AcadeMedia AB (publ)

YEAR-END REPORT July 2017 – June 2018

15 percent growth in the quarter

Record year for Upper Secondary School and International Preschool segments

Adult Education segment under restructuring

AcadeMedia

Year-end Report 2017/18

Fourth quarter (January – June 2018)

- Net sales increased by 14.7 percent to SEK 2,993 million (2,610). Organic growth including bolt-on acquisitions amounted to 4.1 percent.
- Operating profit (EBIT) declined by 20.9 percent to SEK 167 million (211). Adjusted for items affecting comparability, operating profit was SEK 207 million (229).
- Net profit was SEK 111 million (154) in the period.
- Cash flow from operating activities amounted to SEK 376 million (317).
- The average number of children and students in pre-, compulsory, and upper secondary schools during the fourth quarter was 76,233 (67,207), representing an increase of 13.4 percent.
- Earnings per share was SEK 1.05 (1.62) before dilution and 1.05 (1.62) after dilution.

Full year (July 2017 – June 2018)

- Net sales increased by 13.6 percent to SEK 10,810 million (9,520). Organic growth including bolt-on acquisitions amounted to 5.8 percent.
- Operating profit (EBIT) increased by 1.1 percent to SEK 622 million (615). Adjusted for items affecting comparability, operating profit was SEK 670 million (638).
- Net profit for the period amounted to SEK 430 million (416).
- Cash flow from operating activities amounted to SEK 928 million (830).
- The average number of children and students in pre-, compulsory and upper secondary school amounted to 73,366 (66,070), which was an increase of 11.0 percent.
- Earnings per share was SEK 4.30 (4.41) before dilution and SEK 4.29 (4.40) after dilution.
- The Board of Directors proposes that no dividend be paid for the 2017/18 financial year.

Significant events after the end of the reporting period

AcadeMedia signed a new loan agreement with its financiers which will result in improved financial flexibility and approximately SEK 10 million less in interest expenses per year. The agreement came into effect on 6 July 2018.

Veronica Rörsgård joined AcadeMedia in August as head of Preschools in Sweden. She most recently worked at Skanska, where she held the position of HR and IT Director. Veronica Rörsgård is a member of AcadeMedia's Executive Management.

The group in figures

The quarter in figures	Fourth quarter			Full year		
	2017/18	2016/17	Change	**2017/18**	2016/17	Change
Net sales, SEK m	2,993	2,610	14.7%	10,810	9,520	13.6%
EBITDA, SEK m	233	267	-12.7%	872	827	5.4%
EBITDA margin	7.8%	10.2%	-2.4 p.p.	8.1%	8.7%	-0.6 p.p.
Operating profit (EBIT), SEK m	167	211	-20.9%	622	615	1.1%
EBIT margin	5.6%	8.1%	-2.5 p.p.	5.8%	6.5%	-0.7 p.p.
Adjusted operating profit (EBIT)*, SEK m	207	229	-9.6%	670	638	5.0%
Adjusted EBIT margin	6.9%	8.8%	-1.9 p.p.	6.2%	6.7%	-0.5 p.p.
Total financial items, SEK m	-19	-20	5.0%	-68	-80	15.0%
Income before taxes, SEK m	148	191	-22.5%	555	535	3.7%
Profit/loss for the period, SEK m	111	154	-27.9%	430	416	3.4%
Number of children and students**	76,233	67,207	13.4%	73,366	66,070	11.0%
Number of FTEs	12,462	10,959	13.7%	11,863	10,564	12.3%

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

CEO's comments

2017/18 has been an important year for AcadeMedia marked by improved earnings but also by cost-cutting and restructuring activities driven by contract transitions in adult education. The year has entailed continued strong growth of 13.6 percent of which 5.8 percent was organic growth. However, margins are trailing last year's levels. The Upper Secondary School Segment has had a strong year and grew both organically and through acquisitions which was also true for AcadeMedia's German operations. The Swedish Parliament (Riksdagen) voted against regulating profits in the welfare sector. This was expected, but is important nevertheless.

Strong year for Upper Secondary School

The Upper Secondary School segment has had a strong year with a total revenue growth of 27.8 percent. This was largely generated by the acquisition of Vindora which brought 36 new schools into the segment as of November 1, 2017. The start of seven new schools in the fall term of 2017 contributed to 6.0 percent organic growth. The margin improved to 8.5 percent (7.8) through the addition of Vindora which had a higher margin, but also as a result of the use of existing school premises for the new school openings.

Praktiska upper secondary schools, which are part of Vindora, have a large apprenticeship component. This form of education is becoming increasingly important both to individuals who otherwise risk unemployment and exclusion, as well as for society as a whole. The process of integrating Vindora into the business segment and into the staff and support functions has largely been completed and integration expenses of SEK 17 million have been charged for the fourth quarter. Following these efforts AcadeMedia will profit from some synergies and also have a more stable and professional support structure for the Vindora business.

High growth in Germany

During 2017/18 AcadeMedia has opened six new units in Germany and has acquired KTS, with six units. In total, there are now 29 preschools in Germany. This has contributed to the growth of the International Preschool segment of 15.8 percent. Demand for new preschools and preschool places is high. During the next year, 2018/19, 10-15 new preschools are expected to open in Germany. The total number of preschools is then anticipated to be just over 40 in the summer of 2019.

Restructuring in Adult Education

As previously communicated, the Adult Education segment is in a contract transition period and is also facing weakened market conditions. AcadeMedia has now taken tough measures to reduce costs and thereby ensure adjustment to the new market conditions and new contracts. Restructuring charges are included in the fourth quarter. AcadeMedia has also agreed on a settlement with the City of Malmö regarding deficiencies in the SFI contract. It was very important for AcadeMedia to take proactive responsibility in this situation and thus maintain good continued relationship with the City of Malmö.

Tendering within adult education often leads to appeals which results in delays for the winning provider. This was the situation for the Vocational and Preparatory modules ("yrkes- och studieförberedande moduler, YSM") contract that AcadeMedia was awarded in July 2017. It took until April 2018 for the Administrative Court to reject the appeal so that contracts could be signed. The start of these new contracts was delayed yet again due to the summer period. This contributed to a weak result in the fourth quarter.

In total the Adult Education segment has taken expenses of SEK 61 million in the quarter. This is settlement compensation and expenses regarding the SFI contract with the City of Malmö of SEK 23 million. In addition, restructuring charges of SEK 38 million related to staff, premises and excess capacity required in current agreements following lower market volumes.

AcadeMedia is the leading provider of adult education in Sweden but the business is characterised by tendering and periods of contract transition. We feel that we have now taken the necessary measures to adjust to the new conditions. Long term, after contract transitions and capacity adjustments, AcadeMedia believes that the EBIT margin in the Adult Education segment will be 9-11 percent. The lower margin is a consequence of new contracts with lower margins as well as lower capacity utilization following reduced volumes in the market.

Pre- and Compulsory school

The Pre- and Compulsory School segment is currently experiencing lower margins caused by salary inflation being higher than increases of the school vouchers. A review from an audit firm shows that the municipalies are not following the equal terms law ("lika villkorslagen") which stipulates that the municipalites must pay the same amount to independent schools as they spend on municipal schools. AcadeMedia will, together with other companies in the industry, continue to work to ensure fair voucher levels as this is an important measures for improving margins.

The segment also has a number of weak units. Efforts have been made during 2017/18 to turn these units around which has required extra resources in the form of personnel, during the third and fourth quarters. AcadeMedia takes a great responsibility to develop all schools, especially those experiencing problems.

Politics and regulations

At the end of May, the Norwegian Parliament (Stortinget) decided to impose regulations on staff density in preschools as of August 1, 2019. This is in addition to the new regulation on teacher density which come into effect already on August 1, 2018. The new regulations apply to both municipal and independent preschools. This will affect Norwegian voucher levels to the extent that the municipalities need to increase their staffing and costs. The parliamentary resolution clearly states that transitional rules should not put independent providers at a disadvantage.

As expected, the Swedish Parliament (riksdagen) voted in June *against* regulating profits in the welfare sector but *for* reinforced ownership and management assessment. The outcome of the Swedish election in September is far from clear.

Passion for improving education

There are many challenges in the societies in which we operate, including immigrant integration, improving education for the needs of society in the future, and equality in the workplace. AcadeMedia takes pride in not only running high quality education units, but also in contributing constructively to developing the education system in the societies in which we operate. In Sweden, for instance, we are very active in discussing the overall issues and areas of improvement for the education system as a whole. Some important development areas that we are suggesting are a common school selection procedure and a common municipal queueing system for compulsory schools.

