

# Annual Report 16/17



# The year in brief

- Net sales increased by 10.6 percent and amounted to SEK 9,520 million (8,611).
- Operating profit (EBIT) increased by 15.0 percent and amounted to SEK 615 million (535). Adjusted for items affecting comparability, operating profit was SEK 638 million (567).
- Cash flow from operating activities amounted to SEK 830 million (542).
- The average number of children and students in preschool, compulsory school and upper secondary school amounted to 66,070 (63,151), which was an increase of 4.6 percent.
- The board of directors proposes that no dividend be paid for the 2016/17 financial year.
- The German preschool company Stepke was acquired on April 18. AcadeMedia has thereby now expanded its German operation with ten pre-schools, including three mobile preschools.
- During the financial year AcadeMedia acquired an additional five pre-schools in Sweden and four preschools in Norway.
- Quality is high on AcadeMedia's agenda. The grade results are stable. Our compulsory schools continue to remain clearly higher than the national average in grades, while the upper secondary schools are essentially on the same level as the national average with respect to students who graduate. Our employee satisfaction surveys show a rising trend over the past five years.
- After the end of the fiscal year, on September 12, 2017, AcadeMedia announced that it intends to acquire Vindora for a price of SEK 546 million and partially finance the acquisition with a rights issue of 400 SEKm. Vindora is a leading actor in apprenticeship, vocational education and training introductory program in upper secondary school.

## The Group in figures

FACTS	2016/17	2015/16	CHANGE
Net sales, SEK m	9,520	8,611	10.6%
EBITDA, SEK m	827	722	14.5%
EBITDA margin	8.7%	8.4%	0.3 p.p.
Operating profit/loss (EBIT), SEK m	615	535	15.0%
EBIT margin	6.5%	6.2%	0.3 p.p.
Adjusted operating result, EBIT, SEK m	638	567	12.5%
Adjusted EBIT margin	6.7%	6.6%	0.1 p.p.
Net financial items, SEK m	-80	-127	37.0%
Profit/loss before tax, SEK m	535	408	31.1%
Profit/loss for the period, SEK m	416	319	30.4%
Number of children and students	66,070	63,151	4.6%
Number of full-time employees	10,564	9,714	8.8%

The cover picture was taken at Framtidsgymnasiet in Malmö. The school has about 170 students, seven of them are girls. Photo: Peter Kroon

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## Explanation of language and terminology

Some of the words and expressions commonly used in annual reports, which meet stock market requirements for clarity and accuracy, seem unnatural to many who work in the education sector. For example, we often react to the term “client”, which does not seem appropriate to us, but is used in the “client and employee surveys” we conduct, which are reported here both in the annual report and in our annual quality report. Another example is the “market overview” section in the annual report. Referring to preschool, school and adult education as a market may seem unnatural for most people who work in education.

Regarding the word client, we explain how we think in our quality report: The word “client” is difficult to use in school contexts and may need explanation. By “clients,” we mean both students and parents for whom the Swedish state and municipalities – or rather, the entire community – have given us an education mandate that we are aiming to implement in the best possible way.

An annual report is primarily intended for financial. We have therefore decided that in this context we will adhere to concepts that cannot be misunderstood by them, but that people in the education sector may find unnatural.

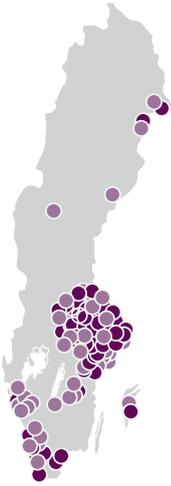


*This picture is from Milstensskolan in Täby, one of AcadeMedia's 77 elementary schools. Photo: Rikard Westman*

