>	<b>-69</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>229</b>	<b>263</b>	<b>204</b>	<b>556</b>	<b>707</b>	<b>566</b>
Taxes		-50	-57	-56	-125	-159	-136
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>179</b>	<b>206</b>	<b>148</b>	<b>431</b>	<b>549</b>	<b>431</b>
<b>Other comprehensive income</b>							
<i>Items that will not be reclassified to profit/loss</i>							
Actuarial gains and losses		-12	-12	10	-18	-18	-133
Deferred tax relating to actuarial gains and losses		3	3	-2	4	4	29
		<b>-9</b>	<b>-9</b>	<b>7</b>	<b>-14</b>	<b>-14</b>	<b>-104</b>
<i>Items that may be reclassified to profit/loss</i>							
Translation differences		-13	-13	11	-72	-72	-3
<b>Other comprehensive income for the period</b>		<b>-22</b>	<b>-22</b>	<b>18</b>	<b>-86</b>	<b>-86</b>	<b>-106</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>157</b>	<b>184</b>	<b>166</b>	<b>345</b>	<b>462</b>	<b>324</b>
<b>Profit for the year attributable to:</b>							
Owners of the Parent Company		179	206	148	431	549	431
<b>Comprehensive income for the period attributable to:</b>							
Owners of the Parent Company		157	184	166	345	462	324
Earnings per share basic (SEK)		1.70	1.96	1.41	4.09	5.21	4.09
Earnings per share basic/diluted (SEK)		1.70	1.95	1.41	4.09	5.21	4.09
Earnings per share based on number of shares outstanding (SEK)		1.70	1.96	1.41	4.09	5.21	4.09

<sup>1</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

<sup>2</sup> Items affecting comparability are specified on page 4 and 5. Key performance indicator definitions are on pages 31-32.



## Consolidated statement of financial position in summary

SEK m.	Note	30 June 2020	IFRS 16 <sup>1</sup>	30 June 2020 ex IFRS 16 <sup>2</sup>	30 June 2019
<b>ASSETS</b>					
Intangible non-current assets		6,191	-	6,191	6,231
Buildings		1,001	-	1,001	1,129
Right-of-use assets		7,207	7,207	-	-
Other property, plant and equipment		852	-	852	787
Other non-current assets		34	8	26	71
<b>Non-current assets</b>		<b>15,285</b>	<b>7,216</b>	<b>8,070</b>	<b>8,218</b>
Current receivables		704	-267	971	976
Cash and cash equivalents <sup>3</sup>		528	-	528	527
<b>Current assets</b>		<b>1,232</b>	<b>-267</b>	<b>1,499</b>	<b>1,502</b>
<b>TOTAL ASSETS</b>		<b>16,518</b>	<b>6,949</b>	<b>9,569</b>	<b>9,720</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>		<b>4,807</b>	<b>-117</b>	<b>4,925</b>	<b>4,589</b>
Non-current liabilities to credit institutions		1,890	-	1,890	2,131
Non-current lease liabilities, right-of-use assets		6,299	6,299	-	-
Provisions and other non-current liabilities		278	-25	303	379
<b>Non-current liabilities</b>	6	<b>8,466</b>	<b>6,274</b>	<b>2,192</b>	<b>2,509</b>
Current interest-bearing liabilities		364	-	364	592
Current lease liabilities, right-of-use assets		915	915	-	-
Other liabilities		1,965	-123	2,088	2,030
<b>Current liabilities</b>	6	<b>3,244</b>	<b>792</b>	<b>2,452</b>	<b>2,621</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,518</b>	<b>6,949</b>	<b>9,569</b>	<b>9,720</b>

<sup>1</sup> Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16. Lease to reflect an accounting practice applied in previous accounting periods (IAS 17).

<sup>2</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

<sup>3</sup> Cash includes Cash related to payroll tax withholdings with 29 MSEK (31 MSEK 30 June 2019.)

## Consolidated statement of changes in equity in summary

Total equity attributable to owners of the Parent Company

SEK m.	Jul-Jun 2019/2020	Jul-Jun 2018/2019
<b>Opening balance</b>	<b>4,589</b>	<b>4,262</b>
Profit/loss for the period	431	431
Other comprehensive income for the period	-86	-106
<b>Consolidated statement of comprehensive income</b>	<b>345</b>	<b>324</b>
Dividend paid	-132	-
Other transactions with owners*	4	3
<b>Closing balance</b>	<b>4,807</b>	<b>4,589</b>

\* Other transactions with owners in the current year includes new share issue connected to warrants SEK 4,1 million and share-matching program of SEK 0.4 million. Transactions with owners in the previous year include a share-matching program of SEK 0.8 million and issued convertibles of SEK 2.1 million.



## Consolidated cash flow statement

Free cash flow, additional information SEK m	Fourth quarter		Full year	
	2019/20 ex IFRS 16 <sup>1</sup>	2018/19	2019/20 ex IFRS 16 <sup>1</sup>	2018/19
<b>Cash flow from operating activities before changes in working capital</b>	<b>347</b>	<b>246</b>	<b>926</b>	<b>785</b>
Cash flow from changes in working capital	287	179	142	-101
<b>Cash flow from operating activities</b>	<b>634</b>	<b>425</b>	<b>1 069</b>	<b>684</b>
Investment in intangible non-current assets	-2	-8	-17	-22
Investments in leased property	-39	-38	-134	-174
Investments in equipment	-33	-18	-115	-131
Investments in non-current financial assets	-	-	0	-
Divestment of non-current financial assets	0	-	3	-
<b>Free cash flow before expansion investments</b>	<b>560</b>	<b>362</b>	<b>805</b>	<b>356</b>