It is with pride that I thank all AcadeMedia employees for the past year and for their passion for improving education.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the fourth quarter (April 2018 – June 2018)

Volume development and net sales

Net sales in the fourth quarter amounted to SEK 2,993 million (2,610), an increase of 14.7 percent compared to the same period last year. The acquisitions of Vindora (November 2017) and KTS (March 2018) contributed 9.8 percent. Organic sales growth, including bolt-on acquisitions, amounted to 4.1 percent. In addition the SEK/NOK and SEK/EUR exchange rate had a positive impact on net sales of 0,7 percent , SEK 19 million in the quarter. The number of students in the school segments increased by 13.4 percent to 76,233 (67,207), where the acquisition of Vindora, KTS and bolt-on acquisitions and new establishments contributed positively.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the fourth quarter was lower than last year and amounted to SEK 167 million (211) representing an operating margin of 5.6 percent (8.1). Adjusted operating profit (EBIT) was also lower and amounted to SEK 207 million (229) and an adjusted EBIT margin of 6.9 percent (8.8). The decline in earnings in the fourth quarter was primarily due to the Adult Education segment but also to a decline in the Pre- and Compulsory School segment.

The Pre- and Compulsory School segment’s weaker earnings were primarily related to higher personnel expenses, but also to expenses relating to organizational changes and closure of a compulsory school, with a total expense of SEK 6 million. The Adult Education segment has entered a period of transition and lower margins. The transition in combination with a weaker market and a delayed start of new contracts meant that the fourth quarter was significantly weaker than expected. A settlement with the City of Malmö was reached which also affected the period negatively.

Net financial items

Net financial items for the quarter amounted to SEK -19 million (-20). Interest expense was SEK -18 million (-15) which was somewhat higher than the third quarter and is due to lack of certain accrued interest expenses in prior quarters.

Profit and comprehensive income for the period

Profit after tax for the period decreased and amounted to SEK 111 million (154). Tax for the fourth quarter amounted to SEK -37 million (-37) which is due to restructuring reserves being non-deductible. The effective tax rate increased to 25.3 percent (19.5). Comprehensive income for the period, which affects equity, amounted to SEK 57 million (148).

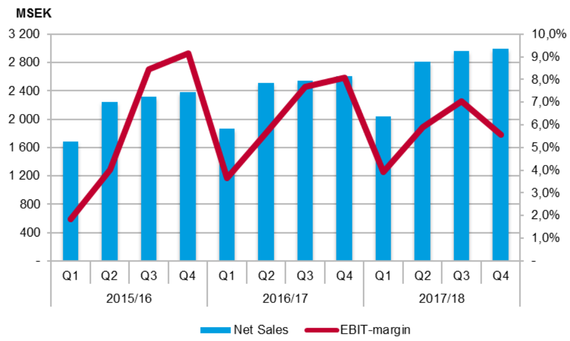
Items affecting comparability

Items affecting comparability amounted to net SEK -40 million (-19) as shown in the table below. Capacity adjustment in the Adult Education segment and settlement with the City of Malmö amounted to SEK 61 million. Expenses relating to the integration of Vindora amounted to SEK 17 million. Changed pension rules in Norway had a positive onetime effect of SEK 37 million.

Items affecting comparability	Fourth quarter	
SEK m	2017/18	2016/17
Restructuring expenses (Adult)	-38	-
Restructuring expenses (Upper Secondary)	3	-9
Hermods SFI	-23	-
Transaction-related expenses	-3	-10
Integration expenses Vindora	-17	-
Operating expenses affecting comparability	-	0
Pension effect Norway	37	-
Total	**-40**	**-19**

Acquisitions, divestments and new units

During the fourth quarter, one new preschool was opened in the International Preschool segment.



Fourth quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), SEKm		EBIT Margin	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Pre- and Compulsory Schools (Sweden)	32,834	31,828	1,082	1,025	76	90	7.0%	8.8%	76	89	7.0%	8.7%
Upper Secondary Schools (Sweden)	32,024	25,191	920	675	100	72	10.9%	10.7%	87	64	9.5%	9.5%
Adult Education (Sweden)	-*	-*	397	411	-7	38	-1.8%	9.2%	-69	38	-17.4%	9.2%
Preschool International	11,375	10,188	593	499	60	47	10.1%	9.4%	97	47	16.4%	9.4%
Group adj., parent company	-	-	1	0	-22	-18	-	-	-24	-28	-	-
Total	76,233	67,207	2,993	2,610	207	229	6.9%	8.8%	167	211	5.6%	8.1%

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

Development in the full year (July 2017 – June 2018)

Volume development and net sales

Net sales in the full year amounted to SEK 10,810 million (9,520), which was an increase of 13.6 percent compared to the same period last year. The change was driven by acquisitions and an increased number of students and children in the school segments. The number of students increased by 11.0 percent to 73,366 (66,070). Organic sales growth including bolt-on acquisitions amounted to 5.8 percent. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of 0.1 percent, SEK 11 million, in the year.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the full year increased somewhat and amounted to SEK 622 million (615). However, the operating margin declined to 5.8 percent (6.5). Items affecting comparability amounted to SEK -48 million (-23). Adjusted operating profit (EBIT) amounted to SEK 670 million (638) corresponding to an adjusted EBIT margin of 6.2 percent (6.7).

The earnings improvement compared to last year was primarily related to the acquisition of Vindora in Sweden and Stepke in Germany. Vindora contributed SEK 64 million to earnings in the period. In addition, increased efficiency in the Upper Secondary School segment contributed positively. The contract transition in the Adult Education Segment has led to lower earnings and margins compared with last year. The Pre- and Compulsory School segment had lower margins due to increased personnel costs and a few problem units.

Net financial items

Net financial items for the full year amounted to SEK -68 million (-80). Interest expenses were lower and amounted to SEK -62 million (-69). This was due to lower average debt and lower interest margins on bank loans as an effect of a lower leverage ratio.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 430 million (416). Tax for the full year amounted to SEK -124 million (-120). The effective tax rate increased to 22.4 percent (22.3) as a result of high non-deductible costs. Comprehensive income for the period, which affects equity, amounted to SEK 416 million (424).

Items affecting comparability

Operating profit (EBIT) for the full year included items affecting comparability of SEK -48 million (-23) as shown in the table below.

Items affecting comparability	Nine months	
SEK m	**2017/18**	2016/17
Restructuring expenses (adult)	-38	-
Restructuring expenses (Upper Secondary)	3	-9
Hermods SFI	-23	-
Transaction-related expenses	-8	-12
IPO expenses	-	-1
Integration expenses Vindora	-20	-
Operating expenses affecting comparability	-	-2
Rights issue	-0	-
Pension adjustment Norway	37	-
Total	**-48**	**-23**

Acquisitions, divestments, new units and discounted operations

Two strategical acquisitions were completed during the year: Vindora with operations in both adult education and upper secondary schools (November 2017) and the German preschool operator KTS (March 2018). In addition, several bolt-on acquisitions have been completed and new units have opened.

In total, within all segments, 51 units have been acquired: 36 upper secondary schools, four preschools in Sweden, five preschools in Norway and six preschools in Germany. 15 new units opened during the year: seven upper secondary schools, one preschool in Sweden, one preschool in Norway and six preschools in Germany.

One preschool and two compulsory schools closed during the first quarter. One upper secondary school was divested in January and three upper secondary schools are in wind-down mode and therefore have fewer students compared to the previous year. Acquisitions are specified in note 3.

Full year in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), SEKm		EBIT margin	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Pre- and Compulsory Schools (Sweden)	32,101	31,231	3,912	3,690	178	199	4.6%	5.4%	178	199	4.6%	5.4%
Upper Secondary Schools (Sweden)	30,582	25,544	3,229	2,526	292	206	9.0%	8.2%	276	198	8.5%	7.8%
Adult Education (Sweden)	-*	-*	1,666	1,576	137	200	8.2%	12.7%	75	200	4.5%	12.7%
Preschool International	10,684	9,295	1,998	1,725	125	98	6.3%	5.7%	162	98	8.1%	5.7%
Group adj., parent company	-	-	5	4	-62	-65	-	-	-70	-79	-	-
Total	73,366	66,070	10,810	9,520	670	638	6.2%	6.7%	622	615	5.8%	6.5%

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

Cash flow and financial position

Cash flow

In the fourth quarter, cash flow from operating activities amounted to SEK 376 million (317). Cash flow from investing activities amounted to SEK -115 million (-133) and mainly reflected acquisitions of properties in the period. Cash flow from financing activities amounted to SEK -103 million (-67) in the quarter. In total, the cash flow in the quarter amounted to SEK 158 million (117).

In the full year cash flow from operating activities was SEK 928 million (830). The increase is related to improved net working capital following acquisitions with negative working capital. Cash flow from investing activities amounted to SEK -970 million (-374). The change was primarily related to the acquisitions completed in the period. Cash flow from financing activities amounted to SEK 144 million (-209), where the rights issue contributed positively with SEK 401 million, net after rights issue-related expenses. In total, the cash flow in the full year amounted to SEK 102 million (247).