# AcadeMedia in brief

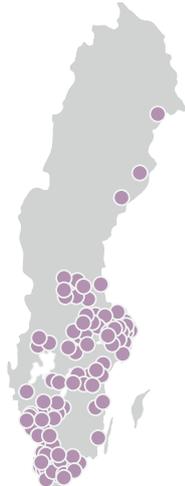
## Pre- and Compulsory schools

- Preschools in Sweden
- Compulsory schools Sweden



## Upper Secondary Schools

- Upper secondary school



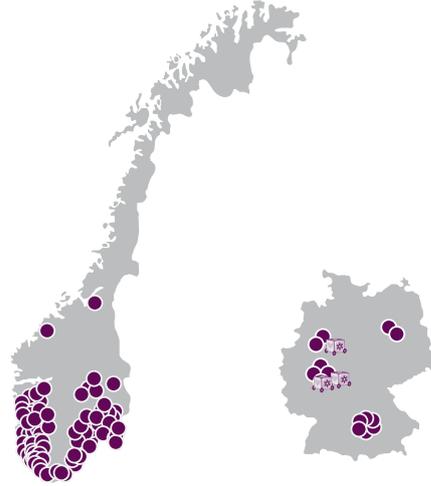
## Adult education

- Language and integration and labor market services<sup>1)</sup>
- Higher vocational education and Municipal Adult Education<sup>2)</sup>



## Preschool International

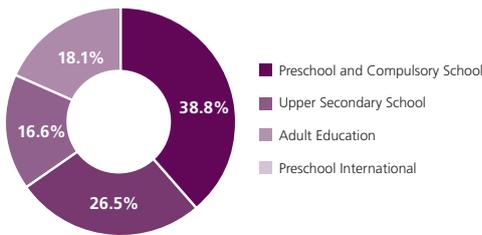
- Preschools in Norway
- Preschools in Germany
- Mobile preschools in Germany



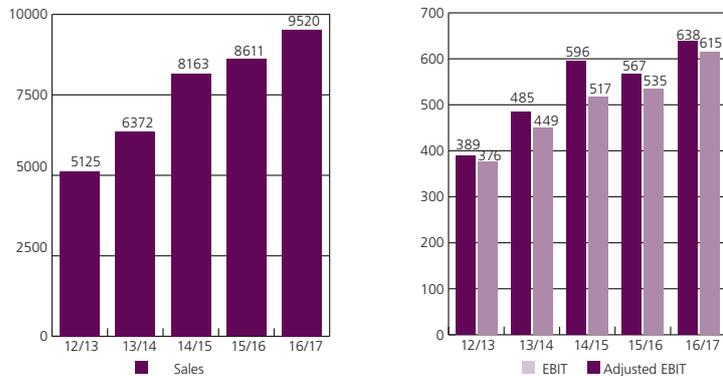
1) Includes all Eductus schools and SFI from Hermod's (excluding other Hermod's schools and municipal collaborations).

2) Includes Plushögskolan, NTI schools, Didaktus Vuxenutbildning and KUI.

### Share of sales by segment 2016/17



### Financial trend 2012/13–2016/17 SEK m



**AcadeMedia is the leading and largest independent education provider in northern Europe, and the second largest education provider in Sweden (only the City of Stockholm is larger). We operate along the entire education value chain: preschool, compulsory school, upper secondary school and adult education.**

In 2016/17 approximately 66,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. An additional approximately 100,000 individuals participated in AcadeMedia's adult education courses. In all, at the end of 2016/17 AcadeMedia had a total of 445 preschools, compulsory schools and upper secondary schools in Sweden, Norway and Germany, as well as adult education in 160 locations in Sweden.

### Four segments

We are organized into four business segments: They are the Pre- and Compulsory Schools segment, Upper Secondary Schools segment, Adult Education segment and the Preschool International segment. The Group has approximately 15,000 employees, corresponding to just over 10,500 full-time employees (FTEs). About 42 percent of them work in preschool and compulsory school, 21 percent in upper secondary school and 15 percent in adult education.

In the Company's financial statements, the geographic areas Preschool Norway and Preschool Germany are reported jointly as the "Preschool International" segment. They account for 21 percent of the Group's FTEs.

CEO's comments

# Education is the best way to improve society



*This picture from Framtidsgymnasiet in Malmö.  
Photo: Peter Kroon*

**Education is the key to each individual's development and to a competitive society. Never before has AcadeMedia educated so many people. This is a great vote of confidence and we see our growth rate of more than ten percent during the past year as confirmation that we are on the right track.**

The need to invest in knowledge is essential to the development of society and the need has never been greater.