MSEK	Fourth quarter			Full year		
	2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19	2019/20	2019/20 ex IFRS 16 <sup>1</sup>	2018/19
Operating profit/loss (EBIT)	334	279	218	973	763	635
Depreciation/amortisation	379	83	72	1 513	338	296
Items not included in cash flow	31	31	-16	-55	-55	-14
Tax paid	-47	-47	-28	-120	-120	-132
<b>Cash flow from operating activities before changes in working capital</b>	<b>697</b>	<b>347</b>	<b>246</b>	<b>2 311</b>	<b>926</b>	<b>785</b>
Cash flow from changes in working capital	265	287	179	211	142	-101
<b>Cash flow from operating activities</b>	<b>963</b>	<b>634</b>	<b>425</b>	<b>2 521</b>	<b>1 069</b>	<b>684</b>
Acquisition of subsidiaries	-23	-23	-18	-51	-51	-34
Investments in buildings	-0	-0	-48	-60	-60	-197
Leasehold improvements	-39	-39	-38	-134	-134	-174
Investments in equipment	-33	-33	-18	-115	-115	-131
Investments in intangible non-current assets	-2	-2	-8	-17	-17	-22
Investments in non-current financial assets	-	-	-	0	0	-
Divestment of non-current financial assets	0	0	-	3	3	-
<b>Cash flow from investing activities</b>	<b>-97</b>	<b>-97</b>	<b>-130</b>	<b>-375</b>	<b>-375</b>	<b>-559</b>
Interest received (+) and paid (-) (excl IFRS 16)	-14	-14	-12	-49	-49	-56
Interest paid (IFRS 16)	-89	-	-	-360	-	-
Dividend paid	-	-	-	-132	-132	-
New share issue	-	-	2	4	4	2
Increase (+)/decrease (-) of interest-bearing liabilities	-395	-395	-54	-501	-501	-243
Repayment of lease liabilities (IFRS 16)	-239	-	-	-1 092	-	-
<b>Cash flow from financing activities</b>	<b>-737</b>	<b>-409</b>	<b>-64</b>	<b>-2 130</b>	<b>-678</b>	<b>-296</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>128</b>	<b>128</b>	<b>232</b>	<b>16</b>	<b>16</b>	<b>-172</b>
Cash and cash equivalents at beginning of period	402	402	291	527	527	699
Exchange-rate differences in cash and cash equivalents	-3	-3	4	-15	-15	-1
<b>Cash and cash equivalents at end of period</b>	<b>528</b>	<b>528</b>	<b>527</b>	<b>528</b>	<b>528</b>	<b>527</b>

<sup>1</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.



## Parent company income statement in summary

SEK m.	Fourth quarter		Full year	
	2019/20	2018/19	2019/20	2018/19
<b>Net sales</b>	2	1	8	5
<b>Operating expenses</b>	-7	-7	-25	-24
<b>OPERATING PROFIT/LOSS</b>	-5	-6	-17	-19
Interest income and similar profit/loss items	3	16	12	17
Interest expense and similar profit/ loss items	-8	-7	-31	-32
<b>Net financial items</b>	-5	9	-19	-15
Year-end appropriations	100	34	100	34
<b>PROFIT/LOSS BEFORE TAX</b>	90	37	64	-0
Taxes	-20	-8	-14	-
<b>PROFIT/LOSS FOR THE PERIOD</b>	70	29	50	-0

## Parent company other comprehensive income

SEK m.	Fourth quarter		Full year	
	2019/20	2018/19	2019/20	2018/19
<b>Profit/loss for the period</b>	70	29	50	-0
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	70	29	50	-0

## Parent company balance sheet in summary

SEM m.	30 June 2020	30 June 2019
<b>ASSETS</b>		
Participations in Group companies	3,261	2,247
<b>Non-current assets</b>	<b>3,261</b>	<b>2,247</b>
Current receivables	2,840	3,853
Cash and cash equivalents	303	329
<b>Current assets</b>	<b>3,143</b>	<b>4,182</b>
<b>TOTAL ASSETS</b>	<b>6,405</b>	<b>6,430</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	106	105
Non-restricted equity	2,618	2,633
<b>Equity</b>	<b>2,723</b>	<b>2,738</b>
<b>Non-current liabilities</b>	951	943
<b>Current liabilities</b>	<b>2,730</b>	<b>2,748</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,405</b>	<b>6,430</b>



## Parent Company statement of changes in equity

SEK m.	Jul-Jun 2019/2020	Jul-Jun 2018/2019
<b>Opening balance</b>	<b>2,738</b>	<b>2,735</b>
Profit/loss for the period	51	0
Other comprehensive income for the period	-	-
<b>Consolidated statement of comprehensive income</b>	<b>51</b>	<b>0</b>
Merger related effects	62	-
Dividend	-132	-
Other transactions with owners*	4	3
<b>Closing balance</b>	<b>2,723</b>	<b>2,738</b>

*\*) Other transactions with owners in the current year includes new share issue connected to warrants SEK +4,1 million and share-matching program of SEK +0.4 million. In the previous year the amount consisted of share-matching program of SEK 0.8 million and issued convertibles of SEK 2.1 million.*



## Notes and accounting policies

Significant events after the end of the reporting period are presented on page 13. Segment reporting is presented on pages 8 to 11. Disclosures about risk factors and seasonality are presented on page 13.

### Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies and basis of calculation applied are the same as those described in AcadeMedia's 2018/19 Annual Report, which is available at <https://corporate.academedia.se, except for how leasing agreements are accounted for>. The new accounting policies applied from 2019/20 are IFRS 16 Leases with prospective implementation, the effects of which are presented in note 2. This Interim Report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act where applicable. The Interim report for the Parent Company is prepared in accordance with chapter 9 Interim report in the Annual Accounts Act.

The interim report includes pages 1 to 32 and pages 1 to 15 are an integrated part of this financial report.

As of 1 July 2019, AcadeMedia has implemented new segment reporting, comparative figures have been recalculated. The changes mean that all independent preschools in Sweden as well as the former segment Preschool International are combined into a new segment and at the same time AcadeMedia's compulsory schools will make up a separate segment. The Upper Secondary School Segment and Adult Education Segment are not affected.



**Note 2: Transition to IFRS 16 Leasing**

As of 1 July 2019, AcadeMedia applies IFRS 16 Leases with prospective implementation. IFRS 16 requires that all leasing agreement is presented in the balance sheet and that lease payments previously reported as other external expenses is replaced by cost of depreciation related to the right-of-use assets and interest expenses related to the leasing liabilities. The transition has a positive effect on operating income and EBITDA but a negative effect on net income.

