AcadeMedia AB (publ)

INTERIM REPORT July 2019-September 2019

6.8 percent organic growth

EBIT excluding effects of IFRS 16 increased 29 percent

Stable trend in Adult Education segment

AcadeMedia

AcadeMedia

Interim report quarter 1 2019/20

First quarter
(July – September 2019)

- Net sales increased by 6.8 percent and amounted to SEK 2,502 million (2,343). Organic growth, including bolt-on acquisitions, was 6.8 percent.
- Operating profit (EBIT) amounted to SEK 129 million (58). Excluding the effects of IFRS 16, EBIT was SEK 75 million (58), which was an increase of 29.3 percent. Operating profit, adjusted for items affecting comparability and effects of IFRS 16, amounted to SEK 75 million (52).
- Net profit for the period amounted to SEK 16 million (31). Excluding the effects of IFRS 16, it was SEK 46 million (31).
- Cash flow from operating activities amounted to SEK 326 million (-219). Excluding the effects of IFRS 16, it was SEK- 29 million (-219).
- The average number of children and students in preschool, compulsory school and upper secondary school during the first quarter was 81,468 (78,770), representing an increase of 3.4 percent. Growth was completely organic.
- Earnings per share was SEK 0.15 (0.30) before dilution and SEK 0.15 (0.30) after dilution. Adjusted for IFRS 16 effects, earnings per share was SEK 0.43 (0.30) before dilution and 0.43 (0.30) after dilution.

Implementation of IFRS 16 has a significant effect on AcadeMedia's financial statements. To simplify the comparison, AcadeMedia will also present the 2019/20 financial year adjusted for IFRS 16 as a complement. This is described as "*Excluding the effects of IFRS 16*". Important key performance indicators and key performance indicators based on rolling 12 months are presented excluding the effect of IFRS 16. The segments within AcadeMedia have unchanged accounting principles compared to last year and will continue to report all leases as operating leases.

First quarter Group

The quarter in figures	First quarter					Full year
	2019/20	IFRS 16[1]	2019/20 ex IFRS 16[2]	2018/19	Change[3]	2018/19
Net sales, SEK m	2,502	–	2,502	2,343	6.8%	11,715
EBITDA[4], SEK m	508	355	153	126	21.4%	931
EBITDA margin[4]	20.3%	n.a.	6.1%	5.4%	0.7 p.p	7.9%
Operating profit/loss (EBIT), SEK m	129	54	75	58	29.3%	635
EBIT margin	5.2%	n.a.	3.0%	2.5%	0.5 p.p	5.4%
Adjusted operating profit/loss EBIT[4], SEK m	75	–	75	52	44.2%	634
Adjusted EBIT margin[4]	3.0%	n.a.	3.0%	2.2%	0.8 p.p	5.4%
Net financial items, SEK m	-108	-92	-16	-17	5.9%	-69
Profit/loss before tax, SEK m	22	-38	59	41	43.9%	566
Profit/loss for the period, SEK m	16	-29	46	31	48.4%	431
Earnings per share basic (SEK)	0.15	-0.28	0.43	0.30	45.6%	4.09
Earnings per share diluted (SEK)	0.15	-0.28	0.43	0.30	45.6%	4.09
Number of children and students[5]	81,468	n.a.	81,468	78,770	3.4%	79,493
Number of full-time employees	12,521	n.a.	12,521	12,055	3.9%	12,405

[1] *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).*
[2] *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.*
[3] *Relates to change between 2019/20 ex IFRS 16 and 2018/19, i.e. comparative figures*
[4] *See definitions on pages 29-30*
[5] *Excl. Adult Education*

From our CEO

Our financial year had a stable start with a 3.4 increase in the number of children and students at our schools. This contributed to good revenue growth and a solid start to the financial year. We opened six new preschools in Germany during the quarter and are accelerating growth according to plan. In Adult Education, cost-cutting measures have been effective and the situation has stabilised. Several contracts have been extended pending new tender processes.

Organic growth of 3.4 percent

Autumn is a fun period for us as we welcome all the children and students to their new class or school after the summer. This year we opened twelve new units, which is one reason why the number of children and students in AcadeMedia's preschools and schools increased by 3.4 percent during the first quarter compared with the previous year.

In Sweden, the compulsory schools have 3.8 percent more students on a like-for-like basis. In the Upper Secondary Schools segment, four new schools opened in the autumn of 2019 and new students were also admitted to new establishments from previous years. Student enrolment in the Upper Secondary Schools segment increased by a total of 4.8 percent.

In the new Preschool segment, which includes preschools in Sweden, Norway and Germany, the number of children increased by 1.4 percent. Adjusted for divested Swedish preschools, the number of children increased by 5.6 percent on a like-for-like basis. All in all, this volume growth provides a solid basis for AcadeMedia's development in the coming years.

In addition to the growth in existing units, AcadeMedia continues to make selective bolt-on acquisitions. In Sweden, Helix Gymnasiet was acquired in the fourth quarter of 2018/19 and two small preschools were acquired after the reporting period. Bolt-on acquisitions are a source of value creation since they are usually high quality, well attended schools that can be quickly integrated into AcadeMedia's management and support structure.

Accelerating growth in Germany

In the Preschool segment, Germany in particular has undergone strong growth during the quarter. Six new preschools with room for about 500 children opened in August and September 2019. This represents an increase of 16 percent over the number of places at the end of June 2019. In the current financial year (2019/20), six to nine additional new establishments are planned with room for more than 600 children. Moreover, new establishments with room for an additional 1,800 children are already under contract, which means that in a few years AcadeMedia locations in Germany will have over 6,000 preschool places. In addition, negotiations are underway for a pipeline of new establishments. It is extremely rewarding to see growth in Germany take off.

Adult Education stabilised

In the Adult Education segment, several positive events have occurred during the quarter. In Higher Vocational Education, the number of participants increased by over 30 percent. Higher Vocational Education, which accounted for 18 percent of the Adult Education segment in the 2018/19 financial year, is at 24 percent and is growing faster than other parts of the segment.

In Municipal Adult Education, there are two important tenders currently pending with the City of Gothenburg and the City of Stockholm. The Gothenburg tender will be redone following a legitimate appeal. The Stockholm tender has also been appealed, which means that there will be a delay until new contracts are signed. The good news is that both municipalities have chosen to extend their current contracts with AcadeMedia until next summer so that the participants can continue their training until these tenders are completed.

Regarding the Swedish Public Employment Agency, our cost measures have been effective. This business area has also diminished and represented 12 percent (18) of sales in the Adult Education segment for the first quarter of 2019/20, compared with 17 percent for the 2018/19 financial year.

New pension scheme in Norway

In Norway, employers and employees have agreed on a new pension plan that will take effect on 1 January 2020. It is extremely encouraging that about 80 percent of employees will switch to a defined contribution plan, which provides greater predictability in pension costs. The full financial impact of this transition is not yet clear, but preliminary indications suggest there will be a one-off positive impact on earnings of around SEK 60 million.

New accounting rules have a major impact

As a company, AcadeMedia has chosen to invest its resources in delivering quality education and therefore leases the majority of all its premises. School operations are a long-term, stable business with municipalities as a stable customer. This justifies longer leases for school operations and shorter leases for adult education. Adjusting the lease duration is an easy way to mitigate the operational risk in the underlying operations. With the introduction of IFRS 16, which takes place this quarter for AcadeMedia, these right-of-use assets are capitalized and SEK 7.3 billion is added to the balance sheet. This is a major change in accounting, but no change has taken place in our operations or business relationships. In this report, we have tried to make it as easy as possible for external assessors to have continuity in the figures and to understand the underlying developments.

Improved quality performance in Upper Secondary Schools segment

Last week, AcadeMedia's quality report was published with the Group's aggregate results for 2018/19. As we sum up the past academic year, we see both good results and continuing challenges. We are pleased with the continued good quality results in our Swedish and Norwegian preschools, and also with the creation of an organisation-wide method for tracking and developing quality in our Scandinavian preschools. In Norway, preschools have now started "Espira Blikk", which is the

Norwegian equivalent of Pysslingen's established model for driving development of learning and care at all preschools. At the same time, like all schools in Sweden, we work with challenges to increase the equivalence of education. More information on AcadeMedia's quality results can be found in our quality report for 2018/19 and further back in this report.