Financial position

Consolidated equity amounted to SEK 4,262 million (3,443) as of June 30, 2018 and the equity/asset ratio was 45.4 percent (43.9). The increase in equity and the improved equity ratio are a result of the positive performance and the share issue of SEK 410 million, which was conducted in connection with the acquisition of Vindora. The rights issue raised SEK 401 million of equity, net of issue-related expenses.

Total interest-bearing net debt as of June 30, 2018 amounted to SEK 2,179 million (2,133). The increase in net debt was related to increased property loans due to new property development. Excluding property loans, which finance building assets, adjusted net debt amounted to SEK 1,528 million (1,550). The purpose of the alternative performance measure “adjusted net debt” is to show the portion of debt that finances operations, whereas real estate loans are linked to building assets that can be separated and sold. The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and current construction loans, increased over the past 12 months by SEK 68 million to SEK 650 million (583). Building assets increased during the equivalent period by SEK 160 million to SEK 948 million (788). The increase was entirely attributable to newly built and acquired preschools in Norway and Germany.

Non-current interest-bearing liabilities amounted to SEK 2,209 million (2,200) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current interest-bearing liabilities consist of current portions of long-term loans and construction loans, amounting to SEK 673 million (516). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.4 (2.5), which was below the Group's financial target of a maximum of 3.0. The level was affected by the acquisitions and the rights issue. Real estate-adjusted net debt divided by adjusted EBITDA (12m) was 1.7 (1.8).

On Friday, June 29, 2018, AcadeMedia signed a new loan agreement with its financiers involving an extension of the total amount of SEK 2,500 million until the middle of 2023. The new loan agreement is expected to result in approximately SEK 10 million less in interest expenses per year as well as improved financial flexibility. The agreement came into effect on July 6, 2018 and the new loans are taken as of the same date. The press release published on July 2, 2018 describes the terms of the new agreement in brief.

During the fourth quarter, an impairment test on the group’s cash generating units was performed based on long term business plans. No cash generating unit had a book value exceeding its recoverable amount. Therfore, no impairment of goodwill or other intangible asset with indefinite life has been reported during 2017/18.

There is a large demand for additional educational capacity in Sweden as well as in the other countries where AcadeMedia operates. AcadeMedia aims to contribute to this expansion. The Board of Directors therefore proposes to re-invest the profit and that no dividend be paid for the 2017/18 financial year.

Parent company

The parent company AcadeMedia AB (publ) is a listed company with certain management functions such as CEO and CFO. Sales during the full year amounted to SEK 9 million (5), operating profit (EBIT) for the full year amounted to SEK -19 million (-22) and profit after tax amounted to SEK 11 million (0). The parent company’s assets principally consist of participation in Group companies. The operation is financed by equity. Equity in the parent company as of June 30, 2018 was SEK 2,735 million (2,321). The increase is a result of the rights issue, which contributed SEK 401 million net to equity in December 2017. Rights issue-related expenses, net after tax, amounted to SEK 9 million. The parent company’s current receivables and liabilities have increased compared to last year. This is a result of an increased number of companies included in the cash pool, primarily Vindora.

Owners and share capital

Number of shares	Ordinary shares	Ordinary class C	Total shares
Opening balance July 1, 2017	**94,624,997**	**165,000**	**94,789,997**
Rights issue 171221	10,513,888	0	10,513,888
Share issue 180625	0	160,000	160,000
Closing balance, June 30, 2018	**105,138,885**	**325,000**	**105,463,885**
Of which repurchased shares		*325,000*	*325,000*
Outstanding number of shares June 30, 2018	**105,138,885**	**-**	**105,138,885**

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. In December 2017, the Group completed a rights issue of SEK 410 million, before issue expenses, to contribute to the financing of the acquisition of Vindora. AcadeMedia's largest shareholder, Mellby Gård, undertook a guarantee commitment and received a guarantee commitment fee of one percent corresponding to SEK 3 million. As of June 30, 2018, the share capital amounted to SEK 105,138,885 and the number of ordinary shares totaled 105,138,885. The quota value is SEK 1.00 per share.

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

To ensure delivery of shares under the long-term incentive program, AcadeMedia undertook in June 2018 a direct issue and a repurchase of 160,000 C-shares.

Mellby Gård is the largest shareholder in AcadeMedia and held 21.0 percent of the shares as of June 30, 2018.

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 3.2 percent in the fourth quarter to 32,834 (31,828).
- Sales increased by 5.6 percent in the quarter.
- Operating profit (EBIT) was lower last year and amounted to SEK 76 million (89).

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in many municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor, and Vittra. The schools are entirely based on the school voucher system. The segment had 230 units in the quarter.

Fourth quarter results

The average number of children and students increased by 3.2 percent compared with the previous year and amounted to 32,834 (31,828). The increase was driven by acquisitions and new establishments made during the year, as well as by a higher number of students in existing units. Net sales increased by 5.6 percent to SEK 1,082 million (1,025), which in addition to the volume increase was driven by the annual voucher adjustment, and higher state subsidies.

Operating profit (EBIT) for the fourth quarter was lower than last year and amounted to SEK 76 million (89), resulting in an operating margin of 7.0 percent (8.7). The margin deterioration was mainly a result of higher personnel costs, which were primarily related to a focused effort at certain schools and salary increases that were not compensated by a corresponding increase in school vouchers. Expenses relating to organization changes and closing of one compulsory school have affected the fourth quarter negatively with a total of SEK 6 million.

Full year results

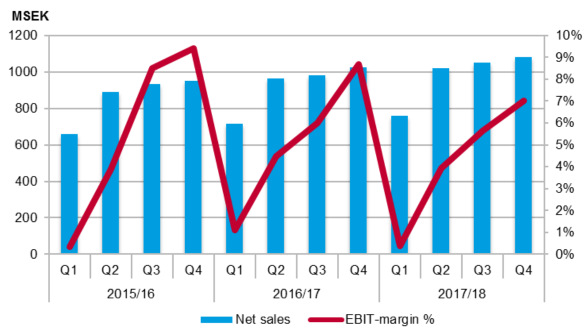
The average number of children and students increased by 2.8 percent compared with the previous year and amounted to 32,101 (31,231). Acquisitions and new establishments as well as growth in existing units drove the increase.

Net sales increased by 6.0 percent and amounted to SEK 3,912 million (3,690). This was mainly an effect of an increased number of students and units, but also due to the annual school voucher adjustment and increased state subsidies.

Operating profit (EBIT) for the year decreased by SEK 21 million and amounted to SEK 178 million (199), with an operating margin of 4.6 percent (5.4). The margin deterioration was mainly a result of higher personnel costs but also salary increases that were not compensated by a corresponding increase in school vouchers. The segment has a number of underperforming units. Efforts have been made during 2017/18 to turn these units around which has required extra resources such as personnel, during the third and fourth quarters. These units have an effect of SEK -26 million (-12) on earnings.

Operational changes during the full year

One preschool and two smaller compulsory schools with approximately 310 children were closed or divested before the start of 2017/18. One compulsory school and three preschools were acquired and one preschool opened during the financial year. Two smaller preschools and one compulsory school with a total of 220 children and students will be closed before the start of 2018/19. A decision has been taken to open two new preschool units during the fiscal year 2018/19.



Pre- and Compulsory Schools (Sweden)	Fourth quarter			Full year		
	2017/18	2016/17	Change	2017/18	2016/17	Change
Net sales, SEK m	1,082	1,025	5.6%	3,912	3,690	6.0%
EBITDA, SEK m	92	103	-10.7%	239	252	-5.2%
EBITDA margin	8.5%	10.0%	-1.5 p.p.	6.1%	6.8%	-0.7 p.p.
Depreciation/amortization	-16	-14	-14.3%	-61	-54	-13.0%
Operating profit (EBIT), SEK m	76	89	-14.6%	178	199	-10.6%
EBIT margin, %	7.0%	8.7%	-1.7 p.p.	4.6%	5.4%	-0.8 p.p.
Items affecting comparability, SEK m	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	76	90	-15.6%	178	199	-10.6%
Adjusted EBIT margin, %	7.0%	8.8%	-1.8 p.p.	4.6%	5.4%	-0.8 p.p.
Number of children and students	32,834	31,828	3.2%	32,101	31,231	2.8%
Number of units	230	230	-	229	228	0.4%

Upper Secondary Schools (Sweden)

- The average number of students increased by 27.1 percent in the fourth quarter, amounting to 32,024 (25,191) of which Vindora contributed 5,992.
- Sales increased by 36.3 percent during the fourth quarter compared with the previous year.
- Operating profit (EBIT) increased by 36 percent to SEK 87 million (64).

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

Fourth quarter results

The number of students increased by 27.1 percent compared to the same period the previous year and amounted to 32,024 (25,191). Net sales increased by 36.3 percent and amounted to SEK 920 million (675). The increase was partly related to the acquisition of Vindora with SEK 209 million of net sales in the quarter, the seven new schools started in the first quarter, and a higher number of students in existing units.