In the segment reporting leasing agreements are reported in accordance with the previous accounting policies since that is how the business is monitored. As a result, the adjustment to IFRS 16 will be made in the "Group-OH and adjustments" in the segment summary.

AcadeMedia has lease obligations mainly for premises, IT equipment and vehicles, which amounted to SEK 8,975 million, based on current leases as per 1 July 2019. The majority of the leased assets and obligations relate to 800 rental contracts for properties. The rental contracts related to properties have terms of 1-30 years and cars three years. The rental contracts related to properties often have one or more extension options. Because the exercise of an option to extend requires a new decision, IFRS 16 only includes the option when a decision to continue operations is taken.

When calculating the lease liability (the present value of future lease payments), variable costs such as property tax, VAT, and other variable property costs such as maintenance, electricity, heating and water etc. insofar as these can be distinguished from the rent. The discount rate used to calculate the lease liability related to properties is based on market property yields for community service properties. In Sweden, a discount rate of between 4.1 and 5.6 percent is applied as of 1 July 2019, a rate of 5.0 percent is applied for both Norway and Germany. The discount rate used for AcadeMedia's car leases is the interest stated in each contract.

In transitioning to IFRS 16, AcadeMedia has elected to include three new balance sheet items in the balance sheet: "Right-of-use assets", "non-current and current lease liability". In the income statement, two new lines appear: "Amortisation of right-of-use assets" and "Interest expense, right-of-use asset".

Key performance indicators are also affected by the transition to IFRS 16. Important key performance indicators and key performance indicators based on rolling 12 months are presented adjusted for the effect of IFRS 16.

The IFRS 16 transition effects in the balance sheet per 1 July 2019 are described in the table below. The effects in the first quarter of 19/20 are described in the financial statements on pages 16-18.

SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
<b>ASSETS</b>			
Intangible non-current assets	6,231	–	6,231
Buildings	1,129	–	1,129
Other property, plant and equipment	787	–	787
Right-of-use assets	–	7,026	7,026
Other non-current assets	14	–	14
Deferred tax assets	56	–	56
<b>Total non-current assets</b>	<b>8,218</b>	<b>7,026</b>	<b>15,244</b>
Current receivables	976	-244	732
Cash and cash equivalents	527	–	527
<b>Total current assets</b>	<b>1,502</b>	<b>-244</b>	<b>1,258</b>
<b>TOTAL ASSETS</b>	<b>9,720</b>	<b>6,782</b>	<b>16,502</b>



SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	4,589	–	4,589
Non-current liabilities to credit institutions	2,131	–	2,131
Long-term lease liability (right-of-use assets)	–	6,055	6,055
Other non-current liabilities (interest-bearing) <sup>1</sup>	74	–	74
Provisions and other non-current liabilities	164	–	164
Deferred tax liability	141	–	141
<b>Total non-current liabilities</b>	<b>2,509</b>	<b>6,055</b>	<b>8,565</b>
Current interest-bearing liabilities to credit institutions	505	–	505
Current lease liability (right-of-use assets)	–	895	895
Other current liabilities interest-bearing <sup>1</sup>	86	–	86
Accounts payable and other current non-interest-bearing liabilities	719	-168	552
Other accrued expenses and deferred income	1,310	–	1,310
<b>Total current liabilities</b>	<b>2,621</b>	<b>727</b>	<b>3,348</b>
<b>Total liabilities</b>	<b>5,131</b>	<b>6,782</b>	<b>11,913</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,720</b>	<b>6,782</b>	<b>16,502</b>

<sup>1</sup> Including existing financial leases

### Note 3: Revenue

SEK m.	Fourth quarter		Full year	
	2019/20	2018/19	2019/20	2018/19
Education-related income	3,154	3,084	11,939	11,397
State subsidies	40	38	176	154
Other income	33	39	157	165
<b>Total income</b>	<b>3,227</b>	<b>3,162</b>	<b>12,272</b>	<b>11,715</b>

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

State subsidies include State subsidies for the primary school initiative, smaller classes, skills development and before and after school care initiatives. State subsidies are recognised at fair value in the case that there is reasonable certainty that they will be received and that AcadeMedia will meet the conditions attached to the grant. Subsidies received to cover costs are recognised as an expense reduction for the relevant expense item, for example teacher salary premiums, head teacher premiums and other salary subsidies.

Other income refers to income not directly related to education.

### Note 4: Related-party transactions

Related party transactions are described in detail in the 2018/19 Annual Report. During the financial year no related-party transactions occurred except remuneration to board members.





**Not 5: Acquisitions**

Acquiring company	Acquired company	Acquisition date	Segment
ACM 2001 AB	TO i Sverige AB	01 Jul 19	Other/Group
Pyslingen Förskolor och Skolor AB	Förskolan Moroten AB	01 Oct 19	Preschool
Pyslingen Förskolor och Skolor AB	Pålsjö Skogs Förskola AB	01 Oct 19	Preschool
ACM 2001 AB	Pops Academy AB	01 Dec19	Compulsory School
Espira Barnehager AS	Espira Tastarustå AS	01 Dec 19	Preschool
Pyslingen Förskolor och Skolor AB	Banérportsskolan AB	01 May 20	Compulsory School
Pyslingen Förskolor och Skolor AB	Banérporten Förskolor AB	01 May 20	Compulsory School

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

The acquisitions above represent a combined value of less than 5 percent of the Group and are therefore not specified separately in the tables. Voting rights in all acquisitions amount to 100 percent.

In all the acquisitions, the purchase consideration was in the form of cash.