AcadeMedia is driven by a strong vision to be a role model within education and to be leading in quality, performance and innovation. We will continuously raise our expectations - on ourselves and on our students. By raising expectations we aim to improve results.

The employees are the key to success for an education provider. We are therefore extremely pleased that this year we have once again improved our employee satisfaction, the commitment our employees feel, and the attractiveness they express. An important key to achieving this is our investment in leadership. A competent principal who develops and empowers their employees is essential.

## Strategies for the future

One of AcadeMedia's most important tasks is to reinforce every individual's inner capacity and drive. At AcadeMedia's schools dreams can be realized. But succeeding with all individuals is an ambitious target that requires systematic quality management. At AcadeMedia we call this quality assurance system the AcadeMedia Model. This is a proprietary and unique system that we are now taking to the next level, with increased focus on developing the educational process. New models for improved teaching, inter personal learning among teachers, common systems for grade projections and transparent quality assessments are some of the areas that we will pursue as part of this quality development initiative.

AcadeMedia combines the advantages of a large company with the business acumen of a smaller organization. The multi-brand strategy and delegated leadership are cornerstones in the AcadeMedia strategy. During the financial year we have further developed our governance and management model. AcadeMedia has more than 500 units and we now have many years of key performance data for our business. This provides a unique opportunity for us to use the data to learn from each other. We call this method, which involves sharing and learning from the best, "master-apprentice". This method has been used for several years in Espira, our Norwegian preschool operation, and has resulted in low levels of sick leave as well as more satisfied employees and parents, among other things.

Sweden is undergoing strong growth, while labor shortages and bottlenecks in the labor market are high. Unfortunately, Sweden has not succeeded in creating a competitive and efficient vocational education system. We welcome the initiatives that the Government has incorporated into 2018 years' budget, but these education methods need to be improved. AcadeMedia wants to make Sweden a role model in apprenticeship and vocational training. Sweden has had a limited tradition of corporate apprenticeships and companies have relied on the state to serve as educator. Following the acquisition of Vindora, which was announced after the close of the year, AcadeMedia is now Sweden's leading education provider in practical and vocational training. We aim to take this to the

next level in order to help individuals get a job and to help corporate partners with skilled labor.

Another important area for AcadeMedia is innovation and digital development. AcadeMedia is currently Sweden's leading online provider of upper secondary training for adults. We are convinced that the shortage of teachers, combined with the digital life of both parents and students, will drive development towards new forms of education. AcadeMedia already has teachers who have tens of thousands of followers on Youtube. Digital tools also offer new ways to enhance the interaction between teachers and students. Digital tools also can improve inclusion and participation of all students and can facilitate the interaction between teacher and students. Schoolido, of which AcadeMedia is a shareholder, has developed digital learning materials to improve learning for Swedish compulsory school children.

## Challenges ahead

The greatest challenge Sweden faces in near term will be integration, a challenge that can be addressed with education. Over the years, AcadeMedia has created and developed a broad platform to promote integration within all levels of the education system. This platform ranges from preschool, which is incredibly important for the very young children, through compulsory school and upper secondary school to how we deal with adults who need to supplement their education. Training in Vocational Swedish is an important part of this and is a program that offers language training for the work place.

Europe is changing rapidly and there is a strong need for an efficient and egalitarian labor market. This drives the need for new preschools that focus not only on care, but also on learning. The Nordic region is a role model in this respect. AcadeMedia's strategy to grow outside Sweden remains fixed. We are expanding in Norway as well as in Germany and in Germany alone there is a need for more than 300,000 preschool places. AcadeMedia's German operations under the brands of Joki and Stepke will during the next few years start a number of new preschools to capture some of this demand. AcadeMedia's ambition is to create a new Nordic export industry, although this may sound strange in the context of preschools. Our Nordic preschools are a model when it comes to accessibility and content as well as the combination of care and learning which is unique and in demand.

The political discussion in Sweden regarding private welfare companies will continue to be a hot topic during the upcoming election year 2018. We are disappointed to note a polarization in the political debate. We need to join forces in order to make Sweden stronger and to develop Swedish welfare. AcadeMedia wants to contribute to developing the society we operate in and we firmly believe that doing so in a corporate context is bound for success.