Operating profit (EBIT) for the fourth quarter increased by 35.9 percent compared to the previous year and amounted to SEK 87 million (64) representing an operating margin of 9.5 percent (9.5). The operating margin was negatively affected by non-recurring items primarily related to the integration of Vindora, SEK -17 million. Adjusted operating profit increased to SEK 100 million (72). The increase was primarily due to the acquisition of Vindora and a higher number of students in existing units which increased capacity utilization.

Full year results

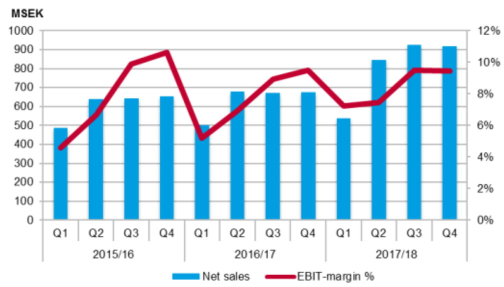
During the year, the number of students grew by 19.7 percent to 30,582 (25,544). Net sales increased by 27.8 percent to SEK 3,229 million (2,526). The increase was due to the acquisition of Vindora, the seven new units that opened in the fall, and higher revenue per student, primarily resulting from the annual school voucher adjustment.

Operating profit (EBIT) for the full year increased by 39.4 percent compared to last year and amounted to SEK 276 million (198), representing an operating margin of 8.5 percent (7.8). The margin improvement was due to increased capacity utilization in existing units as well as the acquisition of Vindora, which operates with a higher margin. Adjusted operating profit, excluding SEK -16 million of non-recurring items, increased to SEK 292 million (206).

Operational changes during the full year

AcadeMedia's upper secondary schools have had a record number of students during the year due to the opening of seven new schools, a higher number of students in existing units, and the acquisition of Vindora. Focus on integration of Vindora will continue during the next fiscal year.

In autumn 2018, the Upper Secondary School segment will open three new units. Initially only first-year students are admitted and the estimated number of students in 2018/19 amounts to around 160.



Upper Secondary Schools (Sweden)	Fourth quarter			Full year		
	2017/18	2016/17	Change	2017/18	2016/17	Change
Net sales, SEK m	920	675	36.3%	3,229	2,526	27.8%
EBITDA, SEK m	118	90	31.1%	397	303	31.0%
EBITDA margin	12.8%	13.3%	-0.5 p.p.	12.3%	12.0%	0.3 p.p.
Depreciation/amortization	-31	-26	-19.2%	-121	-105	-15.2%
Operating profit (EBIT), SEK m	87	64	35.9%	276	198	39.4%
EBIT margin, %	9.5%	9.5%	0 p.p.	8.5%	7.8%	0.7 p.p.
Items affecting comparability, SEK m	-13	-9	44.4%	-16	-9	77.8%
Adjusted operating profit (EBIT), SEK m	100	72	38.9%	292	206	41.7%
Adjusted EBIT margin, %	10.9%	10.7%	0.2 p.p.	9.0%	8.2%	0.8 p.p.
Number of children and students	32,024	25,191	27.1%	30,582	25,544	19.7%
Number of units	141	103	36.9%	133	103	29.1%

Adult Education (Sweden)

- Net sales declined by 3.4 percent in the fourth quarter compared with the previous year.
- Operating profit (EBIT) for the quarter declined and amounted to SEK -69 million (38).
- The period is affected by large expenses related to the settlement with the City of Malmö, but also restructuring charges related to excess capacity and contract transitions.

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education and has solid expertise in working with integrating and educating adults. Every year around 100,000 students attend one of our programs in approximately 150 locations around the country. The segment includes brands like Hermods, NTI-skolan, Plushögskolan, Eductus, KompetensUtvecklingsInstitutet, and Movant.

Fourth quarter results

Net sales for the fourth quarter amounted to SEK 397 million (411) which was 3.4 percent lower compared to last year. The operating profit (EBIT) in the quarter declined and amounted to SEK -69 million (38), corresponding to an operating margin of -17.4 percent (9.2).

The ongoing contract transition has led to lower than expected net sales, higher expenses and thus lower margins. Furthermore, a decline in market volumes has resulted in low utilization levels. This in combination with lower prices in many of the new agreements has affected the operating margin negatively.

In total, the segment had expenses affecting comparability amounting to SEK 61 million, which has been communicated previously. SEK 38 million relates to expenses for excess capacity and capacity adjustments and SEK 23 million to the settlement with the City of Malmö. Adjusted operating profit amounted to SEK -7 million (38).

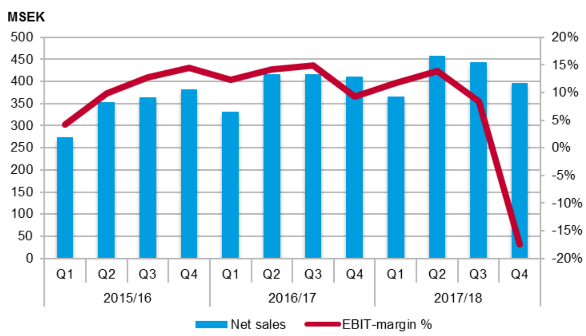
Full year results

Net sales for the full year amounted to SEK 1,666 million (1,576), representing an increase of 5.7 percent. Operating profit (EBIT) amounted to SEK 75 million (200) corresponding to a decrease of SEK 125 million and the operating margin amounted to 4.5 percent (12.7). The earnings and margin deterioration was due to the transition effects described above. Adjusted operating profit amounted to SEK 137 million (200).

Operational changes during the full year

The acquisition of Vindora in November, with the brand Movant, was a positive contribution to the segment. However, the contract transitions with the Swedish Public Employment Agency had the largest impact. Gaps between old and new contracts, lower prices in new contracts, and declining market volumes for services tendered have accelerated the need for organizational changes and operational adjustments.

Adult education does not have recurring seasonality and volumes are determined by the needs and efforts of society as well as AcadeMedia's contract portfolio. The segment is now moving from a period of high profitability to a period of lower margins due to contract transitions and lower prices. This means that the segment will have weaker earnings in the coming quarters. Following the ongoing contract transitions and capacity adjustments, AcadeMedia believes that the long-term EBIT-margin will be 9-11 percent in the adult education segment.



Adult Education (Sweden)	Fourth quarter			Full year		
	2017/18	2016/17	Change	2017/18	2016/17	Change
Net sales, SEK m	397	411	-3.4%	1,666	1,576	5.7%
EBITDA, SEK m	-66	40	-265.0%	83	206	-59.7%
EBITDA margin	-16.6%	9.7%	-26.3 p.p.	5.0%	13.1%	-8.1 p.p.
Depreciation/amortization	-2	-2	-	-8	-7	-14.3%
Operating profit (EBIT), SEK m	-69	38	-281.6%	75	200	-62.5%
EBIT margin, %	-17.4%	9.2%	-26.6 p.p.	4.5%	12.7%	-8.2 p.p.
Items affecting comparability, SEK m	-61	-	-	-61	-	-
Adjusted operating profit (EBIT), SEK m	-7	38	-118.4%	137	200	-31.5%
Adjusted EBIT margin, %	-1.8%	9.2%	-11 p.p.	8.2%	12.7%	-4.5 p.p.

Preschool International

- The number of children increased by 11.7 percent to 11,375 (10,188) in the fourth quarter, of which KTS added 397 children.
- Sales increased by 18.8 percent compared with the fourth quarter the previous year.
- Operating profit amounted to SEK 97 million (47).
- A change in the pension regulation in Norway had a positive one-time effect of SEK 37 million.

AcadeMedia's Preschool International segment runs preschools in Norway under the Espira brand and in Germany under the brands Joki, Stepke and KTS. Espira is Norway's third largest preschool provider with 101 units. In Germany 29 preschools are in operation.

Fourth quarter results

The average number of children in the fourth quarter increased by 11.7 percent and amounted to 11,375 (10,188). Net sales increased by 18.8 percent and amounted to SEK 593 million (499). The increase in number of children and sales mainly relates to the acquisition of KTS (March 2018), as well as new establishments and acquisitions in Norway. The SEK/NOK and SEK/EUR exchange rate had a positive impact on net sales of SEK 19 million in the period.

Operating profit (EBIT) for the fourth quarter increased and amounted to SEK 97 million (47), which resulted in an operating margin of 16.4 percent (9.4). Items affecting comparability in the period amounted to SEK 37 million and related to new pension rules in Norway. Adjusted operating profit increased to SEK 60 million (47), with an operating margin of 10.1 percent (9.4). The margin increase compared with the previous year was primarily related to economies of scale in Germany and improved capacity utilization in Norway.

Full year results

The average number of children in the full year increased by 14.9 percent and amounted to 10,684 (9,295). Net sales increased by 15.8 percent and amounted to SEK 1,998 million (1,725) driven by acquisitions and new starts.