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

Acquisition effects of acquisitions made (SEK m)	Total
Purchase consideration including transaction expenses and interest compensation	76
Purchase consideration excluding transaction expenses and including interest	73
Fair value of acquired net assets excluding goodwill	0
<b>Total goodwill</b>	<b>74</b>

Fair values acquired (SEK m)	Total
Intangible non-current assets	1
Property, plant and equipment	33
Right-of-use assets	57
Financial non-current assets	3
Current assets	8
Cash and cash equivalents	19
Interest bearing liabilities	-30
Interest bearing liabilities - IFRS 16	-57
Non-interest bearing liabilities	-32
Current tax liability	-2
Deferred tax liability	0
<b>Net assets acquired</b>	<b>0</b>

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

Impact of the acquisitions on the Group's cash and cash equivalents (SEK m)	Total
Purchase consideration excluding transaction expenses and including interest	73
Less purchase consideration that has not been settled in cash as of 30 June 2020	-3
Cash and cash equivalents at time of acquisition	-19
<b>Impact on the Group's cash and cash equivalents</b>	<b>51</b>

Contribution of acquisitions to consolidated profit (SEK m)	Total
Net sales	56
Operating profit (EBIT)	8



If the units had been included in consolidated profit from July 1, 2019 the contribution would have been (SEK m)	Total
Net sales	143
Operating profit (EBIT)	17

During the first quarter of 2019/2020 AcadeMedia divested nine preschool units.

#### Note 6: Specification of liabilities

SEK m.	30 June 2020	IFRS 16 <sup>1</sup>	30 June 2020 ex. IFRS 16 <sup>2</sup>	30 June 2019
<b>Non-current liabilities</b>				
Non-current liabilities to credit institutions, excl. real estate loans	1,293	-	1,293	1,486
Non-current interest-bearing liabilities - properties	597	-	597	644
Non-current lease liabilities, right-of-use assets	6,299	6,299	-	-
Other non-current liabilities (interest-bearing)	71	-	71	74
Provisions and other non-current liabilities	207	-25	232	305
<b>TOTAL Non-current liabilities</b>	<b>8,466</b>	<b>6,274</b>	<b>2,192</b>	<b>2,509</b>
<b>Current liabilities</b>				
Liabilities to credit institutions and other current interest-bearing liabilities	302	-	302	503
Current interest-bearing liabilities - properties	62	-	62	89
Current lease liabilities, right-of-use assets	915	915	-	-
Accounts payable and other current non-interest-bearing liabilities	459	-123	582	719
Accrued expenses and deferred income	1,506	-	1,506	1,310
<b>TOTAL Current liabilities</b>	<b>3,244</b>	<b>792</b>	<b>2,452</b>	<b>2,621</b>

<sup>1</sup> Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16 Leases to reflect an accounting practice applied in previous accounting periods (IAS 17).

<sup>2</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

#### Note 7: Specification of financial income and expenses

SEK m.	Fourth quarter		Full year	
	2019/20	2018/19	2019/20	2018/19
<b>Interest income and similar profit/loss items</b>				
Interest income	0	0	0	1
Foreign exchange gains	-	0	-	2
Other	-	-	4	-
<b>Interest income and similar profit/loss items</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>3</b>
<b>Interest expense and similar profit/ loss items</b>				
Interest expense excl right-of-use assets	-14	-12	-46	-51
Borrowing costs*	-2	-2	-7	-7
Exchange rate losses	-0	-	-3	-3
Other	-1	-1	-5	-11
<b>Interest expense and similar profit/ loss items</b>	<b>-16</b>	<b>-15</b>	<b>-61</b>	<b>-72</b>
<b>Interest expense relating to right-of-use assets</b>	<b>-89</b>	<b>-</b>	<b>-360</b>	<b>-</b>

\* Setup charges for new loans are expensed over the term of the loan.

#### Note 8: 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 deferred consideration. Since loans to credit institutions are at variable interest, which essentially are deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to correspond to fair value. Other financial assets and liabilities have short terms. It is therefore deemed that the fair values of all of the financial instruments are approximately equal to their book values.



## Multi-year review

SEK m., unless otherwise stated	Fourth quarter			Full year					
	19/20	19/20 excl. IFRS 16 <sup>1</sup>	18/19	19/20	19/20 excl. IFRS 16 <sup>1</sup>	18/19	17/18	16/17	15/16
<b>Profit/loss items, SEK m.</b>									
Net sales	3,227	3,227	3,162	12,271	12,271	11,715	10,810	9,520	8,611
Items affecting comparability	-	-	-14	36	36	1	-48	-23	-32
EBITDA	713	363	290	2,486	1,102	931	872	827	722
Depreciation/amortisation	-80	-80	-68	-323	-323	-280	-244	-208	-185
Acquisition-related depreciation/amortisation	-4	-4	-4	-16	-16	-16	-6	-4	-2
Amortisation of right-of-use assets	-296	-	-	-1,175	-	-	-	-	-
Operating profit/loss (EBIT)	334	279	218	973	763	635	622	615	535
Net financial items	-105	-16	-14	-417	-56	-69	-68	-80	-127
Profit/loss for the period, before tax	229	263	204	556	707	566	555	535	408
Profit/loss for the period after tax	179	206	148	431	549	431	430	416	319
<b>Balance sheet items, SEK m.</b>									
Non-current assets	15,285	8,070	8,218	15,285	8,070	8,218	7,823	6,574	6,141
Current receivables	704	971	976	704	971	976	860	695	697
Cash and cash equivalents	528	528	527	528	528	527	699	579	331
Non-current interest-bearing liabilities	1,961	1,961	2,205	1,961	1,961	2,205	2,209	2,200	2,116
Non-current lease liabilities, right-of-use assets	6,299	-	-	6,299	-	-	-	-	-
Non-current non-interest-bearing liabilities	207	232	305	207	232	305	135	114	113
Current interest-bearing liabilities	364	364	592	364	364	592	673	516	568
Current lease liabilities, right-of-use assets	915	-	-	915	-	-	-	-	-
Current non-interest-bearing liabilities	1,965	2,088	2,030	1,965	2,088	2,030	2,103	1,577	1,382
Equity	4,807	4,925	4,589	4,807	4,925	4,589	4,262	3,443	2,990
Total assets	16,518	9,569	9,720	16,518	9,569	9,720	9,383	7,849	7,169
Capital employed	7,250	7,250	7,386	7,250	7,250	7,386	7,144	6,158	5,674
Net debt	1,797	1,797	2,266	1,797	1,797	2,266	2,179	2,133	2,342
Property-adjusted net debt	1,138	1,138	1,533	1,138	1,138	1,533	1,528	1,550	1,866
<b>KPIs</b>									
Net sales, SEK m	3,227	3,227	3,162	12,271	12,271	11,715	10,810	9,520	8,611
Organic growth incl. smaller bolt-on acquisition, %	3.9%	3.9%	5.3%	5.4%	5.4%	4.4%	5.8%	9.0%	6.4%
Acquired growth, larger bolt-on acquisition, %	-	-	-	-	-	3.2%	7.9%	0.8%	0.4%
Change in exchange rates, %	-1.8%	-1.8%	0.3%	-0.7%	-0.7%	0.8%	-0.1%	0.8%	-1.3%
Operating margin (EBIT), %	10.4%	8.6%	6.9%	7.9%	6.2%	5.4%	5.8%	6.5%	6.2%
Adjusted EBIT, SEK m	279	279	232	728	728	634	670	638	567
Adjusted EBIT margin, %	8.6%	8.6%	7.3%	5.9%	5.9%	5.4%	6.2%	6.7%	6.6%
Adjusted EBITDA, SEK m	363	363	304	1,066	1,066	930	920	850	754
Adjusted EBITDA margin, %	11.2%	11.2%	9.6%	8.7%	9.0%	7.9%	8.5%	8.9%	8.8%
Net margin, %	5.5%	6.4%	4.7%	3.5%	4.5%	3.7%	4.0%	4.4%	3.7%
Return on capital employed, % (12 months)	10.0%	10.0%	8.7%	10.0%	10.0%	8.7%	10.1%	10.9%	10.1%
Return on equity, % (12 months)	11.4%	11.4%	9.7%	11.4%	11.4%	9.7%	11.2%	12.9%	12.1%
Equity/assets ratio, %	51.5%	51.5%	47.2%	51.5%	51.5%	47.2%	45.4%	43.9%	41.7%
Interest coverage ratio, multiple	15.9	15.9	12.5	15.9	15.9	12.5	10.9	9.4	4.8
Net debt/Adjusted EBITDA (12 months)	1.7	1.7	2.4	1.7	1.7	2.4	2.4	2.5	3.1
Adjusted Net Debt/Adjusted EBITDA (12 months)	1.1	1.1	1.6	1.1	1.1	1.6	1.7	1.8	2.5
Free cash flow	889	560	362	2,257	805	356	688	658	394
Cash flow from investing activities	-97	-97	-130	-375	-375	-559	-970	-374	-386
Number of full-time employees	12,738	12,738	12,487	12,686	12,686	12,405	11,863	10,564	9,714