Finally, I want to thank all our employees for a successful year. Now we look forward. The best is yet to come.

*Marcus Strömberg,  
President and CEO  
AcadeMedia AB (publ)*



The photo was taken at the IT-Gymnasiet, an upper secondary school in Karlstad. Photo: Linn Malmén



# A long history and a clear strategy

**AcadeMedia was founded in 1996, though many of the education companies that are currently part of the Group are considerably older than that.**

Indeed, AcadeMedia's various schools and education companies have long traditions – in many cases longer than the Group. Following the 1992 independent school reform, a large number of entrepreneurs founded their own schools and many of the education companies that are now part of AcadeMedia are a result of this deregulation. In the mid-1990s when AcadeMedia started, the company's business focused on online and multimedia production. Today we run a number of education companies in three countries. In Sweden, we operate along the entire education value chain, from preschool to adult education, while in Norway and Germany we have preschools.

In 2001 AcadeMedia was listed on what was then the Stockholm Stock Exchange. Nine years later, in 2010, EQT acquired the majority of shares in AcadeMedia and a new strategic plan was adopted. At that time AcadeMedia's shares were also

delisted from the stock exchange. AcadeMedia was reintroduced on Nasdaq Stockholm in June 2016.

In 2012, the Group took an important step in its quality assurance program with the addition of the AcadeMedia Model.

AcadeMedia took the first step beyond Sweden's borders in 2014 with the acquisition of the Norwegian preschool chain Espira, which had approximately 75 preschools at that time. In February 2016 the German preschool group Joki became part of AcadeMedia. The acquisition included seven preschools in Munich and was AcadeMedia's first outside Scandinavia. Following the purchase of the German preschool chain Stepke in the first half of 2017, the number of preschools owned by AcadeMedia in Germany increased from seven to seventeen.

Today AcadeMedia has approximately 20,000 children in preschools in three countries. In Sweden we have 20,000 students in compulsory school, 26,000 students in upper secondary school, and 100,000 adult students. In all, we have approximately 15,000 employees and 445 units.



# 100% will succeed

AcadeMedia has undergone rapid growth for many years. We have successfully integrated newly acquired operations and started new ones, while constantly improving quality. Our most important task is to create conditions that will enable everyone who chooses us to succeed. They will reach both the formal goals of the education program, as well as their own personal goals.

## Our business concept

The AcadeMedia business concept is to develop attractive, high-quality educational institutions throughout the education chain – from preschool to adult education.

## Our vision

AcadeMedia's vision is to be "an international role model when it comes to quality, results and innovation."

AcadeMedia provides good monitoring and control of its operations, comparing results both internally between Group units and with other education providers.

The Group's quality management system, the AcadeMedia Model, supports innovation and development. AcadeMedia's group-wide model for quality and governance focuses on a structured exchange of experiences, both internally within the Group and with external providers.

## Our goals

AcadeMedia continues to pursue its overarching goal: to provide the highest quality education in the areas where the Group operates. By 2020 we will be the leading and most

important education provider in Europe, which takes us closer to our vision of being an international role model.

To achieve this, we will be the leader in quality, efficiency, innovation and attractiveness, both for employees and participants.

## Financial targets

AcadeMedia intends to grow organically by utilizing spare capacity in existing units, and through new establishments. AcadeMedia also intends to continue to grow by taking over education units from other providers and by acquiring other operations as the market continues to consolidate. AcadeMedia's growth target for net sales is to grow by 5-7 percent annually, excluding major acquisitions. AcadeMedia's profitability target for operating profit (EBIT) excluding non-recurring items is 7-8 percent of net sales over time.

With respect to indebtedness, AcadeMedia's target is to have an net debt in relation to operating profit before depreciation and amortization (EBITDA) and excluding non-recurring items with a maximum factor of three. During brief periods, however, deviation from this target may occur, such as in connection with major bolt-on acquisitions.

## Dividend policy

AcadeMedia's main responsibility is to provide good education for the reimbursement received. AcadeMedia's unrestricted cash flow will be reinvested in the operation in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets relating to quality and financial position.