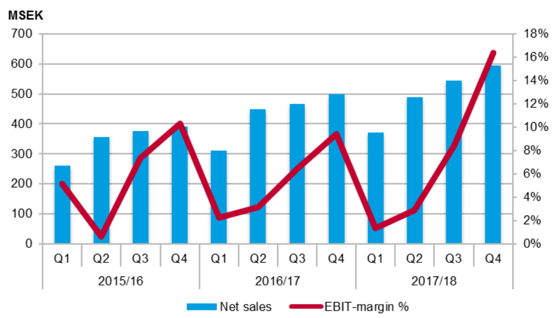
The currency SEK/NOK and SEK/EUR had a negative impact on sales of SEK 11 million for the full year.

Adjusted operating profit for the year amounted to SEK 125 million (98), an increase of SEK 28 million. Adjusted operating margin amounted to 6.3 percent (5.7). The improvement was primarily due to higher margins in the German operation but also to better capacity utilization in Norway. Operating profit (EBIT) for the full year amounted to SEK 162 million (98), corresponding to a margin of 8.1 percent (5.7).

Operational changes during the full year

On March 1, AcadeMedia acquired KTS, a preschool operator with six units in the Munich area. One additional KTS preschool was opened in the fourth quarter. In addition, five new preschools were acquired in Norway during the fiscal year and six new units opened, one in Norway and five in Germany. 10-15 new preschools are estimated to open in Germany during 2018/19, which is expected to bring the total number of units in Germany to around 40.

At the end of May, the Norwegian Parliament (Stortinget) decided to impose regulations on staff density as of August 1, 2019. This is in addition to the new regulation on teacher density as of August 1, 2018. The new regulations apply to both municipal and independent preschools, which will affect Norwegian voucher levels to the extent that the municipalities need to increase their staffing and costs. The parliamentary resolution clearly states that transitional rules should not put independent providers at a disadvantage.



Preschool International	Fourth quarter			Full year		
	2017/18	2016/17	Change	2017/18	2016/17	Change
Net sales, SEK m	593	499	18.8%	1,998	1,725	15.8%
EBITDA, SEK m	113	60	88.3%	218	139	56.8%
EBITDA margin	19.1%	12.0%	7.1 p.p.	10.9%	8.1%	2.8 p.p.
Depreciation/amortization	-16	-13	-23.1%	-56	-42	-33.3%
Operating profit (EBIT), SEK m	97	47	106.4%	162	98	65.3%
EBIT margin, %	16.4%	9.4%	7 p.p.	8.1%	5.7%	2.4 p.p.
Items affecting comparability, SEK m	37	-	-	37	-	-
Adjusted operating profit (EBIT), SEK m	60	47	27.7%	125	98	27.6%
Adjusted EBIT margin, %	10.1%	9.4%	0.7 p.p.	6.3%	5.7%	0.6 p.p.
Number of children and students	11,375	10,188	11.7%	10,684	9,295	14.9%
Number of units	130	112	16.1%	123	102	20.6%

Quality

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 final results for compulsory schools will be presented in the National Agency for Education's SIRIS database in September and for upper secondary schools the results will be presented in December. The results reported at this time are therefore preliminary and no national averages are available for comparison yet.

Nevertheless, it can be concluded that the average grades for AcadeMedia's compulsory schools improved from 241.9 to 245.7 during the 2017/18 academic year. The percentage of students eligible for upper secondary school also improved and amounted to 90.3 percent (90.1). However the proportion of students with passing grades in all subjects declined to 81.5 percent (82.7). The grades in AcadeMedia's compulsory schools continue to be higher than the latest published national averages.

In the upper secondary school the percentage of students who graduated declined, 88.8 percent (89.4), while the average final grades for students who graduated with full diplomas remained unchanged at 14.1 points (14.1). The study results for upper secondary schools as a whole were slightly below last year's national average. The variation among AcadeMedia's upper secondary school operations is large.

In June, results were compiled from Swedish preschools' internal assessments of how well the national curriculum was met. The results showed improvements in the area "development and learning" 4.8[1] (4.7) and "children's influence" 5.1 (5.0), while "norms and values" remained at the same levels as last year (5.1).

AcadeMedia's three german operations conducted parent serveys during the spring. Work is ongoing to analyze the results and to coordinate processes in the three operations to enable future comparison.

Corresponding results from the Norwegian preschools show that the share of parents who would recommend their child's preschool is still at a high level but has declined since last year 83.9 percent (86.5).

AcadeMedia's Adult Education segment also published new quality data following a survey of approximately 37,000 participants. The recommendation and satisfaction level remained high, 83,9 (84.6) and 80.0 (82.1) percent, respectively.

Adult Education also conducted its unique annual review of what prior participants were doing six months after completion of their program. The survey is unique in Sweden and has a a total of approximately 50,000 respondents (response rate of 16 percent). 78 percent (79) responded that they had jobs or were conducting further studies. Only 14 percent (12) stated that they were seeking a job and the remaining 8 percent (9) were on parental leave or other. The results are in line with the survey conducted in the fall of 2017.

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 2017/18 will be presented in AcadeMedia's quality report, which will be published in October 2018.

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, follow-up of adult participants after course completion, 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.

Employees

The average number of full-time employees in the quarter was 12,462 (10,959) which represented an increase of 13.7 percent. For the full year, the average number of full-time employees was 11,863 (10,564). The proportion of women in the Swedish operation was 69.4 percent (69.3) in the quarter. Employee turnover in Sweden, measured as the number of individuals leaving the company, amounted to 26.3 percent accumulated over 12 months, July-June, compared to 25.9 percent in the corresponding period the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) decreased to 4.8 percent (4.9) during the full year.

[1] 4 indicates an acceptable result in relation to the requirements.

The annual employee satisfaction survey showed a continuing high recommendation level, but this has declined slightly since last year: 79 percent (81) in Sweden and 84 percent (87) in Norway. More detailed information can be found in the third quarter's interim report or at www.academedia.se.

Risk factors and uncertainties

Significant operating, external and financial risks are described in detail in AcadeMedia AB's 2016/17 Annual Report. Apart from the risks described in the Annual Report, contractual compliance in the Adult Education segment is perceived as a new risk factor. Inadequate contractual compliance can result in price reductions and severe contract breaches that are not corrected can result in limitations in future procurements.

Operating risks include variations in demand and number of students and participants, risk relating to access to qualified staff and payroll expenses, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits as well as liability and property risk.

External risks include risks relating to school voucher funding and the general economy, political risk, changes in the law or regulations as well as the dependence on national authorities in the education sector. Political risks can for example be profit or dividend restrictions, or limitations to open new for profit pre- and compulsory schools.

A common factor for various political proposals is that the processes are usually long and proposals must be in a legally enforceable format and must ultimately be approved by the respective national parliament. In addition, there are financial risks such as credit and currency risks.

Seasonality

The first quarter of the Group's financial year includes the schools' summer vacations. During this period, when no operations are conducted, the Group's revenues are lower than in the other quarters. Personnel expenses are also lower since staff members are on vacation. This also applies to preschools in Norway. In the Adult Education segment, the level of activity is also lower during the summer months, as are revenues, and this is also the case over the Christmas and New Year period and other holidays such as Easter. During these periods, leave and vacation entitlement are taken, resulting in lower personnel expenses.

The salaries of the Group's employees are revised annually. The largest proportion of the Group's employees are teaching staff, whose salaries are adjusted as of September 1 each year, after which date personnel expenses increase without a corresponding increase in school voucher funding. This means that margins are usually lower in the second quarter of the financial year. The school vouchers are adjusted at the beginning of the calendar year in Sweden, Norway and Germany. Consequently, revenues increase without any actual change in the cost base during the third and fourth quarters. The fourth quarter is usually the strongest in terms of profit, partly for the above reason and partly since there are decreases in direct costs, such as for school meals, and the beginning of the vacation period, while revenues do not decline to the same extent. Within the Pre- and Compulsory School segment the positive development in the first quarter is reinforced by the fact that children are admitted on an ongoing basis during the year, particularly in May and June, which increases revenues accordingly.

Seasonal variations are somewhat different for preschools in Norway, partly because of the Norwegian rules on personnel density, which require greater personnel density for younger children than for older children. In early fall, the older children transfer to school and new younger children are admitted. This leads to increased staffing in order to meet the personnel density requirements. At the start of the calendar year the voucher sizes increase and the staff density levels can be adjusted to reflect the fact that the younger children are deemed to be one year older. The consequence is that the second quarter of the financial year is the year's weakest quarter within this segment, with zero profit or even a slightly negative result.