<sup>1</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases. Key performance indicator definitions are on pages 31 to 32.



## Quarterly data, Group

SEK m., unless otherwise stated	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,227	3,284	3,258	2,502	3,162	3,135	3,076	2,343
<b>EBITDA</b>	<b>713</b>	<b>700</b>	<b>565</b>	<b>508</b>	<b>290</b>	<b>310</b>	<b>205</b>	<b>126</b>
Depreciation/amortisation	-80	-85	-84	-74	-68	-76	-73	-64
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-4	-4	-4
Amortisation of right-of-use assets	-296	-302	-276	-301	-	-	-	-
Items affecting comparability	-	36	-	-	-14	20	-11	5
<b>Operating profit/loss (EBIT)</b>	<b>334</b>	<b>309</b>	<b>201</b>	<b>129</b>	<b>218</b>	<b>231</b>	<b>128</b>	<b>58</b>
Net financial items	-105	-101	-103	-108	-14	-14	-23	-17
<b>Profit/loss after financial items</b>	<b>229</b>	<b>208</b>	<b>98</b>	<b>22</b>	<b>204</b>	<b>216</b>	<b>105</b>	<b>41</b>
Taxes	-50	-47	-23	-5	-56	-45	-25	-10
<b>Profit/loss for the period</b>	<b>179</b>	<b>161</b>	<b>75</b>	<b>16</b>	<b>148</b>	<b>172</b>	<b>79</b>	<b>31</b>
Number of children/students, schools	82,999	82,940	82,325	81,468	79,994	79,873	79,335	78,770
Number of full-time employees	12,738	12,759	12,723	12,521	12,487	12,605	12,473	12,055
Number of education units	516	512	511	505	511	507	505	505
<b>KPIs</b>								
Operating margin (EBIT), %	10.4%	9.4%	6.2%	5.2%	6.9%	7.4%	4.2%	2.5%
Adjusted EBIT	279	224	150	75	232	210	139	52
Adjusted EBIT, %	8.6%	6.8%	4.6%	3.0%	7.3%	6.7%	4.5%	2.2%
Adjusted EBITDA	363	313	237	153	304	290	216	120
Adjusted EBITDA, %	11.2%	9.5%	7.3%	6.1%	9.6%	9.3%	7.0%	5.1%
Net margin, %	5.5%	4.9%	2.3%	0.6%	4.7%	5.5%	2.6%	1.3%
Return on equity, % (12 months)	11.4%	10.6%	10.5%	10.0%	9.7%	9.1%	9.0%	10.6%
Return on capital employed, % (12 months)	10.0%	9.3%	9.1%	8.8%	8.7%	8.5%	8.8%	9.5%
Equity/assets ratio, %	51.5%	49.6%	47.0%	46.9%	47.2%	46.8%	45.6%	44.3%
Net debt/Adjusted EBITDA (12m) <sup>1</sup>	1.7	2.3	2.5	2.6	2.4	2.8	2.7	2.9
Interest coverage ratio, multiple <sup>1</sup>	15.9	15.3	13.9	13.3	12.5	10.8	10.3	10.6
<b>Other</b>								
Free cash flow	560	107	260	-122	362	21	270	-296
Cash flow from operating activities	634	139	325	-29	425	129	348	-219
Cash flow from investing activities	-97	-38	-112	-128	-130	-170	-103	-156

<sup>1</sup> Net debt/EBITDA and interest coverage ratio are important key performance indicators in AcadeMedia's business which from 1 July 2019 are calculated adjusted for the effect of IFRS 16 Leases to reflect a comparable measure to key performance indicators from previous periods.