AcadeMedia is becoming more equal

I am pleased to report that AcadeMedia is the fourth in terms of gender equality among listed companies in Sweden according to the Allbright Foundation's annual report on gender equality, a massive improvement from 34th place the previous year. This accomplishment shows that AcadeMedia has made great progress in terms of increasing gender equality and diversity in the company. We have not yet reached our goal, but we will continue efforts to achieve equal representation in executive positions. It is important that our children, students and adult participants have role models in the classrooms that reflect what society really looks like – which of course we believe creates added value for our business.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the first quarter (July 2019 - Sept 2019)

All figures in the report for the 2019/2020 financial year are reported in accordance with the new accounting standard IFRS 16 Leases, unless otherwise stated. Previous financial years have not been restated according to the new standard.

On 1 July 2019, AcadeMedia has implemented a new segment reporting and comparative figures have been recalculated. The Upper Secondary School Segment and Adult Education Segment are not affected.

Volume development and net sales

Net sales during the first quarter increased organically by 6.8 percent to SEK 2,502 million (2,343). No acquisitions or currency translation effects affected sales in the quarter. The average number of children and students, excluding the Adult Education Segment, increased by 3.4 percent to 81,468 (78,770).

Operating profit (EBIT) and adjusted EBIT

Operating profit (EBIT) for the first quarter amounted to SEK 129 million (58), which represents an EBIT margin of 5.2 percent (2.5). Excluding the effects of IFRS 16, EBIT increased by 29.3 percent to SEK 75 million (58) and an EBIT margin of 3.0 percent (2.5). Adjusted EBIT amounted to SEK 75 million (52) with an adjusted EBIT margin of 3.0 percent (2.2). The improved earnings were mainly a result of a stabilised trend in the Adult Education segment. The Swedish school segments continue to show progress through solid student growth and higher capacity utilisation. Higher personnel expenses in Norway due to the new staff density regulation and higher pension costs, and expenses related to new establishments in Germany had a negative impact on the Preschool segment.

Increased group overhead expenses related to a new group digitization organisation and implementation of a new pay-roll system in Sweden.

Net financial items

Net financial items for the quarter amounted to SEK -108 million (-17). Interest expense relating to right-of-use assets attributable to the implementation of IFRS 16 totalled SEK -92 million (0). Interest expense for the quarter excluding IFRS 16 was SEK -12 million, (-13) which is somewhat lower than the previous year and due to slightly lower net debt.

Profit and comprehensive income for the period

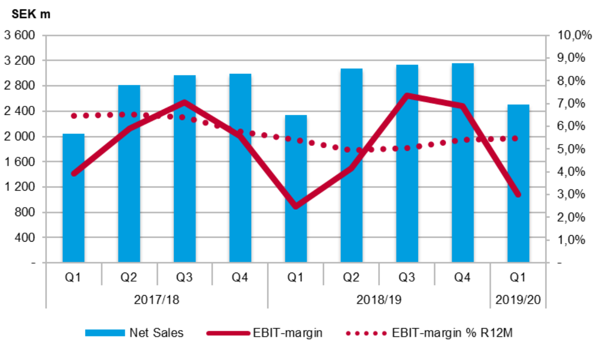
Profit after tax declined and was SEK 16 million (31), which was a result of the implementation of IFRS 16. Tax for the first quarter totalled SEK -5 million (-10), representing an effective tax rate of 24.7 percent (23.7). Comprehensive income for the period was SEK 15 million (-14), where the previous year was affected by actuarial losses related to defined benefit pension plans in Norway. Excluding IFRS 16, profit for the period increased to SEK 46 million (31) and comprehensive income increased to SEK 44 million (-14).

Items affecting comparability

Items affecting comparability	First quarter	
SEK m.	**2019/20**	2018/19
Retroactive revenue previous years	–	5
Sum total	**–**	**5**

Acquisitions, divestments, new establishments and discontinued operations

Prior to the 2019/20 school year, twelve preschools were closed or sold in Sweden. One compulsory school and three upper secondary schools were closed, which had an impact on first quarter unit portfolio and enrolment figures. In addition, twelve new units opened in the period.



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

First quarter in summary by segment

	Student enrolment (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 (SE, NO, D)	20,015	19,741	755	712	-2	0	-0.3%	0.0%	-2	0	-0.3%	0.0%
Compulsory School (SE)	24,689	23,964	594	565	17	9	2.9%	1.6%	17	9	2.9%	1.6%
Upper Secondary School (SE)	36,764	35,065	814	750	60	56	7.4%	7.5%	60	62	7.4%	8.3%
Adult Education (SE)	-[1]	-[1]	339	315	22	0	6.5%	0.0%	22	0	6.5%	0.0%
Group adj., Parent Company	–	–	0	0	-22	-14	–	–	32[2]	-14	–	–
Total	81,468	78,770	2,502	2,343	75	52	3.0%	2.2%	129[2]	58	5.2%	2.5%

[1] *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.* [2] *Includes effect of implementation of the new lease standard IFRS 16 of SEK 54 million (0).*

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 first quarter of 2019/20, lease payments (interest and principal) amounted to SEK 355 million (0), representing rental cost which has been moved from operating profit. Cash flow from investing activities is not affected by IFRS 16.

Cash flow excluding effect of IFRS 16

Cash flow from operating activities for the first quarter amounted to SEK -29 million (-219). This improvement was due to an improved operating profit and an improvement in working capital for the quarter, SEK -179 million (-352). The working capital development was more normal this quarter than the corresponding period last year, when it had the benefit of unusually favourable working capital at the beginning of the financial year (1 July 2018).

The first quarter is usually AcadeMedia's weakest quarter from a cash flow perspective. One contributing factor is that many students begin a new school at the start of term. As a result, municipalities delay payments for the first months of the school year (July to September) until they have reconciled which students are attending which schools.

Cash flow from investing activities has been divided into investments related to existing operations and investments related to expansion. Expansion investments are new preschool buildings in Norway, as well as acquisitions. Free cash flow before expansion investments amounted to SEK -122 million (-296). Cash flow from investing activities totalled SEK -128 million (-156), and primarily consisted of property-related investments as well as equipment. Cash flow from financing activities totalled SEK -2 million (94). All in all, cash flow for the quarter amounted to SEK -158 million (-281).

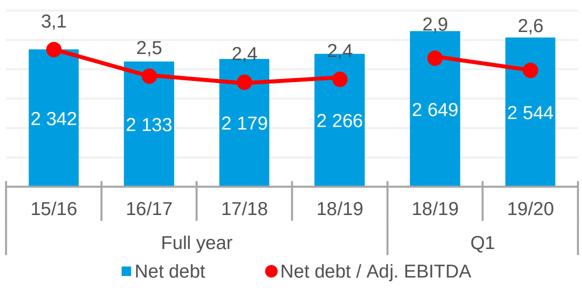
Free cash flow, additional information	**First quarter**	
SEK m	2019/20 excl IFRS 16	2018/19
Cash flow from operating activities before changes in working capital	**150**	**134**
Cash flow from changes in working capital	-179	-352
Cash flow from operating activities	**-29**	**-219**
Investment in intangible non-current assets	-2	-2
Investments in leased property	-52	-33
Investments in equipment	-39	-42
Investments in non-current financial assets	-1	-
Free cash flow before expansion investments	**-122**	**-296**

Financial position

According to 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 7,342 million. *In the comments on financial position excluding the effect of IFRS 16*.

Consolidated equity amounted to SEK 4,634 million (4,249) and the equity/asset ratio improved to 46.9 percent (44.3).

Consolidated interest-bearing net debt as of 30 September 2019 amounted to SEK 2,544 million (2,649). The decrease in net debt over the past 12 months is due to amortisation of loans. Excluding real estate loans, the adjusted net debt amounted to SEK 1,780 million (2,012). The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and short-term construction loans, increased over the past 12 months by SEK 127 million to SEK 764 million (637). Building assets increased during the equivalent period by SEK 143 million to SEK 1,148 million (1,005). The increase is entirely attributable to the expansion and acquisition of new preschools in Norway.



Non-current interest-bearing liabilities at the end of the quarter totalled SEK 2,252 million (2,339). Current interest-bearing liabilities totalled SEK 664 million (728). Net debt in relation to adjusted EBITDA[1] (rolling 12 months) amounted to 2.6 (2.9), which was lower than the Group's financial target of a maximum of 3.0. Property-adjusted net debt divided by adjusted EBITDA[1] (12m) was 1.8 (2.2).

In Norway an agreement was reached between employers represented by PBL and employee organisations in the Preschool segment on the new pension plan that will come into force on 1 January 2020. Briefly, under the new plan about 80 percent of employees in the Norwegian operation will transition to a defined contribution pension scheme, while the others will remain in the current defined benefit system. The change in pension plan will result in a positive pension change adjustment in the income statement as of 1 January 2020. The effect is estimated to amount to approximately SEK 60 million based on preliminary calculation assumptions and exchange rates. The final amount will be affected by final assumptions at the time of transition and currency effects.