		Financial targets	Result 16/17
Growth	5-7%	<ul style="list-style-type: none"> <li>AcadeMedia's growth target for net sales is to grow by 5-7% annually, excluding major acquisitions.</li> </ul>	<b>10.6%</b> (5.5%)
Profitability	7-8%	<ul style="list-style-type: none"> <li>AcadeMedia's profitability target for operating profit (EBIT) excluding items affecting comparability is 7-8 percent of net sales over time.</li> </ul>	<b>6.7%</b> (6.6%)
Capital structure	<3,0x	<ul style="list-style-type: none"> <li>AcadeMedia's target is to have a net debt in relation to operating profit before depreciation and amortization (EBITDA) and excluding items affecting comparability of maximum three times. During shorter periods, however, deviation from this target may occur, such as in connection with major acquisitions.</li> </ul>	<b>2.5x</b> (3.1x)
Use of free cash flow	–	<ul style="list-style-type: none"> <li>Free cash flow shall primarily be reinvested.</li> <li>The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets relating to quality and financial position.</li> </ul>	No dividend



# Continuous improvement of our quality model

**At AcadeMedia we fully agree that our most important task is to get our children, students and adult students to develop the skills, abilities and values that the education program is intended to convey – thereby securing the prerequisites for a good life.**

Only by offering high-quality programs can AcadeMedia be successful. All units within AcadeMedia are united in the shared conviction that quality ultimately pays off. Our size, diversity and the fact that we are active throughout the entire education chain provide us with unique opportunities to promote superior quality and development work with the goal of achieving continuous improvements in operations.

Our common quality and management model, the AcadeMedia Model, creates conditions for well-founded decision-making and development-driven governance and management throughout the organization. The model is also the Group's quality management system, tasked with creating a common approach and a shared focus on goals, ensuring consistent quality monitoring and transparency, while driving our systematic quality and development initiatives forward. The model provides the operations with basic security while also allowing ample space for their own initiatives.

## Quality management focussing on improvement

During the 2016/17 academic year we made major advances in our efforts to fine-tune the AcadeMedia Model with an even clearer connection from quality monitoring and control onward to development and quality-enhancing activities.

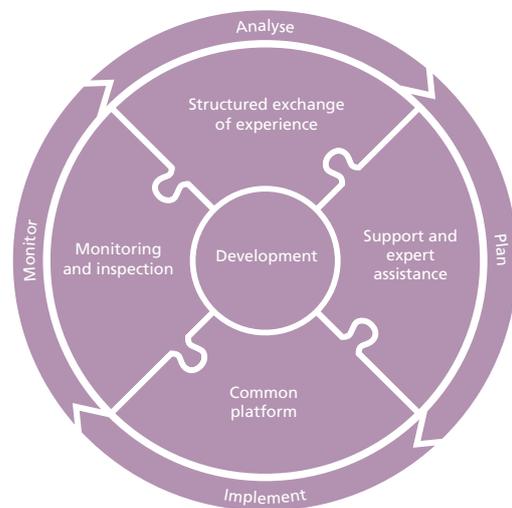
A review of follow-up requirements and control processes has been carried out within the Group to ensure that we are monitoring the right things and that we are truly focusing on the factors that drive development. AcadeMedia's quality and development initiatives today focus even more closely on the core of our business: teaching and learning.

During the year we have adopted a more proactive approach across the board in which we monitor children and students throughout the course of their journey and track their progress through regular forecasts aimed at giving each individual the best prospects for success.

During the year, quality and development initiatives have also been further adapted to the current situation and challenges of the various operations and units. As part of the effort to

increase our focus on improving teaching skills, platforms have been introduced to strengthen professional development at all units. As a result, each unit creates conditions and opportunities to promote structured collegial learning in an effort to jointly develop teaching skills.

Each provider and unit within AcadeMedia has a proactive quality policy as prescribed by the Swedish Education Act and other policy documents. To make the most of the opportunities within the Group, AcadeMedia has also assumed an increasingly active role in quality and development work on an overarching level – partly to become a more effective sounding board for the various units that make up AcadeMedia, and partly to be able to guarantee that all children, students and adult learners receive a high-quality education.