Adult education does not have recurring seasonal patterns in the same way as the school segments. Rather, the contract portfolio and public spending influence seasonal variation. Number of working days or education days during the period may have an effect to a certain extent.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

October 25, 2018	Interim report first quarter
October 26, 2018	Annual Report 2017/18
November 22, 2018	Annual General Meeting 2018
January 31, 2019	Interim report second quarter
May 7, 2019	Interim report third quarter

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

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

The undersigned confirms that the interim report provides a fair and true overview of the parent companies and the Group's operations, financial position and results, and describes any significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm August 29, 2018

Marcus Strömberg
Chief Executive Officer

AcadeMedia AB (publ)

Org. no. 556846-0231
Box 213, 101 24 Stockholm
Telephone- +46-8-794 42 00

www.academedia.se

For more information, please contact:
Marcus Strömberg, CEO
Telephone: +46 8 794 4200
E-mail: marcus.stromberg@academedia.se

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

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

This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on August 29, 2018.

Consolidated statement of comprehensive income

		Fourth quarter		Full year	
SEK m	Note	**2017/18**	2016/17	**2017/18**	2016/17
Net Sales		**2,993**	**2,610**	**10,810**	**9,520**
Cost of goods sold		-257	-187	-920	-796
Other external expenses		-625	-593	-2,320	-2,064
Personnel expenses		-1,837	-1,545	-6,650	-5,811
Depreciation/amortization		-67	-56	-250	-212
Items affecting comparability [1)]		-40	-19	-48	-23
		-2,826	**-2,400**	**-10,188**	**-8,905**
OPERATING INCOME		**167**	**211**	**622**	**615**
Interest income and similar profit/loss items	5	1	0	5	9
Interest expense and similar profit/loss items	5	-20	-20	-73	-89
		-19	**-20**	**-68**	**-80**
INCOME BEFORE TAX		**148**	**191**	**555**	**535**
Tax		-37	-37	-124	-120
PROFIT/LOSS FOR THE PERIOD		**111**	**154**	**430**	**416**
Other comprehensive income					
Items that will not be reclassified to profit/loss					
Remeasurement of defined benefit pension plans		-103	*12*	-92	12
Deferred tax relating to defined benefit pension plans		24	*-3*	21	-3
		-80	**9**	**-71**	**9**
Items that may be reclassified to profit/loss					
Translation differences		26	*-15*	57	0
Other comprehensive income for the period		-54	**-6**	-14	**9**
COMPREHENSIVE INCOME FOR THE PERIOD		**57**	**148**	**416**	**424**
Profit for the period attributable to:					
Stockholders of the parent company		111	154	430	416
Non-controlling interests		-	-	-	
Comprehensive income for the period attributable to:					
Stockholders of the parent company		57	148	416	424
Non-controlling interests		-	-	-	-
Earnings per share basic (SEK)		1.05	1.62	4.30	4.41
Earnings per share basic/diluted (SEK)		1.05	1.62	4.29	4.40
Earnings per share based on number of shares outstanding June 30, 2018 (SEK)		1.05	-	4.09	-

**) Items affecting comparability are specified on pages 4 to 5 and definitions are on pages 29 to 30.*

Consolidated statement of financial position in summary

SEK m	Note	June 30, 2018	June 30, 2017
ASSETS			
Intangible non-current assets		6,175	5,274
Buildings		948	788
Other property, plant and equipment		651	489
Other non-current assets		50	24
Total non-current assets		**7,823**	**6,574**
Current receivables		860	695
Cash and cash equivalents		699	579
Total current assets		**1,560**	**1,274**
TOTAL ASSETS		**9,383**	**7,849**
EQUITY AND LIABILITIES			
Total equity		**4,262**	**3,443**
Non-current liabilities to credit institutions		2,163	2,158
Provisions and other non-current liabilities		182	155
Total non-current liabilities	4	**2,345**	**2,313**
Current interest-bearing liabilities		673	516
Other current liabilities		2,103	1,577
Total current liabilities	4	**2,776**	**2,092**
TOTAL EQUITY AND LIABILITIES		**9,383**	**7,849**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 June 30, 2018	July 1, 2016 June 30, 2017
Opening balance	**3,443**	**2,990**
Profit/loss for the period	430	416
Other comprehensive income	-14	9
Total profit/loss for the group	**416**	**424**
Transactions with owners*	403	29
Closing balance	**4,262**	**3,443**

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

Consolidated cash flow statement in summary

		Fourth quarter		Full year	
SEK m	Note	2017/18	2016/17	2017/18	2016/17
Operating profit/loss (EBIT)		167	211	622	615
Adjustment for items affecting cash flow		77	42	227	178
Tax paid		-38	-9	-142	-59
Cash flow from operating activities before changes in working capital		**206**	**244**	**707**	**734**
Cash flow from changes in working capital		170	73	221	97
Cash flow from operating activities		**376**	**317**	**928**	**830**
Cash flow from investing activities	3	**-115**	**-133**	**-970**	**-374**
Cash flow from financing activities		**-103**	**-67**	**144**	**-209**
CASH FLOW FOR THE PERIOD		**158**	**117**	**102**	**247**
Cash and cash equivalents at beginning of period		534	467	579	331
Exchange-rate differences in cash and cash equivalents		7	-5	18	1
Cash and cash equivalents at end of period		**699**	**579**	**699**	**579**

Parent company income statement in summary

	Fourth quarter		Full year	
SEK m	**2017/18**	2016/17	**2017/18**	2016/17
Net sales	**3**	**1**	**9**	**5**
Operation expenses	**-9**	**-6**	**-27**	**-27**
OPERATING PROFIT/LOSS	**-6**	**-6**	**-19**	**-22**
Interest expense and similar profit/loss items	**-1**	**0**	**-4**	**0**
PROFIT/LOSS BEFORE TAX	**-7**	**-6**	**-23**	**-22**
Year-end appropriations	37	22	37	22
Tax	-4	-3	-3	0
PROFIT/LOSS FOR THE PERIOD	**26**	**12**	**11**	**0**

Parent company other comprehensive income

	Fourth quarter		Full year	
SEK m	**2017/18**	2016/17	**2017/18**	2016/17
Profit/loss for the period	**26**	**12**	**11**	**0**
Other comprehensive income for the period	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**26**	**12**	**11**	**0**

Parent company balance sheet in summary

SEK m	June 30, 2018	June 30, 2017
ASSETS		
Participations in Group companies	2,247	2,247
Deferred tax assets	-	1
Total non-current assets	**2,247**	**2,248**
Current receivables	2,765	1,291
Cash and bank balances	394	373
Total current assets	**3,159**	**1,664**
TOTAL ASSETS	**5,406**	**3,912**
EQUITY AND LIABILITIES		
Restricted equity	105	95
Non-restricted equity	2,630	2,226
Total equity	**2,735**	**2,321**
Non-current liabilities	1	**0**
Current liabilities	**2,670**	**1,591**
TOTAL EQUITY AND LIABILITIES	**5,406**	**3,912**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 June 30, 2018	July 1, 2016 June 30, 2017
Opening balance	**2,321**	**2,292**
Profit/loss for the period	11	0
Other comprehensive income	-	-
Total profit/loss for the group	**11**	**0**
Transactions with owners*	403	29
Closing balance	**2,735**	**2,321**

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

Notes and accounting policies

Significant events after the end of the reporting period are presented on page 1. 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 applied are the same as those described in AcadeMedia's 2016/17 Annual Report, which is available at https://corporate.academedia.se. No new accounting policies effective from 2017/18 have had any material impact on AcadeMedia. This Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. The interim report includes pages 1 to 30 and pages 1 to 14 are an integrated part of this financial report.

A number of new or amended IFRSs will come into effect during the upcoming financial year or later and have not been adopted in advance in these financial statements. Below is a description of the IFRSs that are expected to, or may have, an impact on the consolidated financial statements.

IFRS 9 Financial Instruments deals with classification, measurement and reporting of financial assets and liabilities and replaces parts of IAS 39. IFRS 9 maintains a mixed valuation approach, but simplifies this approach in certain regards. There will be three valuation categories for financial assets: amortized cost, fair value in other comprehensive income (OCI) and fair value through profit or loss. The classification is determined at the first reporting date. IFRS 9 also introduces a new model for calculating credit loss provisions based on estimated credit losses and reduces the requirement for hedge accounting by replacing the 80–125 criteria with requirements for a financial relationship between hedging instruments and hedged items and that the hedge ratio should be the same as that applied in risk management. The hedging documentation has also been amended to some extent compared to that presented under IAS 39. The standard is effective from financial years commencing on or later than January 1, 2018, that is, for AcadeMedia the financial year that started July 1, 2018. Early adoption is permitted. The standard will not have any impact on AcadeMedia's financial reports.

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

IFRS 16 ”Leases”: A new leasing standard was published by IASB in January 2016 which will replace IAS 17 Leasing contracts as well as associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard was accepted by EU on 9 November, 2017. IFRS 16 requires assets and liabilities related to leasing, with the exception of short-term leases and low-value assets, to be recognized as a liability and asset in the balance sheet. The accounting is based on the view that the lessee has the right to use an asset for a specific time period and at the same time the obligation to pay for this right. Accounting for the lessor will essentially remain unchanged. The standard will come into place for the financial year starting January 1, 2019 or later. Early adoption is permitted. AcadeMedia is not planning early adoption and will comply with the standard for the financial year starting July 1, 2019. It is too early to quantify the exact impact of IFRS 16 but the new leasing standard will have a substantial impact AcadeMedia’s financial accounts since the group has a large amount of operating leases relating to premises. For information regarding the group’s lease obligations see Note 3, in the annual report 2016/2017. The detailed assessment of the impact of IFRS 16 will progress during 2018/2019.