[1] *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 29-30 for definitions.*

Preschool

- The number of children increased by 1.4 percent to 20,015 (19,741) in the first quarter.
- Sales increased 6.0 percent to SEK 755 million (712).
- Operating profit (EBIT) decreased slightly compared with the previous year to SEK -2 million (0).
- Segment Preschool is a new segment from July 1, 2019. Comparable figures are recalculated.

AcadeMedia Preschool segment runs preschools in Sweden, Norway and Germany. In Sweden, the business is conducted in many municipalities with a total of 107 units. In Norway, Espira is the third largest preschool provider with 102 units. In Germany preschools are operated at 44 units. The segment had a total of 253 units during the quarter.

Outcome for the first quarter

An important business event in the quarter was the introduction of new staffing requirements in the Norwegian preschools on 1 August 2019. Recruitment of new employees and adaptation to the new requirements has gone generally well. The financial outcome for the Norwegian operation is in line with prior guidance.

The average number of children increased by 1.4 percent compared with the previous year and amounted to 20,015 (19,741). The increase was mainly driven by new establishments in Germany during the past year, as well as by enrolment in existing units. Adjusted for the approximately 800 students from the twelve divested and discontinued units in Sweden the average number of children increased by 5.6 percent in the Preschool segment.

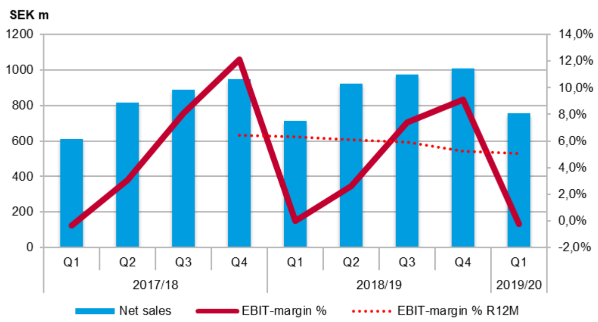
Sales in the segment increased by 6.0 percent and amounted to SEK 755 million (712), mainly attributable to new establishments in Germany. Sales in Sweden declined due to the twelve sold or closed units which last year contributed around SEK 100 to sales for the full year and SEK 19 million for the quarter.

Operating profit (EBIT) decreased slightly compared with the previous year to SEK -2 million (0) and the operating margin was -0.3 percent (0). Cost for new establishments in Germany and higher personnel expenses in Norway, related partly to the new staffing requirements and partly to higher pension costs, also had a negative impact on earnings for the segment.

Operational changes

Prior to the 2019/20 financial year, twelve units in Sweden with approximately 800 children were sold or closed. This had an impact on the unit portfolio and child numbers in the first quarter of 2019/20.

During the first quarter, a total of eight preschools opened in the segment: one in Norway and one in Sweden, while in Germany six new preschools opened with a total of about 500 places. In the 2019/20 financial year, six to nine additional new establishments are planned that will have room for more than 600 additional children.



Preschool	First quarter			Full year
	2019/20	2018/19	Change	2018/19
Net sales, SEK m	755	712	6.0%	3,619
EBITDA, SEK m	19	20	-5.0%	262
EBITDA margin, %	2.5%	2.8%	-0.3 p.p	7.2%
Depreciation/amortisation	-20	-18	-11.1%	-68
Acquisition-related depreciation/amortisation, SEK m	-1	-1	–	-5
Operating profit/loss (EBIT), SEK m	-2	0	n.a.	189
EBIT margin, %	-0.3%	0.0%	-0.3 p.p	5.2%
Items affecting comparability, SEK m	–	–	n.a.	–
Adjusted operating profit (EBIT), SEK m	-2	0	–	189
Adjusted EBIT margin, %	-0.3%	0.0%	-0.3 p.p	5.2%
Number of children	20,015	19,741	1.4%	20,576
Number of units*	253	252	0.4%	254

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 children and students increased by 3.0 percent to 24,689 (23 964) in the first quarter.
- Sales increased by 5.1 percent to SEK 594 million (565).
- Operating profit (EBIT) increased to SEK 17 million (9).
- Segment Compulsory School is a new segment from July 1, 2019. Comparable figures are recalculated.

AcadeMedia's Compulsory School segment runs compulsory schools in a large number of municipalities in Sweden under the brands Pysslingen and Vittra. Operations are based entirely on the school voucher system. The segment had 109 units during the quarter.

Outcome for the first quarter

The average number of children and students increased by 3.0 percent compared with the previous year and amounted to 24,689 (23,964). Since no new units were added, growth is completely attributable to existing units which in certain cases expanded their capacity. Net sales increased by 5.1 percent and totalled SEK 594 million (565), which in addition to the increase in volume was also due to the annual adjustment of school vouchers.

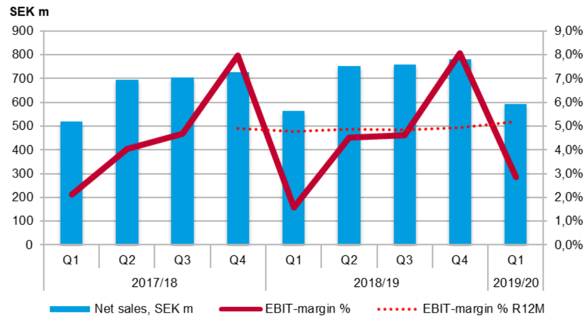
Operating profit (EBIT) increased compared with the previous year and was SEK 17 million (9). This resulted in an operating margin of 2.9 percent (1.6). More students at existing units, which contributed to higher capacity utilisation, had a positive impact on profit and margin

The first quarter had a positive impact of approximately SEK 5 million by vacation effects. However, the positive effect during the quarter is expected to even out over the course of the year.

Although overall salary inflation has subsided, earnings continued to be impacted by costs incurred for additional staffing at certain schools.

Operational changes

As per 30 June 2019 one unit of about 170 children closed. This change had an impact on the unit portfolio and on enrolment figures for the first quarter 2019/20.



Compulsory School (Sweden)	First quarter			Full year
	2019/20	2018/19	Change	2018/19
Net sales, SEK m	594	565	5.1%	2,857
EBITDA, SEK m	33	23	43.5%	203
EBITDA margin, %	5.6%	4.1%	1.5 p.p	7.1%
Depreciation/amortisation	-15	-13	-15.4%	-60
Acquisition-related depreciation/amortisation, SEK m	-0	-0	n.a.	-1
Operating profit/loss (EBIT), SEK m	17	9	88.9%	141
EBIT margin, %	2.9%	1.6%	1.3 p.p	4.9%
Items affecting comparability, SEK m	-	-	n.a.	-4
Adjusted operating profit (EBIT), SEK m	17	9	88.9%	145
Adjusted EBIT margin, %	2.9%	1.6%	1.3 p.p	5.1%
Number of children and students	24,689	23,964	3.0%	24,265
Number of units*	108	110	-1.8%	110

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 4.8 percent in the first quarter, amounting to 36,764 (35,065).
- Sales increased 8.5 percent in the first quarter to SEK 814 million (750).
- Operating profit (EBIT) decreased slightly to SEK 60 million (62).

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.

Outcome for the first quarter

The number of students increased by 4.8 percent compared with the previous year, amounting to 36,764 (35,065) Growth is attributable to the opening of four new schools, as well as to additional students enrolled to new establishments opened in the autumns of 2017 and 2018. In total, new establishments from 2017 and 2018 admitted more than 700 additional students. Net sales increased by 8.5 percent to SEK 814 million (750), as a result of an increase in student enrolment and the annual adjustment of school vouchers.

Operating profit (EBIT) decreased by SEK 2 million compared with the previous year and amounted to SEK 60 million (62), representing an operating margin of 7.4 percent (8.3).

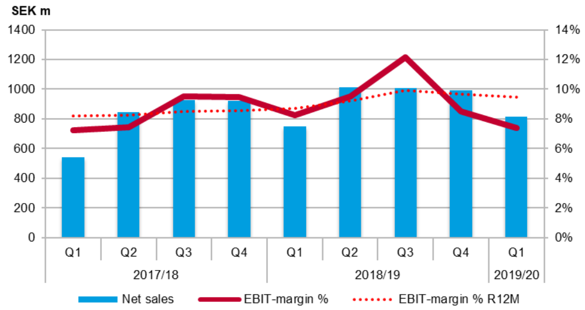
Adjusted EBIT increased to SEK 60 million (56), which among other things was a result of increased number of students and raised school voucher. The Upper Secondary School segment also had a positive impact during the first quarter of approximately SEK 5 million due to vacation effects. However, the positive effect during first quarter is expected to even out over the course of the year.

The operating result was also affected by a permanent and planned increase in resources within Praktiska to ensure quality.