## AcadeMedia Model

The AcadeMedia Model consists of four parts: Common platform, Control, Support and Structured Exchange of Experiences. The four parts of the model interact and intersect one another like pieces of a puzzle, and by continuously and systematically monitoring, analyzing, planning and implementing, conditions for continuous improvement are created.

### Common platform

Within AcadeMedia we have agreed on a common definition of quality: "To the greatest extent possible, to reach the national goals for education/operations (=functional quality), by methods that earn our customers' confidence (=perceived

quality) and to prepare our children/students/participants to advance in the education system or their careers and within the community (=efficient quality)".

We have set common objectives and performance indicators for each and every one of these quality aspects and adapted them to each type of school. We have also agreed on common and transparent follow-up and evaluation procedures.

### Monitoring and control

The control aspect of the AcadeMedia Model entails continually ensuring that all principals/operations within the Group live up to fundamental legal requirements, that they have efficient follow-up and development procedures, and that their results are good from the standpoint of all adopted aspects of quality.

### Support and expert assistance

Being part of AcadeMedia also entails being offered support and assistance in various ways to fulfill the individual remit. One example is AcadeMedia Academy, which is our internal center for education, research/development, the supply of talent and the structured exchange of experiences. At AcadeMedia Support we gather common resources and skills on an overarching level to support operations as professionally and efficiently as possible.

### Structured exchange of experiences

A structured exchange of experiences is underway within AcadeMedia through our management organization and overarching forum groups that link the operations together. Our various providers interact just about daily, exchanging experiences and learning from one another. This approach makes us an extremely learning-oriented organization. It is also a given to collaborate and share experiences with external stakeholders such as school authorities, municipal and independent education providers and organizations such as the Swedish Association of Local Authorities and Regions (SALAR), Friskolornas Riksförbund and Ifous.

The Norwegian and German units also apply AcadeMedia's quality model, though it is adapted based on national and local conditions. The units in these countries share useful ideas and successful practices related to their improvement initiatives.



## Quality and development at every level

AcadeMedia's quality and development initiatives focus on ensuring quality and development at every level. This approach includes creating good conditions for operations, ensuring a high-quality approach among educators and within the educational process itself, and carefully monitoring performance in relation to curriculum objectives and to the perception of operations by parents, students and adult participants.



*This photo comes from Joki Harlaching in Munich.*

# Our quality performance 2016/17

Along with this annual report, AcadeMedia also publishes its annual quality report. This report provides detailed information about our quality performance for preschool, compulsory school, upper secondary school and adult education. Quality reports are also published for our various stakeholders/operations and units on their respective websites.

Within AcadeMedia we are convinced that this transparency helps us to improve our quality and development. It also helps anyone interested in choosing a preschool or school to make informed choices, which is crucial for an efficient school market.

Here is a selection of the most important quality performance parameters for the different types of schools. You can find our complete quality report at [www.academediase.se](http://www.academediase.se)

Röda Berget preschool in Vasastan in Stockholm.  
Photo: Rikard Westman



*“We see that those who successfully achieve the best performance are those who deliberately, and over an extended period of time, have worked with collegial learning, proactive monitoring and focused performance dialogues.”*

*Ingela Gullberg,  
Head of quality, AcadeMedia*

## Quality performance: Preschool International

During the 2016/17 academic year, the Norwegian company Espira, with inspiration from AcadeMedia and Pyslingen preschools, further developed quality monitoring procedures in Espira's preschools. The system is based on the methods that Swedish preschools employ to follow up on functional quality by measuring the extent to which national objectives for preschool are achieved, but based on the Norwegian curriculum and Norwegian policy documents.

The German companies Joki and Stepke both conduct annual quality surveys among their parent groups; the most recent was conducted in May 2017.

All operations within the Group are subject to our Group-wide quality model, the "AcadeMedia Model" and our international operations are also gradually adopting the model.

## Quality performance: Swedish preschool

AcadeMedia conducts annual surveys among parents of preschool children. The most recent survey in our Swedish operations was carried out in early 2017. The results show that parental satisfaction continues to be high at AcadeMedia's preschools, though with a recommendation rate of 81% (to be compared with last year's 82%).