## Quarterly data, segment

SEK m., unless otherwise stated	2019/20				2018/19			
Preschool (Sweden, Norway, Germany)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children (average)	21,404	21,310	20,686	20,015	21,319	20,975	20,267	19,741
Net sales	964	1,007	981	755	1,009	974	924	712
Sweden	338	332	329	242	356	348	336	251
Norway	499	533	514	389	544	519	490	369
Germany	127	142	137	123	108	107	99	91
EBITDA	99	142	49	19	106	92	44	20
EBITDA margin, %	10.3%	14.1%	5.0%	2.5%	10.5%	9.4%	4.8%	2.8%
Depreciation/amortisation	-18	-20	-20	-20	-12	-19	-18	-18
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	80	121	27	-2	92	72	24	0
EBIT margin, %	8.3%	12.0%	2.8%	-0.3%	9.1%	7.4%	2.6%	-
Items affecting comparability	-	53	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	80	68	27	-2	92	72	24	0
Adjusted EBIT margin, %	8.3%	6.8%	2.8%	-0.3%	9.1%	7.4%	2.6%	-
Number of education units	262	260	259	253	257	254	252	252

SEK m., unless otherwise stated	2019/20				2018/19			
Compulsory School (Sweden)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of students (average)	25,706	25,339	24,983	24,689	24,482	24,417	24,195	23,964
Net sales	809	801	801	594	780	760	752	565
EBITDA	92	58	60	33	79	51	50	23
EBITDA margin, %	11.4%	7.2%	7.5%	5.6%	10.1%	6.7%	6.6%	4.1%
Depreciation/amortisation	-16	-17	-17	-15	-15	-16	-15	-13
Acquisition-related depreciation/amortisation	-0	-0	-0	-0	-0	-0	-0	-0
Operating profit/loss (EBIT)	75	40	43	17	63	35	34	9
EBIT margin, %	9.3%	5.0%	5.4%	2.9%	8.1%	4.6%	4.5%	1.6%
Items affecting comparability	-	-	-	-	-8	-	4	-
Adjusted operating profit/loss (EBIT)	75	40	43	17	71	35	30	9
Adjusted EBIT margin, %	9.3%	5.0%	5.4%	2.9%	9.1%	4.6%	4.0%	1.6%
Number of education units	111	109	109	108	110	110	110	110

SEK m., unless otherwise stated	2019/20				2018/19			
Upper Secondary School (Sweden)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of students (average)	35,889	36,291	36,656	36,764	34,194	34,481	34,873	35,065
Net sales	1,049	1,064	1,072	814	990	1,006	1,011	750
EBITDA	163	153	119	95	121	160	133	92
EBITDA margin, %	15.5%	14.4%	11.1%	11.7%	12.2%	15.9%	13.2%	12.3%
Depreciation/amortisation	-41	-43	-42	-34	-36	-38	-36	-29
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	121	109	76	60	84	122	96	62
EBIT margin, %	11.5%	10.2%	7.1%	7.4%	8.5%	12.1%	9.5%	8.3%
Items affecting comparability	-	11	-0	-	-6	20	-	5
Adjusted operating profit/loss (EBIT)	121	98	76	60	90	102	96	56
Adjusted EBIT margin, %	11.5%	9.2%	7.1%	7.4%	9.1%	10.1%	9.5%	7.5%
Number of education units	143	143	143	143	144	143	143	143



SEK m., unless otherwise stated	2019/20				2018/19			
Adult Education (Sweden)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	405	410	403	339	382	392	388	315
EBITDA	39	47	34	26	6	22	-1	4
EBITDA margin, %	9.6%	11.5%	8.4%	7.7%	1.6%	5.6%	-0.3%	1.3%
Depreciation/amortisation	-3	-2	-2	-3	-3	-2	-2	-2
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	35	43	31	22	2	19	-4	0
EBIT margin, %	8.6%	10.5%	7.7%	6.5%	0.5%	4.8%	-1.0%	-
Items affecting comparability	-	-	-	-	-	-	-15	-
Adjusted operating profit/loss (EBIT)	35	43	31	22	2	19	11	0
Adjusted EBIT margin, %	8.6%	10.5%	7.7%	6.5%	0.5%	4.8%	2.8%	-

SEK m., unless otherwise stated	2019/20				2018/19			
Group-OH and adjustments	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1	3	0	0	0	4	0	0
EBITDA	320	300	302	335	-22	-15	-21	-13
Depreciation/amortisation	-2	-3	-2	-2	-2	-1	-1	-1
Acquisition-related depreciation/amortisation	-	-	-	-	-	-	-	-
Amortisation of right-of-use assets	-296	-302	-276	-301	-	-	-	-
Operating profit/loss (EBIT)	23	-4	23	32	-24	-16	-22	-14
Items affecting comparability	0	-28	-	-	-	-	-0	-
Adjusted operating profit/loss (EBIT)	-32	-26	-27	-22	-24	-16	-22	-14

SEK m., unless otherwise stated	2019/20				2018/19			
GROUP	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children (average)	82,999	82,940	82,325	81,468	79,994	79,873	79,335	78,770
Net sales	3,227	3,284	3,258	2,502	3,162	3,135	3,076	2,343
EBITDA	713	700	565	508	290	310	205	126
EBITDA margin, %	22.1%	21.3%	17.3%	20.3%	9.2%	9.9%	6.7%	5.4%
Depreciation/amortisation	-80	-85	-84	-74	-68	-76	-73	-64
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-4	-4	-4
Amortisation of right-of-use assets	-296	-302	-276	-301	-	-	-	-
Operating profit/loss (EBIT)	334	309	201	129	218	231	128	58
EBIT margin, %	10.4%	9.4%	6.2%	5.2%	6.9%	7.4%	4.2%	2.5%
Items affecting comparability	-	36	-0	-	-14	20	-11	5
Effect of IFRS 16 on operating profit	55	50	51	54	-	-	-	-
Adjusted operating profit/loss (EBIT)	279	224	150	75	232	210	139	52
Adjusted EBIT margin, %	8.6%	6.8%	4.6%	3.0%	7.3%	6.7%	4.5%	2.2%
Net financial items	-105	-101	-103	-108	-14	-14	-23	-17
<b>Profit/loss after financial items</b>	<b>229</b>	<b>208</b>	<b>98</b>	<b>22</b>	<b>204</b>	<b>216</b>	<b>105</b>	<b>41</b>
Taxes	-50	-47	-23	-5	-56	-45	-25	-10
<b>Profit/loss for the period</b>	<b>179</b>	<b>161</b>	<b>75</b>	<b>16</b>	<b>148</b>	<b>172</b>	<b>79</b>	<b>31</b>
Number of full-time employees (period)	12,738	12,759	12,723	12,521	12,487	12,605	12,473	12,055
Number of units*	516	512	511	504	511	507	505	505



## Reconciliation of alternative key performance indicators

The table below presents the data from which the alternative performance indicators used in the report are calculated. See definitions for more information.