Operational changes

At the end of June 2019, three units closed and on 1 July three upper units in Falun were consolidated into one. These changes had an impact on the unit portfolio and to some extent student enrolment figures in the first quarter of 2019/20.

At the start of the autumn term in 2019, four new upper secondary schools opened, three in the Stockholm area and one in Helsingborg. These schools have admitted a total of about 170 students.



Upper Secondary School (Sweden)	First quarter			Full year
	2019/20	2018/19	Change	2018/19
Net sales, SEK m	814	750	8.5%	3,757
EBITDA, SEK m	95	92	3.3%	506
EBITDA margin, %	11.7%	12.3%	-0.6 p.p	13.5%
Depreciation/amortisation	-34	-29	-17.2%	-138
Acquisition-related depreciation/amortisation, SEK m	-1	-1	-	-4
Operating profit/loss (EBIT), SEK m	60	62	-3.2%	364
EBIT margin, %	7.4%	8.3%	-0.9 p.p	9.7%
Items affecting comparability, SEK m	-	5	n.a.	20
Adjusted operating profit (EBIT), SEK m	60	56	7.1%	344
Adjusted EBIT margin, %	7.4%	7.5%	-0.1 p.p	9.2%
Number of students	36,764	35,065	4.8%	34,653
Number of units*	143	143	0.0%	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.

Adult Education (Sweden)

- Sales increased 7.6 percent to SEK 339 million (315).
- Operating profit (EBIT) was SEK 22 million (0).

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.

Outcome for the first quarter

Net sales for the quarter increased by 7.6 percent and amounted to SEK 339 million (315). Operating profit (EBIT) increased to SEK 22 million (0), representing an operating margin of 6.5 percent (0.0).

The period's improvement was mainly due to the Higher Vocational Education and Municipal Adult Education business areas, while the Labour Market Services business was stable. The composition of the segment has changed as a result of active measures, so the more profitable parts now account for a larger proportion. Labour Market Services declined to 12 percent (18) of the segment's total portfolio while Municipal Adult Education and Higher Vocational Education increased to 63 percent (61) and 24 percent (19), respectively.

The Municipal Adult Education business area trended favourably this quarter, with increased demand driving growth in both sales and earnings.

Higher Vocational Education also trended favourably, with 3,964 new participants at our vocational schools. The training programmes vary in length, but the majority last two years. A total of 6,700 participants (5,076) attend Higher Vocational Education programmes provided by AcadeMedia, an increase of about 30 percent compared with the previous year.

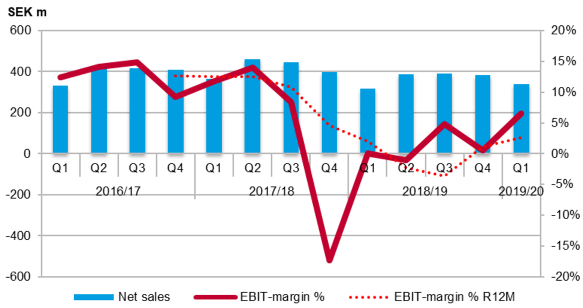
The business linked to Labour Market Services continued to experience profitability challenges because of low participant volumes. However, volumes have stabilised and ongoing efforts to streamline costs in the organisation have been effective and are progressing according to plan. In the volume-sensitive agreement for vocational and preparatory modules, 20 of 45 locations will close 31 October 2019. The contracts for the other locations have been extended until 31 October 2020 with an option to be further extended one year until 31 October 2021.

Operational changes

In the Municipal Adult Education business, existing agreements with both the City of Gothenburg and the City of Stockholm were extended to 30 June 2020. The ongoing tender process with the City of Stockholm has been appealed and the tender with the City of Gothenburg will be redone following a verdict in the Administrative Court of Appeal in Gothenburg. The extension of existing contracts provides stability to the Municipal Adult Education business.

Market development

The Government's 2020 budget bill increases resources for vocational education and adult education through the "kunskapslyftet" adult education initiative. Included in the bill is a focus on socially relevant education and skills development for teachers. Job retraining opportunities will also be improved. These initiatives benefit both the Municipal Adult Education and Higher Vocational Education.



Adult Education (Sweden)	First quarter			Full year
	2019/20	2018/19	Change	2018/19
Net sales, SEK m	339	315	7.6%	1,478
EBITDA, SEK m	26	4	550.0%	32
EBITDA margin, %	7.7%	1.3%	6.4 p.p	2.2%
Depreciation/amortisation	-3	-2	-50.0%	-10
Acquisition-related depreciation/amortisation, SEK m	-1	-1	-	-5
Operating profit/loss (EBIT), SEK m	22	0	n.a.	17
EBIT margin, %	6.5%	0.0%	6.5 p.p	1.2%
Items affecting comparability, SEK m	-	-	n.a.	-15
Adjusted operating profit (EBIT), SEK m	22	0	-	32
Adjusted EBIT margin, %	6.5%	0.0%	6.5 p.p	2.2%

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

The quality report for 2018/19 has been published

AcadeMedia's quality report will be published on the company's website https://academedia.se/ in October 2019. It presents full details of last year's quality work and quality results and future development areas are also provided. Here we provide an overview of our quality results.

Within the Swedish preschools, the recommendation rate is 83 percent (82), while the proportion of parents who would recommend their child's preschool in Norway is 85 percent (84). The recommendation rate for our preschools in Germany varies between 76 and 88 percent.

Among compulsory schools, the proportion of pupils in year 9 who achieve a passing grade in all subjects has decreased somewhat, to 82.3 percent (83.0), in the country as a whole, the corresponding outcome is 75.5 percent (75.6). In AcadeMedia's upper secondary schools, the proportion of students who graduate has increased to 89.6 percent (88.7), which is just below last year's national average of 90.4 percent.

The percentage that achieved a passing grade in AcadeMedia's basic adult education was 88 percent in 2018, which is just below the national average of 89 percent and lower compared to the previous year (90). For upper secondary education, the corresponding proportion was 83 percent (85) which was less than the national level of 88 percent. The proportion of students who graduated in higher vocational training has decreased slightly, to 69 percent in 2018 (70). The national average in 2017 was 73 percent.

Quality results for the first quarter 2019/20

At the end of September, the Swedish National Agency for Education published national statistics for compulsory school grades for the 2018/19 school year. Certain differences were noted in relation to the preliminary grade results presented by AcadeMedia in the year-end report for 2018/19. According to the grade scores for AcadeMedia’s compulsory schools from the 2018/19 academic year, the proportion of students with a at least a passing grade in all subjects was 82.3 percent (83.0) and the national average was 75.5 percent (75.6). The proportion of students eligible for upper secondary school improved by 0.7 percentage points and amounted to 91.3 percent (90.6), to be compared with the national average of 84.3 percent (84.4). The grade point average for compulsory schools based on 17 subjects was 242.3 points (245.8) whereas the national average was 229.8 points (228.7). The levels for AcadeMedia’s compulsory schools continue to be significantly higher than the national average.

In spring 2019, adult education participants completed satisfaction surveys via questionnaire. The results show that our adult education participants continue to be highly satisfied with our programmes, with an increase over the previous year’s 82.6% score (80.0). Willingness to recommend AcadeMedia’s adult education programmes to others also grew, to 86.4 percent (84.0).

Three of AcadeMedia’s German operations conducted their annual parent satisfaction surveys in the spring of 2019. Joki and KTS carried out their surveys together and the results show that the proportion of parents who would recommend their child’s preschool within Joki remains high at 88 percent (92) and within KTS 79 percent (-). The results from Stepke’s parent satisfaction survey show that the proportion who would recommend their child’s preschool increased sharply to 76 percent (61).

No new quality performance data were presented during the past quarter for other levels of school.

Employees

The average number of full-time employees in the quarter was 12,521 (12,055) which represents an increase of 3.9 percent. The proportion of women in the Swedish operation was 67.6 percent (69.5) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, was 8.4 percent aggregated over the three-month period July-September, compared with 9.0 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 2.6 percent (3.4) over the quarter.[1]

Our German operations conducted their annual employee satisfaction survey in spring 2019. Joki and KTS report their outcomes in the form of an overall score on a scale of 1 to 5, where 1 is the highest score and 5 the lowest. Joki scored 1.3 (-) and KTS 1.4 (-). The percentage of KTS employees who would recommend their workplace to others was 75 percent (-). At Stepke this measure showed a significant improvement at 72 percent (58).

[1] The personnel data for the quarter is preliminary since figures for September were not available at the time of publication of this report.