Regarding the learning environment, the highest outcome was in response to the question of whether staff at the preschools take responsibility to ensure that everyone is treated with respect. In this case, 92 percent of parents marked the highest response (7-10) in the survey. Almost as many, 91 percent, feel that their own children feel secure and enjoy being at preschool. The result was lower for the question on whether children can experience peace and quiet at the preschool (77 percent). Please see the adjacent diagram.

A total of 33 of AcadeMedia's preschools were inspected during the 2016/17 academic year. The results showed that 24 of them achieved decisions without injunctions and the remaining 9 contained no serious criticism.

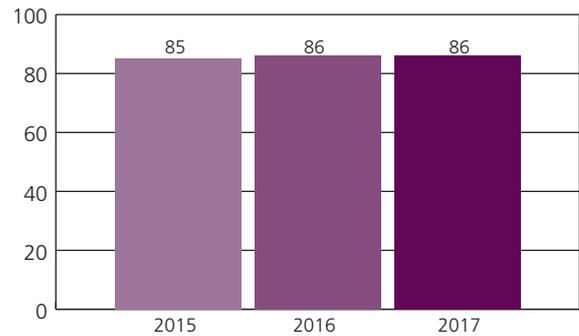
## Quality performance: Compulsory school

AcadeMedia's compulsory schools have grade scores that substantially exceed the national average regarding the percentage of students in grade 9 who meet proficiency requirements in all subjects, the percentage eligible for upper secondary school and average assessment level.

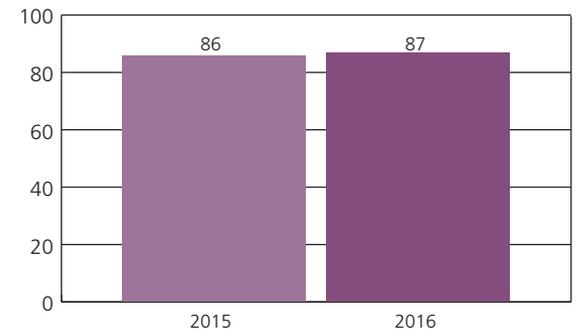
According to AcadeMedia's preliminary compilation of grades for the 2016/17 academic year, the percentage of graduating students who earned the minimum grade of E in all subjects decreased from 86 to 84 percent (the national average in 2016 was 74 percent). The percentage of compulsory school students eligible for upper secondary school dropped over the past academic year from 93 to 90 percent, and the preliminary assessment level declined by 0.8 points to 240.9 (to be compared with the 2016 national average of 224.1).

Regarding the perceived quality expressed in the Customer Satisfaction Index (CSI), the comfort rate in this year's survey remained

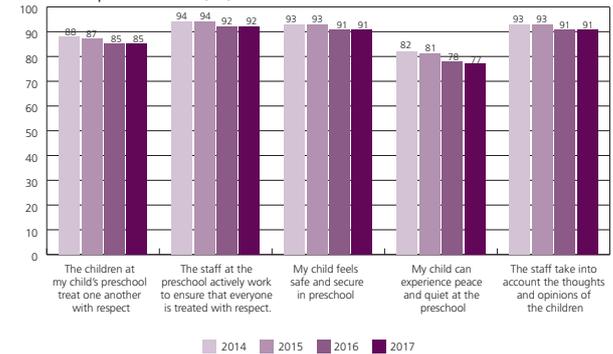
Percentage of parents who recommend (NPS) German Joki



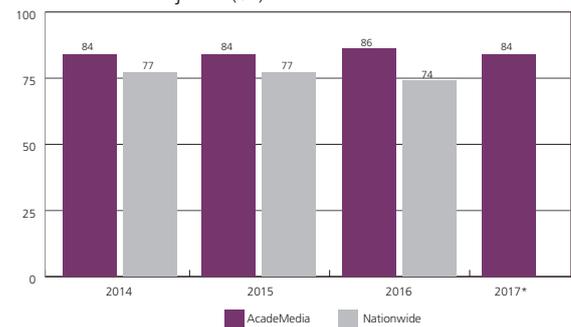
Percentage of parents who recommend Norwegian Espira (%)



Learning environment – parents of preschool children in our Swedish preschools (%)