SEK m., unless otherwise stated	Full year				
	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Net debt</b>					
Non-current interest-bearing liabilities	8,260	2,205	2,209	2,200	2,116
+ Current interest-bearing liabilities	1,279	592	673	516	568
- Interest-bearing receivables <sup>3</sup>	-	4	4	4	11
- Cash and cash equivalents	528	527	699	579	331
- IFRS 16 Non-current and current lease liabilities <sup>1</sup>	7,214	-	-	-	-
<b>= Net debt excluding IFRS 16<sup>2</sup></b>	<b>1,797</b>	<b>2,266</b>	<b>2,179</b>	<b>2,133</b>	<b>2,342</b>
<b>Property-adjusted net debt</b>					
Net debt (as described above)	1,797	2,266	2,179	2,133	2,342
- non-current property loans	597	644	603	467	278
- current property loans	62	89	48	116	197
<b>= Property-adjusted net debt excluding IFRS 16<sup>2</sup></b>	<b>1,138</b>	<b>1,533</b>	<b>1,528</b>	<b>1,550</b>	<b>1,865</b>
<b>Return on capital employed %, 12 months</b>					
Adjusted EBIT (12 months)	728	634	670	638	567
+ Interest income (12 months)	0	1	2	7	6
divided by					
Average equity (12 months)	4,698	4,426	3,853	3,216	2,647
+ average non-current interest-bearing liabilities	5,232	2,207	2,204	2,158	2,363
+ average current interest-bearing liabilities	935	632	594	542	641
IFRS 16 average equity <sup>1</sup>	-59	-	-	-	-
- IFRS 16 average non-current and current lease liabilities <sup>1</sup>	3,607	-	-	-	-
<b>Return on capital employed excluding IFRS 16<sup>2</sup>, %</b>	<b>10.0%</b>	<b>8.7%</b>	<b>10.1%</b>	<b>10.9%</b>	<b>10.1%</b>
<b>Return on equity %, 12 months</b>					
Profit/loss after tax (12 months)	431	431	430	416	319
- IFRS 16 profit/loss after tax (12 months)	-117	-	-	-	-
divided by					
Average equity (12 months)	4,698	4,426	3,853	3,216	2,647
IFRS 16 average equity <sup>1</sup>	-117	-	-	-	-
<b>= Return on equity excluding IFRS 16<sup>2</sup>, %</b>	<b>11.4%</b>	<b>9.7%</b>	<b>11.2%</b>	<b>12.9%</b>	<b>12.1%</b>

SEK m., unless otherwise stated	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Interest coverage ratio, multiple</b>								
Adjusted EBIT (12 months)	728	681	667	656	634	609	613	641
+ Interest income (12 months)	0	1	1	1	1	1	2	2
+ Other financial income (12 months)	4	4	2	2	2	2	4	4
divided by								
Interest expense (12 months) excl IFRS 16	-46	-45	-48	-50	-51	-57	-60	-61
<b>= Interest coverage ratio, multiple (excl IFRS 16)</b>	<b>15.9</b>	<b>15.3</b>	<b>13.9</b>	<b>13.3</b>	<b>12.5</b>	<b>10.8</b>	<b>10.3</b>	<b>10.6</b>

<sup>1</sup> Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16, in order to reflect an accounting practice applied in previous accounting periods (IAS 17).

<sup>2</sup> Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

<sup>3</sup> Included in the line item Other non-current assets in the consolidated balance sheet



## Definitions of key performance indicators

Implementation of IFRS16 has a major impact on AcadeMedia in that all leases must be capitalised as lease assets and liabilities, respectively. Several important key performance indicators have the same definition as previously and are not affected by IFRS 16. AcadeMedia uses prospective application, which means that the previous year's accounts have not been restated. This means that certain key performance indicators such as return on equity and capital employed can only be calculated excluding IFRS 16.