Parent Company

Sales during the first quarter amounted to SEK 2 million (0). Operating profit (EBIT) for the quarter totalled SEK -3 million (-6) and profit after tax was SEK -8 million (-11). 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 September 2019 was SEK 2,730 million (2,725). The Parent Company’s interest-bearing debt as of 30 September 2019 was SEK 1,357 million (1 689).

Owners and share capital

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. As of 30 September 2019, share capital was SEK 105,463,885 and the number of shares amounted to a total of 105,463,885 shares distributed among 105,215,643 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 September 2019.

Significant events after the end of the reporting period

No significant events occurred after 30 September 2019.

Changes in group management

Katarina Wilson will assume the position of CFO at AcadeMedia on 1 November 2019.

Other/Group

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, published 25 October 2019. 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

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

Seasonal variations

AcadeMedia’s four segments have different seasonal variations. The three school segments 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, which will be published on 25 October 2019.

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.

Praktiska Sverige AB

AcadeMedia acquired Praktiska Sverige AB in November 2017. As communicated in May 2018, the Swedish National Agency for Education demands that Praktiska Sverige AB shall repay SEK 28 million with reference to the lacking documentation for the apprentice subsidies. On 12 September 2019, the Swedish National Agency for Education filed a lawsuit. Praktiska Sverige AB opposed the repayment obligation. As previously communicated, AcadeMedia has customary terms in the share purchase agreement regarding this risk. Therefore, any repayment obligation and other costs associated with these legal proceedings are not considered to have a material impact on the Group's business operations or financial position.

Annual General Meeting 2019

AcadeMedia's Annual General Meeting will take place on 26 November 2019, 2 pm, at Näringslivets Hus, Storgatan 19, Stockholm. Please note the change of venue.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

25 October 2019	Annual Report 2018/19
26 November 2019	Annual General Meeting 2019
31 January 2020	Interim report Q2
5 May 2020	Interim report Q3

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

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

Stockholm 23 October 2019

Marcus Strömberg
President and CEO

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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 23 October 2019.

Consolidated statement of comprehensive income

SEK m.	Note	First quarter 2019/20	First quarter IFRS 16[1]	First quarter 2019/20 ex IFRS 16[2]	First quarter 2018/19	Rolling 12 months ex IFRS 16[2] Oct 18-Sep 19	Full year 2018/19
Net sales	3	**2,502**	**-**	**2,502**	**2,343**	**11,875**	**11,715**
Cost of services sold		-224	-	-224	-215	-1,006	-997
Other external expenses		-245	355	-600	-581	-2,536	-2,517
Personnel expenses		-1,525	-	-1,525	-1,426	-7,371	-7,272
Depreciation/amortisation		-74	-	-74	-64	-290	-280
Acquisition-related depreciation/amortisation		-4	-	-4	-4	-16	-16
Amortisation of right-of-use assets		-301	-301	-	-	-	-
Items affecting comparability[3]		-	-	-	5	-4	1
Total operating expenses		**-2,373**	**54**	**-2,427**	**-2,285**	**-11,223**	**-11,080**
OPERATING PROFIT/LOSS (EBIT)		**129**	**54**	**75**	**58**	**652**	**635**
Interest income and similar profit/loss items	6	0	-	0	0	3	3
Interest expense and similar profit/loss items	6	-16	-	-16	-17	-70	-72
Interest expense related to right-of-use assets	6	-92	-92	-	-	-	-
Net financial items		**-108**	**-92**	**-16**	**-17**	**-67**	**-69**
PROFIT/LOSS BEFORE TAX		**22**	**-38**	**59**	**41**	**585**	**566**
Taxes		-5	8	-14	-10	-140	-136
PROFIT/LOSS FOR THE PERIOD		**16**	**-29**	**46**	**31**	**445**	**431**
Other comprehensive income							
Items that will not be reclassified to profit/loss							
Actuarial gains and losses		-	-	-	-46	-87	-133
Deferred tax relating to defined benefit pension plans		-	-	-	10	19	29
		-	**-**	**-**	**-35**	**-69**	**-104**
Items that may be reclassified to profit/loss							
Translation differences		-1	-	-1	-10	6	-3
Other comprehensive income for the period		**-1**	**-**	**-1**	**-45**	**-63**	**-106**
COMPREHENSIVE INCOME FOR THE PERIOD		**15**	**-29**	**44**	**-14**	**382**	**324**
Profit for the year attributable to:							
Owners of the Parent Company		16	-29	46	31	445	431
Non-controlling interests		-	-	-	-	-	-
Comprehensive income for the period attributable to:							
Owners of the Parent Company		15	-29	44	-14	382	324
Non-controlling interests		-	-	-	-	-	-
Earnings per share basic (SEK)		0.15	-0.28	0.43	0.30		4.09
Earnings per share basic/diluted (SEK)		0.15	-0.28	0.43	0.30		4.09
Earnings per share based on number of shares outstanding 30 September 2019 (SEK)		0.15	-0.28	0.43	0.30		4.09

[1] 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).
[2] 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.
[3] Items affecting comparability are specified on page 4 and key performance indicator definitions are on pages 29 to 30.

Consolidated statement of financial position in summary

SEK m.	Note	30 Sep 2019	IFRS 16[1]	30 Sep 2019 ex IFRS 16[2]	30 Sep 2018	30 June 2019
ASSETS						
Intangible non-current assets		6,227	-	6,227	6,193	6,231
Buildings		1,148	-	1,148	1,005	1,129
Right-of-use assets		7,334	7,334	-	-	-
Other property, plant and equipment		923	-	923	761	787
Other non-current assets		60	8	52	60	71
Non-current assets		**15,692**	**7,342**	**8,350**	**8,019**	**8,218**
Current receivables		**1,172**	-	1,172	1,154	976
Cash and cash equivalents		368	-	368	415	527
Current assets		**1,540**	**-**	**1,540**	**1,568**	**1,502**
TOTAL ASSETS		**17,231**	**7,342**	**9,889**	**9,587**	**9,720**
EQUITY AND LIABILITIES						
Equity		**4,604**	**-29**	**4,634**	**4,249**	**4,589**
Non-current liabilities to credit institutions		2,120	-	2,120	2,236	2,131
Non-current lease liabilities, right-of-use assets		6,365	6,365	-	-	-
Provisions and other non-current liabilities		456	-	456	335	379
Non-current liabilities	4	**8,941**	**6,365**	**2,577**	**2,571**	**2,509**
Current interest-bearing liabilities		664	-	664	728	592
Current lease liabilities, right-of-use assets		1,007	1,007	-	-	-
Other liabilities		2,014	-	2,014	2,039	2,030
Current liabilities	4	**3,685**	**1,007**	**2,679**	**2,767**	**2,621**
TOTAL EQUITY AND LIABILITIES		**17,231**	**7,342**	**9,889**	**9,587**	**9,720**

[1] 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).
[2] 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.

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the Parent Company

SEK m.	Jul-Sep 2019	Jul-Sep 2018	Jul-Jun 2018/2019
Opening balance	**4,589**	**4,262**	**4,262**
Profit/loss for the period	16	31	431
Other comprehensive income for the period	-1	-45	-106
Consolidated statement of comprehensive income	**15**	**-14**	**324**
Transactions with owners*	0	0	3
Closing balance, closing date	**4,604**	**4,249**	**4,589**

** 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, supplementary disclosure	First quarter				Full year
SEK m.	**2019/20**	IFRS 16[1]	2019/20 ex IFRS 16[2]	2018/19	2018/19
Cash flow from operating activities before changes in working capital	**505**	**355**	**150**	**134**	**785**
Cash flow from changes in working capital	-179	-	-179	-352	-101
Cash flow from operating activities	**326**	**355**	**-29**	**-219**	**684**
Acquisition of intangible non-current assets	-	-	-2	-2	-22
Leasehold improvements	-	-	-52	-33	-174
Investments in equipment	-	-	-39	-42	-131
Investment in non-current financial assets	-	-	-1	-	-
Free cash flow before investment in expansion	**-**	**-**	**-122**	**-296**	**356**