Note 2: Related party transactions

Related party transactions are described in detail in the 2016/2017 annual report. During the fiscal year 2017/18, one transaction with related parties has taken place. This refers to the issue guarantee provided by the largest shareholder Mellby Gård. The fee for the guarantee amounted to one percent of the non-subscribed part of the rights issue which had been committed in advance of the issue. Total fees amounted to approximately SEK 3 million and are included in the issue expenses deducted from the issue amount.

Note 3: Acquisitions

Acquiring company	Acquired company	Acquisition date	Segment
Espira Barnehager AS	Tomm Murstad Friluftsbarnehage AS	Oct 1, 2017	International preschool
ACM 2001 AB	Vindora Holding AB	Nov 1, 2017	Upper secondary/Adult
Espira Barnehager AS	Espira Muruvik Barnehage AS*	Dec 1, 2017	International preschool
Espira Barnehager AS	Espira Kystad Gård Barnehage AS*	Dec 1, 2017	International preschool
Espira Barnehager AS	Espira Fosslibekken Barnehage AS*	Dec 1, 2017	International preschool
Pysslingen Förskolor och Skolor AB	Kringlaskolan AB	Dec 1, 2017	Pre- and compulsory
Pysslingen Förskolor och Skolor AB	Alba Gruppen AB*	Dec 1, 2017	Pre- and compulsory
Pysslingen Förskolor och Skolor AB	Limhamns Förskola AB	Jan 1, 2018	Pre- and compulsory
Espira Barnehager AS	Espira Juberg	Feb 1, 2018	International preschool
AcadeMedia GmbH	KTS Verwaltungs GmbH	Mar 1, 2018	International preschool

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

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

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

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

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

Acquisition effects of acquisitions made (SEK m)	**Vindora Holding AB**[2]	**Other**	**Total**
Purchase consideration including transaction expenses and interest compensation	567	170	737
Purchase consideration excluding transaction expenses and including interest	563	166	729
Fair value of acquired net assets excluding goodwill	67	-22	45
Total goodwill	**630**	**144**	**774**

Fair values acquired (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Intangible non-current assets	41	0	41
Property, plant and equipment	19	10	29
Financial non-current assets	0	1	1
Current assets	113	13	126
Cash and cash equivalents	79	26	104
Interest-bearing liabilities	-151	0	-151
Non-interest-bearing liabilities	-152	-23	-175
Current tax liability	-	-	-
Deferred tax liability	-16	-4	-20
Net assets acquired	**-67**	**22**	**-45**

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

[2] The acquisition balance for Vindora has changed, among other reasons, due to the Swedish National Agency for Education's requirements for repayment of apprenticeship grants. AcadeMedia is in dialogue with the Swedish National Agency for Education and FSN (seller of Vindora). The outcome is not yet clear.

Impact of the acquisitions on the Group's cash and cash equivalents (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Purchase consideration excluding transaction expenses and including interest	563	166	730
Less purchase consideration that has not been settled in cash as of June 30, 2018.	0	-21	-21
Cash and cash equivalents at time of acquisition	-79	-26	-104
Impact on the Group's cash and cash equivalents	**485**	**125**	**610**

Contribution of acquisitions to consolidated profit (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Net sales	644	110	754
Operating profit (EBIT)	56	9	64

If the units had been included in consolidated profit from July 1, 2017 the contribution would have been (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Net sales	951	181	1,131
Operating profit (EBIT)	77	3	80

Note 4: Specification of liabilities

SEK m	**June 30, 2018**	**June 30, 2017**
Non-current liabilities		
Non-current liabilities to credit institutions excl. property loans	1,560	1,691
Non-current interest-bearing liabilities – properties	603	467
Non-current liabilities (interest-bearing)	46	41
Non-current liabilities (non-interest-bearing)	135	114
TOTAL Non-current liabilities	**2,345**	**2,313**
Current liabilities		
Liabilities to credit institutions and other current interest-bearing liabilities	625	400
Current interest-bearing liabilities – properties	48	116
Accounts payable and other current non-interest-bearing liabilities	773	541
Accrued expenses and deferred income	1,331	1,035
TOTAL current liabilities	**2,776**	**2,092**

Note 5: Specification of financial income and expenses

	Fourth quarter		Full year	
SEK m	**2017/18**	2016/17	**2017/18**	2016/17
Interest income and similar profit/loss items				
Interest income	1	0	2	7
Interest rate swaps	-	-	-	1
Foreign exchange gains	1	-	4	1
Other	-	-	0	-
Interest income and similar profit/loss items	**1**	**0**	**5**	**9**
Interest expense and similar profit/loss items				
Interest expense	-18	-15	-62	-69
Borrowing costs *	-1	-1	-5	-5
Foreign exchange losses	-	-1	-0	-3
Other	-1	-4	-5	-12
Interest expense and similar profit/loss items	**-20**	**-20**	**-73**	**-89**

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

Note 6: Financial instruments

AcadeMedia’s financial instruments consist of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing liabilities, derivatives (last year) and additional consideration. Since loans with credit institutions are at variable interest, which is essentially deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to correspond to fair value. Interest rate swaps are measured at fair value based on input data corresponding to level 2 of IFRS 13. Other financial assets and liabilities have short terms. It is therefore deemed that the fair values of all the financial instruments are approximately equal to their book values.

Multi-year review

SEK million, unless otherwise stated	Fourth quarter		Full year				
	2017/18	2016/17	**2017/18**	2916/17	2015/16	2014/15	2013/14
Profit/loss items, SEK m							
Net sales	2,993	2,610	10,810	9,520	8,611	8,163	6,372
Items affecting comparability	-40	-19	-48	-23	-32	-79	-35
EBITDA	233	267	872	827	722	720	614
Depreciation/amortization	-67	-56	-250	-212	-187	-203	-164
Operating profit/loss (EBIT)	167	211	622	615	535	517	449
Net financial items	-19	-20	-68	-80	-127	-269	-209
Profit/loss for the period before tax	148	191	555	535	408	248	240
Profit/loss for the period after tax	111	154	430	416	319	222	189
Balance sheet items, SEK m							
Non-current assets	7,823	6,574	7,823	6,574	6,141	5,884	5,945
Current receivables and inventories	860	695	860	695	697	670	654
Cash and cash equivalents	699	579	699	579	331	695	562
Non-current interest-bearing liabilities	2,209	2,200	2,209	2,200	2,116	2,609	3,020
Non-current non-interest-bearing liabilities	135	114	135	114	113	197	131
Current interest-bearing liabilities	673	516	673	516	568	715	469
Current non-interest-bearing liabilities	2,103	1,577	2,103	1,577	1,382	1,425	1,352
Equity	4,262	3,443	4,262	3,443	2,990	2,304	2,189
Total assets	9,383	7,849	9,383	7,849	7,169	7,250	7,161
Capital employed	7,144	6,158	7,144	6,158	5,674	5,628	5,679
Net debt	2,179	2,133	2,179	2,133	2,342	2,629	2,927
Property adjusted net debt	1,528	1,550	1,528	1,550	1,865	2,295	2,563
Key ratios							
Net sales, SEK m	2,993	2,610	10,810	9,520	8,611	8,163	6,372
Organic growth incl. bolt-on acquisitions, %	4.1%	8.2%	5.8%	9.0%	6.4%	3.7%	9.8%
Acquired growth, larger acquisitions, %	9.8%	0.9%	7.9%	0.8%	0.4%	24.4%	14.5%
Change in currency, %	0.7%	0.7%	-0.1%	0.8%	-1.3%	0.0%	-
Operating margin (EBIT), %	5.6%	8.1%	5.8%	6.5%	6.2%	6.3%	7.1%
Adjusted EBIT, SEK m	207	229	670	638	567	596	485
Adjusted EBIT margin, %	6.9%	8.8%	6.2%	6.7%	6.6%	7.3%	7.6%
Adjusted EBITDA, SEK m	274	285	920	850	754	799	649
Adjusted EBIT margin, %	9.1%	10.9%	8.5%	8.9%	8.8%	9.8%	10.2%
Net margin, %	3.7%	5.9%	4.0%	4.4%	3.7%	2.7%	3.0%
Return on capital employed, %, (12 months)	10.1%	10.9%	10.1%	10.9%	10.1%	10.8%	10.0%
Return on equity, %(12 months)	11.2%	12.9%	11.2%	12.9%	12.1%	9.9%	10.1%
Equity/assets ratio, %	45.4%	43.9%	45.4%	43.9%	41.7%	31.8%	30.6%
Interest coverage ratio, times	10.9	9.4	10.9	9.4	4.8	2.8	2.7
Net debt/Adjusted EBITDA (12 months)	2.4	2.5	2.4	2.5	3.1	3.3	4.5
Adjusted net debt/adjusted EBITDA (12 months)	1.7	1.8	1.7	1.8	2.5	2.9	3.9
Cash flow from investing activities	-115	-133	-970	-374	-386	-68	-864
Number of full-time employees	12,462	10,959	11,863	10,564	9,714	9,159	6,997