KPIs	Definition	Purpose <sup>4</sup>
Number of children/students	Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students.	The number of children/students is the most important driver for revenue.
Number of education units	Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit.	The number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units.
Number of full-time employees	Average number of full-time employees during the period, full-time equivalent (FTE).	The number of employees is the main cost driver for the Company
Return on equity excl IFRS16	Profit/loss for the most recent 12-month period excluding IFRS16, divided by average equity excl IFRS16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	Return on equity is a profitability measure used to set profit (loss) in relation to shareholders' paid-in and earned capital.
Return on capital employed excl IFRS16	Adjusted operating profit/loss (EBIT) for the most recent 12-month period plus interest income, divided by average capital employed excl IFRS 16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	Adjusted return on capital employed is used to set adjusted operating profit/loss in relation to total tied up capital regardless of type of financing.
EBITDA	Operating profit/loss before amortisation and impairment of non-current assets and right-of-use assets. IFRS16 has a positive impact on this key performance indicator since rent is excluded.	EBITDA is used to measure profit (loss) from operating activities, regardless of depreciation/amortisation.
EBITDA margin	EBITDA as a percentage of net sales. IFRS16 has a positive impact on this key performance indicator since rent is excluded.	EBITDA margin is used to set EBITDA in relation to sales.
Equity excl IFRS16	Equity excluding the effects of IFRS16 that come via profit/loss for the period.	Equity excluding IFRS16 is used to be able to calculate return on equity consistently.
Net financial items	Financial income less financial expenses- IFRS16 has a negative impact on this key performance indicator since interest expense on right-of-use assets is included.	The measure Net financial items is used to illustrate the outcome of the Company's financial activities.
Free cash flow	Cash flow from operating activities or changes in working capital less investments in operating activities. Investments in operating activities relate to all investments in property, plant and equipment and intangible assets except buildings and acquisitions. This key performance indicator is not affected by IFRS16.	This measure shows how much cash flow the business generates after the necessary investments have been made. This cash flow can be used for purposes such as expansion, amortisation, or dividends.
Acquired growth	Increase of net sales due to larger acquisitions during the last 12 months.	Indicates growth generated from acquisitions in contrast to organic growth and currency effects.
Acquisition-related depreciation/amortisation	Depreciation related to assets gained in acquisitions.	Separates depreciation on assets gained in acquisitions, e.g. excess value in real estate and brands.
Adjusted EBITDA	Operating profit/loss before amortisation/depreciation of intangible assets and property, plant and equipment, excluding items affecting comparability and excluding the effects of IFRS16. Thus, this key performance indicator includes rental costs and is not affected by IFRS16.	Adjusted EBITDA is used to measure underlying profit from operating activities, excluding depreciation/amortisation and items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales. This key performance indicator is not affected by IFRS16.	Adjusted EBIT margin sets underlying operating profit excluding amortisation in relation to sales.
Adjusted net debt	Net debt less real estate-related This key performance indicator is not affected by IFRS16.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated off and sold.
Adjusted net debt/Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA for the past 12 months. This key performance indicator is not affected by IFRS16.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (adjusted EBITDA), to pay off the Company's liabilities, including property-related loans. It shows the loan-to-value ratio of the business excluding real assets such as real estate.
Adjusted EBIT	Operating profit/loss (EBIT) excluding items affecting comparability and excluding the effects of IFRS16. This key performance indicator includes rental costs and is not affected by IFRS16.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Adjusted EBIT margin sets underlying operating profit in relation to sales.

<sup>4</sup>According to ESMA guidelines on performance measures, each performance measure must be motivated.





Items affecting comparability	Items affecting comparability are income and cost of an irregular nature such as larger (>SEK 5 million) retroactive income related to prior financial years, items related to property such as capital gains, major property damage not covered by insurance, advisory costs relating to larger acquisitions or fundraising, major integration costs resulting from acquisitions or reorganisations according to plan, as well as costs arising from strategic decisions and major restructuring that result in winding up of units.	Items affecting comparability are used to illustrate the profit/loss items that are not included in ongoing operating activities, in order to obtain a clearer picture of the underlying profit trend.
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities. IFRS16 has a positive impact on this measure since rental costs are excluded.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
Cash flow from investments	Cash flow from investing activities according to the cash flow analysis. This includes investments and divestments of buildings, acquisitions and investments in property, plant and equipment and intangible assets. Investments financed via leases are not included. This key performance indicator is not affected by IFRS16.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
Cash flow from financing activities	Cash flow from financing activities according to the cash flow analysis. This includes increase/decrease of loans, interest received/paid, new share issue and dividends IFRS16 has had a negative impact on this figure since interest paid and amortisation of finance lease liability related to right-of-use assets are included.	Cash flow from financing activities is used to
Net debt	Interest-bearing debt (current and non-current) excluding lease liabilities related to right-of-use assets net of cash and cash equivalents and interest-bearing receivables (current and non-current). This key performance indicator is not affected by IFRS16.	Net debt is used to illustrate the size of the debt less current cash and cash equivalents (which in theory could be used to repay loans).
Net debt/ Adjusted EBITDA	Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months. This key performance indicator is not affected by IFRS16.	Net debt/EBITDA is a theoretical measure of how many years it would take, with current earnings (EBITDA), to pay off the Company's liabilities, including property-related loans.
Organic growth incl. smaller bolt-on acquisitions	Increase of net sales excluding larger acquisitions and changes in currency.	The Company's growth target is to increase net sales including smaller bolt-on acquisitions by 5-7 percent per year. The purpose of the key performance indicator is thus to follow up on this target.
Employee turnover	The average number of employees who left the company during the year, in relation to the average number of employees. (Number of permanent and probationary employees who quit) / (Average number of permanent and probationary employees) Calculated on an aggregated basis over the reporting period.	Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year.
Earnings per share	Profit/loss for the period in SEK, divided by the average number of shares outstanding, basic/diluted calculated according to IAS 33. The key performance indicator is affected by IFRS16 because net profit is affected by elimination of rent and the addition of amortisation and interest expense related to right-of-use assets.	Earnings per share is used to clarify the amount of profit for the period to which each share is entitled.
Earnings per share excl IFRS 16	Earnings per share excl the effects of IFRS16.	The purpose is to present earnings per share according to the same accounting policies as before the implementation of IFRS 16 to create comparability over time.
Interest coverage ratio excl IFRS 16	Adjusted EBIT for the past 12 months plus financial income, in relation to interest expense excluding interest expense attributable to right-of-use assets. This key performance indicator is not affected by IFRS16.	Interest coverage ratio is used to measure the Company's ability to pay interest costs.
Operating margin (EBIT margin)	Operating profit/loss as a percentage of net sales. In the Group this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	The operating margin shows the percentage of sales remaining after operating expenses, which can be allocated to other purposes.
Operating profit/loss (EBIT)	Operating profit/loss before net financial items and tax. In the Group this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.
Absence due to illness	Short-term and long-term absence due to illness recalculated to full-time divided by the number of full-time employees (FTE). Calculated as an average over the reporting period.	Absence due to illness is used to measure employee absence and provide indications as to employee health.
Equity/assets ratio	EQUITY excluding the effects of IFRS16 in percent of total assets excluding IFRS16. This key performance indicator is not affected by IFRS16.	The equity/assets ratio shows the proportion of the Company's total assets financed by shareholders' equity. A high equity/assets ratio is a measure of financial strength.
Capital employed excl IFRS16	Total assets, less non-interest-bearing current liabilities and provisions, adjusted for non-current and current lease liabilities related to right-of-use assets as well as provisions and deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities but excluding non-current and current lease liabilities related to right-of-use assets. This key performance indicator is not affected by IFRS16.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity). By excluding the IFRS16 effect, continuity can be achieved in the return figure.

## General

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