	First quarter				Full year
SEK m.	2019/20	IFRS 16[1]	2019/20 ex IFRS 16[2]	2018/19	2018/19
Operating profit/loss (EBIT)	129	54	75	58	635
Depreciation/amortisation	379	301	78	68	296
Items not included in cash flow	23	-	23	21	-14
Tax paid	-26	-	-26	-13	-132
Cash flow from operating activities before changes in working capital	**505**	**355**	**150**	**134**	**785**
Cash flow from changes in working capital	-179	-	-179	-352	-101
Cash flow from operating activities	**326**	**355**	**-29**	**-219**	**684**
Investments in intangible non-current assets	-2	-	-2	-2	-22
Acquisition of subsidiaries	-1	-	-1	-	-34
Investments in buildings	-33	-	-33	-78	-197
Leasehold improvements	-52	-	-52	-33	-174
Investments in equipment	-39	-	-39	-42	-131
Investment in non-current financial assets	-1	-	-1	-	-
Sale of property, plant and equipment	-	-	-	-	-
Cash flow from investing activities	**-128**	**-**	**-128**	**-156**	**-559**
Interest received (+) and paid (-) (excl IFRS 16)	-14	-	-14	-15	-56
IFRS 16 - interest paid	-92	-92	-	-	-
New share issue	-	-	-	-	2
Increase (+)/decrease (-) of interest-bearing liabilities	12	-	12	109	-243
IFRS 16 - amortisation, finance lease	-263	-263	-	-	-
Cash flow from financing activities	**-357**	**-355**	**-2**	**94**	**-296**
CASH FLOW FOR THE PERIOD	**-158**	**-**	**-158**	**-281**	**-172**
Cash and cash equivalents at beginning of period	527	-	527	699	699
Exchange-rate differences in cash and cash equivalents	-	-	-	-4	-1
Cash and cash equivalents at end of period	**368**	**-**	**368**	**415**	**527**

[1] 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).
[2] 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

	First quarter		Full year
SEK m.	2019/20	2018/19	2018/19
Net sales	**2**	**0**	**5**
Operating expenses	**-5**	**-6**	**-24**
OPERATING PROFIT/LOSS	**-3**	**-6**	**-19**
Interest income and similar profit/loss items	1	0	17
Interest expense and similar profit/ loss items	-8	-8	-32
Net financial items	**-7**	**-8**	**-15**
Year-end appropriations	-	-	34
PROFIT/LOSS BEFORE TAX	**-10**	**-14**	**-0**
Taxes	2	3	-
PROFIT/LOSS FOR THE PERIOD	**-8**	**-11**	**-0**

Parent company other comprehensive income

	First quarter		Full year
SEK m.	2019/20	2018/19	2018/19
Profit/loss for the period	**-8**	**-11**	**-0**
Other comprehensive income for the period	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-8**	**-11**	**-0**

Parent company balance sheet in summary

SEK m.	30 Sep 2019	30 Sep 2018	30 June 2019
ASSETS			
Participations in Group companies	2,247	2,247	2,247
Deferred tax assets	-	-	-
Non-current assets	**2,247**	**2,247**	**2,247**
Current receivables	3,840	4,254	3,853
Cash and cash equivalents	231	277	329
Current assets	**4,071**	**4,530**	**4,182**
TOTAL ASSETS	**6,318**	**6,778**	**6,430**
EQUITY AND LIABILITIES			
Restricted equity	105	105	105
Non-restricted equity	2,625	2,620	2,633
Equity	**2,730**	**2,725**	**2,738**
Non-current liabilities	**1,245**	**1,223**	**1,094**
Current liabilities	**2,342**	**2,830**	**2,598**
TOTAL EQUITY AND LIABILITIES	**6,318**	**6,778**	**6,430**

Parent Company statement of changes in equity

Total equity attributable to owners of the Parent Company

SEK m.	Jul-Sep 2019	Jul-Sep 2018	Jul-Jun 2018/2019
Opening balance	**2,738**	**2,735**	**2,735**
Profit/loss for the period	-8	-11	0
Other comprehensive income for the period	-	-	-
Consolidated statement of comprehensive income	**-8**	**-11**	**0**
Transactions with owners*	0	0	3
Closing balance, closing date	**2,730**	**2,725**	**2,738**

**) 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.*

Notes and accounting policies

Significant events after the end of the reporting period are presented on page 12. Segment reporting is presented on pages 7 to 10. Disclosures about risk factors and seasonality are presented on page 12.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 2018/19 Annual Report, which is available at https://corporate.academedia.se. The new accounting policies that apply from 2019/20 are IFRS 16, the effects of which are presented below. 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 Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. The interim report includes pages 1 to 31 and pages 1 to 14 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.

IFRS 16 ”Leases”: As of 1 July 2019, AcadeMedia applying to IFRS 16 with prospective implementation. For further information, see Note 2.

Note 2: Transition to IFRS 16 Leasing

During the year AcadeMedia has analysed the transition to IFRS 16 Leases and reached the following conclusions. As of 1 July 2019, AcadeMedia is applying IFRS 16 with prospective implementation. The segment reporting has unchanged accounting policies compared to previous year since that is how the business is monitored. As a result, the adjustment to IFRS 16 will only be made in the "Group-OH and adjustments" in the segment summary.

AcadeMedia has lease obligations for premises, IT equipment and vehicles. In total, these undiscounted obligations amount to SEK 8,975 million, based on current leases. The majority of these obligations relate to rent for premises. AcadeMedia had on 1 July 2019 about 800 property leases that after the transition to IFRS 16 will be accounted for on the balance sheet. These account for the majority of the right-of use-assets and liabilities. 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. Variable costs such as property tax, VAT, electricity and water are excluded from the basis for IFRS 16 insofar as these can be distinguished from the rental contracts. To calculate the lease liability related to properties (the present value of future lease payments), property yields are used as the discount rate. The yield differs among geographical areas and as a result, AcadeMedia's leases are categorised on the basis of their geographical location. 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 15-17.

SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
ASSETS			
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
Total non-current assets	**8 218**	**7 026**	**15 244**
Current receivables	976	–	976
Cash and cash equivalents	527	–	527
Total current assets	**1 502**	**–**	**1 502**
TOTAL ASSETS	**9 720**	**7 026**	**16 746**

SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
EQUITY AND LIABILITIES			
Total equity	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)[1]	74	–	74
Provisions and other non-current liabilities	164	–	164
Deferred tax liability	141	–	141
Total non-current liabilities	**2 509**	**6 055**	**8 565**
Current interest-bearing liabilities to credit institutions	505	–	505
Current lease liability (right-of-use assets)	–	971	971
Other current liabilities interest-bearing[1]	86	–	86
Accounts payable and other current non-interest-bearing liabilities	719	–	719
Other accrued expenses and deferred income	1 310	–	1 310
Total current liabilities	**2 621**	**971**	**3 592**
Total liabilities	**5 131**	**7 026**	**12 156**
TOTAL EQUITY AND LIABILITIES	**9 720**	**7 026**	**16 746**

[1] *Including existing financial leases*

Note 3: Revenue

SEK m.	Jul-Sep 2019	Jul-Sep 2018	Jul-Jun 2018/2019
Education-related income	2,438	2,279	11,397
State subsidies	35	29	154
Other income	29	34	165
Total income	**2,502**	**2,343**	**11,715**

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 which will be published on 25 October 2019. During the first quarter of the financial year no related-party transactions occurred other than remuneration to board members.

Note 5: Specification of liabilities

SEK m.	30 Sep 2019	IFRS 16[1]	30 Sep 2019 IFRS 16[2]	30 Sep 2018	30 June 2019
Non-current liabilities					
Non-current liabilities to credit institutions, excl. real estate loans	1,487	-	1,487	1,626	1,486
Non-current interest-bearing liabilities - properties	633	-	633	610	644
Non-current lease liabilities, right-of-use assets	6,365	6,365	-	-	-
Other non-current liabilities (interest-bearing)	132	-	132	104	74
Provisions and other non-current liabilities	325	-	325	232	305
TOTAL Non-current liabilities	**8,941**	**6,365**	**2,577**	**2,571**	**2,509**
Current liabilities					
Liabilities to credit institutions and other current interest-bearing liabilities	534	-	534	701	503
Current interest-bearing liabilities - properties	131	-	131	27	89
Current lease liabilities, right-of-use assets	1,007	1,007	-	-	-
Accounts payable and other current non-interest-bearing liabilities	652	-	652	735	719
Accrued expenses and deferred income	1,362	-	1,362	1,304	1,310
TOTAL Current liabilities	**3,685**	**1,007**	**2,679**	**2,767**	**2,621**

[1] *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).*
[2] *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 6: Specification of financial income and expenses

	First quarter		Full year
SEK m.	2019/20	2018/19	2018/19
Interest income and similar profit/loss items			
Interest income	0	0	1
Foreign exchange gains	-	-	2
Other	-	-	-
Interest income and similar profit/loss items	**0**	**0**	**3**
Interest expense and similar profit/ loss items			
Interest expense excl right-of-use assets	-12	-13	-51
Borrowing costs*	-2	-2	-7
Exchange rate losses	0	0	-3
Other	-2	-1	-11
Interest expense and similar profit/ loss items	**-16**	**-17**	**-72**
Interest expense relating to right-of-use assets	**-92**	**-**	**-**