Quarterly data, Group

Quarterly data	2017/18				2016/17			
SEK million, unless otherwise stated	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,993	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	**233**	**275**	**232**	**132**	**267**	**250**	**200**	**111**
Depreciation/amortization	-67	-66	-65	-51	-56	-55	-58	-43
Items affecting comparability	-40	-5	-1	-2	-19	-2	0	-1
Operating income (EBIT)	**167**	**209**	**166**	**80**	**211**	**195**	**142**	**68**
Total financial items	-19	-15	-17	-16	-20	-18	-25	-18
Income before taxes	**148**	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax for the current period	-37	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**111**	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of children/students, schools	76,233	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Number of full-time employees	12,462	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of education units	501	500	489	446	445	432	427	428
Key ratios								
Operating margin (EBIT), %	5.6%	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Adjusted EBIT	207	214	167	82	229	197	142	69
Adjusted EBIT, %	6.9%	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net margin, %	3.7%	5.1%	4.1%	2.5%	5.9%	5.2%	3.6%	2.2%
Return on equity, % (12 months)	11.2%	12.7%	12.7%	13.1%	12.9%	13.9%	14.6%	13.5%
Return on capital employed, % (12 Months)	10.1%	10.6%	10.6%	11.0%	10.9%	11.3%	11.7%	10.9%
Equity/assets ratio, %	45.4%	45.9%	45.0%	42.6%	43.9%	42.6%	41.6%	40.8%
Net debt/Adjusted EBITDA (12 months)	2.4	2.6	2.6	2.4	2.5	2.7	2.7	3.0
Interest coverage ratio	10.9	11.9	11.6	10.1	9.4	7.6	6.8	5.7
Other								
Cash flow from operating activities	376	153	257	142	317	123	260	131
Cash flow from investing activities	-115	-124	-668	-63	-133	-87	-67	-87

Quarterly data, segment

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

SEK million, unless otherwise stated	2017/18				2016/17			
Upper Secondary Schools (Sweden)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	32,024	32,456	30,928	26,918	25,191	25,476	25,707	25,802
Net sales	920	926	845	539	675	671	678	501
EBITDA	118	121	97	62	90	89	77	47
EBITDA margin, %	12.8%	13.1%	11.5%	11.5%	13.3%	13.3%	11.4%	9.4%
Depreciation/amortization	-31	-33	-34	-23	-26	-28	-30	-21
Operating profit/loss (EBIT)	87	88	63	39	64	60	47	26
EBIT margin, %	9.5%	9.5%	7.5%	7.2%	9.5%	8.9%	6.9%	5.2%
Items affecting comparability	-13	-1	-1	0	-9	0	-0	-
Adjusted operating profit/loss (EBIT)	100	89	64	39	72	60	47	26
Adjusted EBIT margin, %	10.9%	9.6%	7.6%	7.2%	10.7%	8.9%	6.9%	5.2%
Number of education units	141	141	142	106	103	103	103	103

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

Quarterly data, segment (cont.)

SEK million, unless otherwise stated	2017/18				2016/17			
Preschool International	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	11,375	11,000	10,290	10,069	10,188	9,289	8,975	8,727
Net sales	593	545	488	372	499	466	449	311
EBITDA	113	60	27	18	60	39	25	15
EBITDA margin, %	19.1%	11.0%	5.5%	4.8%	12.0%	8.4%	5.6%	4.8%
Depreciation/amortization	-16	-14	-13	-13	-13	-10	-11	-8
Operating profit/loss (EBIT)	97	46	14	5	47	30	14	7
EBIT margin, %	16.4%	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Items affecting comparability	37	-	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	60	46	14	5	47	30	14	7
Adjusted EBIT margin, %	10.1%	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Number of preschool units	130	129	119	114	112	100	99	98

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

SEK million, unless otherwise stated	2017/18				**2016/17**			
Group	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	76,233	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Net sales	2,993	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	233	275	232	132	267	250	200	111
EBITDA margin, %	7.8%	9.3%	8.2%	6.5%	10.2%	9.8%	8.0%	6.0%
Depreciation/amortization	-67	-66	-65	-51	-56	-55	-58	-43
Operating profit/loss (EBIT)	167	209	166	80	211	195	142	68
EBIT margin, %	5.6%	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Items affecting comparability	-40	-5	-1	-2	-19	-2	0	-1
Adjusted operating profit/loss (EBIT)	207	214	167	82	229	197	142	69
Adjusted EBIT margin, %	6.9%	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net financial items	-19	-15	-17	-16	-20	-18	-25	-18
Profit/loss after financial items	**148**	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax	-37	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**111**	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of full-time employees (period)	12,462	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of units	501	500	489	446	445	432	427	428

Reconciliation of alternative performance measures

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

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

**) Included in Other non-current assets*

	2017/18				2016/17			
SEK million, unless otherwise stated	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest coverage ratio								
Adjusted operating profit EBIT (12 months)	670	693	676	650	638	646	648	603
+ Interest income (12 months)	2	1	1	6	7	9	9	6
+ Other financial income (12 months)	4	3	0	0	1	2	2	3
divided by								
Interest expense (12 months)	-62	-59	-58	-65	-69	-87	-97	-108
= Interest coverage ratio	10,9	11,9	11.6	10.1	9.4	7.6	6.8	5.7

Definitions

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

Key ratio	Definition	Purpose[3]
Absence due to illness	Short-term and long-term absence due to illness recalculated to full-time divided by the number of full-time employees (FTE).	Absence due to illness is used to measure employee absence and provide indications of employee health.
Adjusted EBIT	Operating profit/loss excluding items affecting comparability.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues.	Adjusted EBIT margin sets underlying operating profit in relation to sales.
Adjusted EBITDA	Operating profit/loss before depreciation/amortization of property, plant and equipment, and intangible non-current assets.	Adjusted EBITDA is used to measure underlying profit from operating activities, regardless of depreciation/amortization and excluding items affecting comparability.
Adjusted net debt	Net debt net of property-related loans, i.e. loans in the Norwegian State Housing Bank, building loans for ongoing construction projects and other property loans in Norway.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated and sold.
Adjusted net debt/Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA for the last 12 months.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings excluding items affecting comparability (adjusted EBITDA), to pay off the Company's liabilities, excluding property-related loans.
Adjusted return on capital employed	Adjusted EBIT + interest income for the most recent 12-month period divided by average capital employed (opening balance + closing balance)/2.	Adjusted return on capital employed is used to set adjusted operating profit/loss in relation to total tied up capital regardless of type of financing.
Acquired growth	Increase of Net Sales due to larger acquisitions during the last 12 months.	Indicates growth generated from acquisitions in contrast to organic growth and currency effects.
Capital employed	Total assets less non-interest bearing liabilities and provisions as well as deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity).
Cash flow from investments	Cash flow from investing activities according to the cash flow analysis. This includes acquisitions, investments and divestments of buildings, as well as investments in property, plant and equipment and intangible assets. Investments financed with leases are not included.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
Earnings per share	Profit/loss for the period in SEK, divided by the average number of shares outstanding, basic/diluted calculated according to IAS 33.	Earnings per share is used to clarify the amount of profit for the period to which each share is entitled.
EBITDA	Operating profit/loss before depreciation/amortization and impairment of non-current assets.	EBITDA is used to measure profit (loss) from operating activities, regardless of depreciation/amortization.
EBITDA margin	EBITDA as a percentage of revenues.	EBITDA margin is used to set EBITDA in relation to sales.
Employee turnover	Average number of employees who left the company during the year in relation to the average number of employees. (Number of permanent and probationary employees who quit) / (Average number of permanent and probationary employees).	Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year.
Equity/assets ratio	Equity as a percentage of total assets.	The equity ratio shows the proportion of the Company's total assets financed by shareholders' equity. A high equity ratio is a measure of financial strength.
Interest coverage ratio	Adjusted EBIT for the last 12 months plus financial income in relation to interest expense.	Interest coverage ratio is used to measure the company's ability to pay interest costs.
Net debt	Interest-bearing debt (current and non-current) net of cash and cash equivalents and non-current interest-bearing receivables (current and non-current).	Net debt is used to clarify the size of the debt less current cash and cash equivalents (which in theory could be used to repay loans).
Net debt/adjusted EBITDA	Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (EBITDA), to pay off the Company's liabilities, including property-related loans.

[3] According to ESMA guidelines on performance measures, each performance measure must be justified.

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

Other

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