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

Note 7: Financial instruments

AcadeMedia's financial instruments consist of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing liabilities, and additional consideration. Since loans with credit institutions are at variable interest, which 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	First quarter				Full year			
	2019/20	IFRS 16[1]	2019/20 ex IFRS 16[2]	2018/19	2018/19	2017/18	2016/17	2015/16
Profit/loss items, SEK m.								
Net sales	2,502	-	2,502	2,343	11,715	10,810	9,520	8,611
Items affecting comparability	-	-	-	5	1	-48	-23	-32
EBITDA	508	355	153	126	931	872	827	722
Depreciation/amortisation	-74	-	-74	-64	-280	-244	-208	-185
Acquisition-related depreciation/amortisation	-4	-	-4	-4	-16	-6	-4	-2
Amortisation of right-of-use assets	-301	-301	-	-	-	-	-	-
Operating profit/loss (EBIT)	129	54	75	58	635	622	615	535
Net financial items	-108	-92	-16	-17	-69	-68	-80	-127
Profit/loss for the period, before tax	22	-38	59	41	566	555	535	408
Profit/loss for the period after tax	16	-29	46	31	431	430	416	319
Balance sheet items, SEK m.								
Non-current assets	15,692	7,342	8,350	8,019	8,218	7,823	6,574	6,141
Current receivables	**1,172**	-	1,172	1,154	976	860	695	697
Cash and cash equivalents	368	-	368	415	527	699	579	331
Non-current interest-bearing liabilities	2,252	-	2,252	2,339	2,205	2,209	2,200	2,116
Non-current lease liabilities, right-of-use assets	6,365	6,365	-	-	-	-	-	-
Non-current non-interest-bearing liabilities	325	-	325	232	305	135	114	113
Current interest-bearing liabilities	664	-	664	728	592	673	516	568
Current lease liabilities, right-of-use assets	1,007	1,007	-	-	-	-	-	-
Current non-interest-bearing liabilities	2,014	-	2,014	2,039	2,030	2,103	1,577	1,382
Equity	4,604	-29	4,634	4,249	4,589	4,262	3,443	2,990
Total assets	17,231	7,342	9,889	9,587	9,720	9,383	7,849	7,169
Capital employed*	7,550	n.a.	7,550	7,316	7,386	7,144	6,158	5,674
Net debt*	2,544	n.a.	2,544	2,649	2,266	2,179	2,133	2,342
Property-adjusted net debt*	1,780	n.a.	1,780	2,012	1,533	1,528	1,550	1,866
KPIs								
Net sales, SEK m	2,502	-	2,502	2,343	11,715	10,810	9,520	8,611
Organic growth incl. smaller bolt-on acquisition, %	6.8%	-	6.8%	2.8%	4.4%	5.8%	9.0%	6.4%
Acquired growth, larger bolt-on acquisition, %	-	-	-	11.0%	3.2%	7.9%	0.8%	0.4%
Change in exchange rates, %	0.0%	-	0.0%	1.2%	0.8%	-0.1%	0.8%	-1.3%
Operating margin (EBIT), %	5.2%	-	3.0%	2.5%	5.4%	5.8%	6.5%	6.2%
Adjusted EBIT, SEK m	75	-	75	52	634	670	638	567
Adjusted EBIT margin, %	3.0%	-	3.0%	2.2%	5.4%	6.2%	6.7%	6.6%
Adjusted EBITDA, SEK m	153	-	153	120	930	920	850	754
Adjusted EBITDA margin, %	6.1%	-	6.1%	5.1%	7.9%	8.5%	8.9%	8.8%
Return on capital employed, % (12 months)	8.8%	-	8.8%	9.5%	8.7%	10.1%	10.9%	10.1%
Return on equity, % (12 months)	10.0%	-	10.0%	10.6%	9.7%	11.2%	12.9%	12.1%
Equity/assets ratio, %	46.9%	-	46.9%	44.3%	47.2%	45.4%	43.9%	41.7%
Interest coverage ratio, multiple	13.3	-	13.3	10.6	12.5	10.9	9.4	4.8
Net debt/Adjusted EBITDA (12 months)	2.6	-	2.6	2.9	2.4	2.4	2.5	3.1
Adjusted Net Debt/Adjusted EBITDA (12 months)	1.8	-	1.8	2.2	1.6	1.7	1.8	2.5
Free cash flow	-	-	-122	-296	356	688	658	394
Cash flow from investing activities	-128	-	-128	-156	-559	-970	-374	-386
Number of full-time employees	12,521	-	12,521	12,055	12,405	11,863	10,564	9,714

[1] 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). [2] 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.

Quarterly data, Group

	2019/20	2018/19				2017/18			
SEK m., unless otherwise stated	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,502	3,162	3,135	3,076	2,343	2,993	2,967	2,813	2,037
EBITDA	**508**	**290**	**310**	**205**	**126**	**233**	**275**	**232**	**132**
Depreciation/amortisation	-74	-68	-76	-73	-64	-65	-65	-64	-50
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-2	-2	-1	-1
Amortisation of right-of-use assets	-301	-	-	-	-	-	-	-	-
Items affecting comparability	-	-14	20	-11	5	-40	-5	-1	-2
Operating profit/loss (EBIT)	**129**	**218**	**231**	**128**	**58**	**167**	**209**	**166**	**80**
Net financial items	-108	-14	-14	-23	-17	-19	-15	-17	-16
Profit/loss after financial items	**22**	**204**	**216**	**105**	**41**	**148**	**194**	**149**	**64**
Taxes	-5	-56	-45	-25	-10	-37	-42	-33	-13
Profit/loss for the period	**16**	**148**	**172**	**79**	**31**	**111**	**152**	**116**	**51**
Number of children/students, schools	81,468	79,994	79,873	79,335	78,770	76,233	76,188	72,945	68,098
Number of full-time employees	12,521	12,487	12,605	12,473	12,055	12,462	12,320	11,789	10,882
Number of education units	505	511	507	505	505	501	500	489	446
KPIs									
Operating margin (EBIT), %	5.2%	6.9%	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%
Adjusted EBIT	75	232	210	139	52	207	214	167	82
Adjusted EBIT, %	3.0%	7.3%	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%
Adjusted EBITDA	153	304	290	216	120	274	281	233	133
Adjusted EBITDA, %	6.1%	9.6%	9.3%	7.0%	5.1%	9.2%	9.5%	8.3%	6.5%
Net margin, %	0.6%	4.7%	5.5%	2.6%	1.3%	3.7%	5.1%	4.1%	2.5%
Return on equity, % (12 months)	10.0%	9.7%	9.1%	9.0%	10.6%	11.2%	12.7%	12.7%	13.1%
Return on capital employed, % (12 months)	8.8%	8.7%	8.5%	8.8%	9.5%	10.1%	10.6%	10.6%	11.0%
Equity/assets ratio, %	46.9%	47.2%	46.8%	45.6%	44.3%	45.4%	45.9%	45.0%	42.6%
Net debt/Adjusted EBITDA (12m)[1]	2.6	2.4	2.8	2.7	2.9	2.4	2.6	2.6	2.4
Interest coverage ratio, multiple[1]	13.3	12.5	10.8	10.3	10.6	10.9	11.9	11.6	10.1
Other									
Free cash flow	-122	362	21	270	-296	288	118	181	101
Cash flow from operating activities	326	425	129	348	-219	376	153	257	142
Cash flow from investing activities	-128	-130	-170	-103	-156	-115	-124	-668	-63

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				2017/18			
Preschool (Sweden, Norway, Germany)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children/students (average)	20,015	21,319	20,975	20,267	19,741	20,531	20,087	18,876	18,389
Net sales	755	1,009	974	924	712	947	888	815	612
Sweden	242	356	348	336	251	354	343	327	240
Norway	389	544	519	490	369	512	482	434	323
Germany	123	108	107	99	91	82	63	54	48
EBITDA	19	106	92	44	20	134	89	41	13
EBITDA margin, %	2.5%	10.5%	9.4%	4.8%	2.8%	14.1%	10.0%	5.0%	2.1%
Depreciation/amortisation	-20	-12	-19	-18	-18	-18	-16	-15	-14
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	-2	92	72	24	0	115	72	25	-2
EBIT margin, %	-0.3%	9.1%	7.4%	2.6%	0.0%	12.1%	8.1%	3.1%	-0.3%
Items affecting comparability	-	-	-	-	-	37	-	-	-
Adjusted operating profit/loss (EBIT)	-2	92	72	24	0	78	72	25	-2
Adjusted EBIT margin, %	-0.3%	9.1%	7.4%	2.6%	0.0%	8.2%	8.1%	3.1%	-0.3%
Number of education units	253	257	254	252	252	249	248	236	230

SEK m., unless otherwise stated	2019/20	2018/19				2017/18			
Compulsory School (Sweden)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children/students (average)	24,689	24,482	24,417	24,195	23,964	23,678	23,645	23,141	22,791
Net sales	594	780	760	752	565	728	706	694	520
EBITDA	33	79	51	50	23	71	46	41	21
EBITDA margin, %	5.6%	10.1%	6.7%	6.6%	4.1%	9.8%	6.5%	5.9%	4.0%
Depreciation/amortisation	-15	-15	-16	-15	-13	-13	-13	-13	-11
Acquisition-related depreciation/amortisation	-	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	17	63	35	34	9	58	33	28	11
EBIT margin, %	2.9%	8.1%	4.6%	4.5%	1.6%	8.0%	4.7%	4.0%	2.1%
Items affecting comparability	-	-8	-	4	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	17	71	35	30	9	58	33	28	11
Adjusted EBIT margin, %	2.9%	9.1%	4.6%	4.0%	1.6%	8.0%	4.7%	4.0%	2.1%
Number of education units	109	110	110	110	110	111	111	111	110

SEK m., unless otherwise stated	2019/20	2018/19				2017/18			
Upper Secondary School (Sweden)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children/students (average)	36,764	34,194	34,481	34,873	35,065	32,024	32,456	30,928	26,918
Net sales	814	990	1,006	1,011	750	920	926	845	539
EBITDA	95	121	160	133	92	118	121	97	62
EBITDA margin, %	11.7%	12.2%	15.9%	13.2%	12.3%	12.8%	13.1%	11.5%	11.5%
Depreciation/amortisation	-34	-36	-38	-36	-29	-31	-32	-33	-23
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-0	-0	-
Operating profit/loss (EBIT)	60	84	122	96	62	87	88	63	39
EBIT margin, %	7.4%	8.5%	12.1%	9.5%	8.3%	9.5%	9.5%	7.5%	7.2%
Items affecting comparability	-	-6	20	-	5	-13	-1	-1	0
Adjusted operating profit/loss (EBIT)	60	90	102	96	56	100	89	64	39
Adjusted EBIT margin, %	7.4%	9.1%	10.1%	9.5%	7.5%	10.9%	9.6%	7.6%	7.2%
Number of education units	143	144	143	143	143	141	141	142	106

SEK m., unless otherwise stated	2019/20	2018/19				2017/18			
Adult Education (Sweden)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	339	382	392	388	315	397	444	459	366
EBITDA	26	6	22	-1	4	-66	39	66	45
EBITDA margin, %	7.7%	1.6%	5.6%	-0.3%	1.3%	-16.6%	8.8%	14.4%	12.3%
Depreciation/amortisation	-3	-3	-2	-2	-2	-2	-2	-2	-2
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-	-	-	-
Operating profit/loss (EBIT)	22	2	19	-4	0	-69	37	64	43
EBIT margin, %	6.5%	0.5%	4.8%	-1.0%	0,0%	-17.4%	8.3%	13.9%	11.7%
Items affecting comparability	-	-	-	-15	-	-61	-	-	-
Adjusted operating profit/loss (EBIT)	22	2	19	11	0	-7	37	64	43
Adjusted EBIT margin, %	6.5%	0.5%	4.8%	2.8%	0,0%	-1.8%	8.3%	13.9%	11.7%

SEK m., unless otherwise stated	2019/20	2018/19				2017/18			
Group-OH and adjustments	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	0	0	4	0	0	1	3	0	0
EBITDA	335	-22	-15	-21	-13	-23	-20	-13	-9
Depreciation/amortisation	-2	-2	-1	-1	-1	-1	-1	-1	-1
Acquisition-related depreciation/amortisation	-	-	-	-	-	-	-	-	-
Amortisation of right-of-use assets	-301	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	32	-24	-16	-22	-14	-24	-21	-14	-10
Items affecting comparability	-	-	-	-0	-	-3	-4	0	-2
Adjusted operating profit/loss (EBIT)	-22	-24	-16	-22	-14	-22	-17	-14	-9

SEK m., unless otherwise stated	2019/20	2018/19				2017/18			
GROUP	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children (average)	81,468	79,994	79,873	79,335	78,770	76,233	76,188	72,945	68,098
Net sales	2,502	3,162	3,135	3,076	2,343	2,993	2,967	2,813	2,037
EBITDA	508	290	310	205	126	233	275	232	132
EBITDA margin, %	20.3%	9.2%	9.9%	6.7%	5.4%	7.8%	9.3%	8.2%	6.5%
Depreciation/amortisation	-74	-68	-76	-73	-64	-65	-65	-64	-50
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-2	-2	-1	-1
Amortisation of right-of-use assets	-301	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	129	218	231	128	58	167	209	166	80
EBIT margin, %	5.2%	6.9%	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%
Items affecting comparability	-	-14	20	-11	5	-40	-5	-1	-2
Adjusted operating profit/loss (EBIT)	75	232	210	139	52	207	214	167	82
Adjusted EBIT margin, %	3.0%	7.3%	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%
Net financial items	-108	-14	-14	-23	-17	-19	-15	-17	-16
Profit/loss after financial items	22	204	216	105	41	148	194	149	64
Taxes	-5	-56	-45	-25	-10	-37	-42	-33	-13
Profit/loss for the period	16	148	172	79	31	111	152	116	51
Number of full-time employees (period)	12,521	12,487	12,605	12,473	12,055	12,462	12,320	11,789	10,882
Number of units*	504	511	507	505	505	501	500	489	446

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	Q1		Full year			
	2019/20	2018/19	2018/19	2017/18	2016/17	2015/16
Net debt						
Non-current interest-bearing liabilities	8,617	2,339	2,205	2,209	2,200	2,116
+ Current interest-bearing liabilities	1,671	728	592	673	516	568
- Interest-bearing receivables[3]	4	4	4	4	4	11
- Cash and cash equivalents	368	415	527	699	579	331
- IFRS 16 Non-current and current lease liabilities[1]	7,372	-	-	-	-	-
= Net debt excluding IFRS 16[2]	**2,544**	**2,649**	**2,266**	**2,179**	**2,133**	**2,342**
Property-adjusted net debt						
Net debt (as described above)	2,544	2,649	2,266	2,179	2,133	2,342
- non-current property loans	633	610	644	603	467	278
- current property loans	131	27	89	48	116	197
= Property-adjusted net debt excluding IFRS 16[2]	**1,780**	**2,012**	**1,533**	**1,528**	**1,550**	**1,865**
Return on capital employed %, 12 months						
Adjusted EBIT (12 months)	656	641	634	670	638	567
+ Interest income (12 months)	1	2	1	2	7	6
divided by						
Average equity (12 months)	4,427	3,868	4,426	3,853	3,216	2,647
+ average non-current interest-bearing liabilities	5,478	2,305	2,207	2,204	2,158	2,363
+ average current interest-bearing liabilities	1,200	586	632	594	542	641
IFRS 16 average equity[1]	-15	-	-	-	-	-
- IFRS 16 average non-current and current lease liabilities[1]	3,686	-	-	-	-	-
Return on capital employed excluding IFRS 16[2], %	**8.8%**	**9.5%**	**8.7%**	**10.10%**	**10.90%**	**10.10%**
Return on equity %, 12 months						
Profit/loss after tax (12 months)	415	410	431	430	416	319
- IFRS 16 profit/loss after tax (12 months)	-29	-	-	-	-	-
divided by						
Average equity (12 months)	4,427	3,868	4,426	3,853	3,216	2,647
IFRS 16 average equity[1]	-15	-	-	-	-	-
= Return on equity excluding IFRS 16[2], %	**10.0%**	**10.6%**	**9.7%**	**11.20%**	**12.90%**	**12.10%**

SEK m., unless otherwise stated	2019/20	2018/19				2017/218			
Interest coverage ratio, multiple	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Adjusted EBIT (12 months)	656	634	609	613	641	670	693	676	650
+ Interest income (12 months)	1	1	1	2	2	2	1	1	6
+ Other financial income (12 months)	2	2	2	4	4	4	3	0	0
divided by									
Interest expense (12 months) excl IFRS 16	-50	-51	-57	-60	-61	-62	-59	-58	-65
= Interest coverage ratio, multiple (excl IFRS 16)	**13.3**	**12.5**	**10.8**	**10.3**	**10.6**	**10.9**	**11.9**	**11.6**	**10.1**

[1] 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).
[2] 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.
[3] 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[2]
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 IFRS16 (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.

[2]According to ESMA guidelines on performance measures, each performance measure must be motivated.

Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Adjusted EBIT margin sets underlying operating profit in relation to sales.
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.