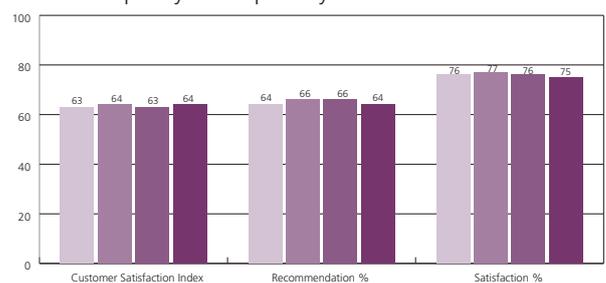


Percentage of students in grade 9 who earned a grade of at least E in all subjects (%)

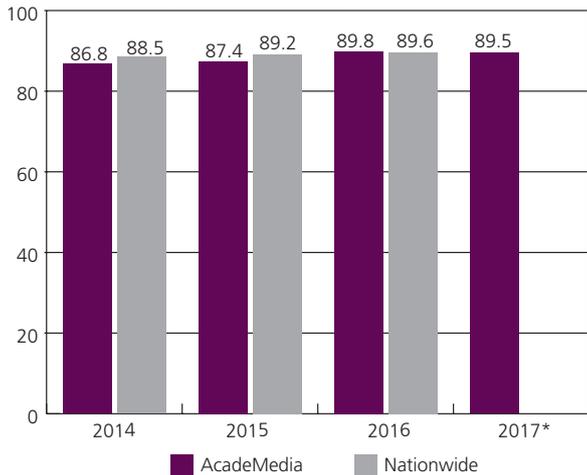


\*Preliminary results, national averages were not available when this publication went to press

Perceived quality – compulsory school students

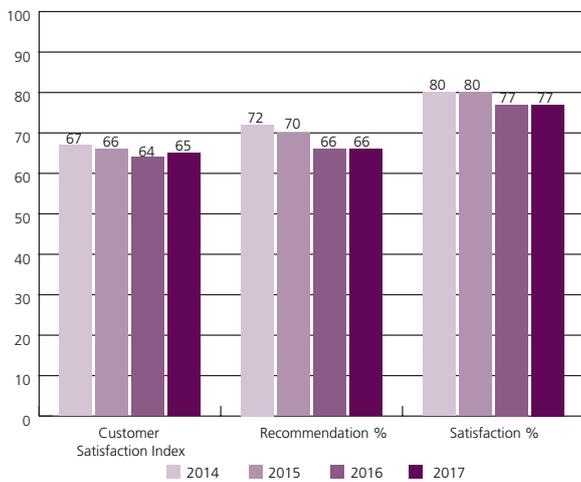


Upper secondary school student graduation rate (%)



\*Preliminary results, national averages were not available when this publication went to press

Perceived quality – upper secondary school students



essentially at the same level as the previous year, while the recommendation rate dropped slightly among both students and parents (2 and 3 percentage points, respectively).

The Schools Inspectorate conducted regular inspections at all compulsory schools within AcadeMedia during the 2016/17 academic year. Of the 77 schools that were inspected, 16 schools received a more extensive (prioritized) inspection, while 61 received a less extensive (basic) inspection. Of all inspected compulsory schools within AcadeMedia, 62 passed the inspections with no complaints whatsoever. Of the 15 schools that received injunctions, 10 cases had not yet been closed at the time of printing of this publication.

## Quality performance: upper secondary school

AcadeMedia’s preliminary compilation of grades for the 2016/17 academic year shows that the percentage of upper secondary school students who graduated fell slightly from 89.8 to 89.5 percent. Last year’s national average was 89.6 percent.

The average grade (based on students with a school leaving certificate) in AcadeMedia’s upper secondary schools in the 2015/16 academic year was 14.1 – the same level as the national average. The preliminary compilation of grades showed that during the 2016/17 academic year, grade points rose to 14.2. Final outcomes and comparisons with national averages will not be reported until the turn of the year, when national statistics for grades are presented in the Swedish National Agency for Education’s SIRIS database.

Perceived quality among upper secondary school students is in line with last year’s survey in terms of the customer satisfaction index (CSI), the recommendation rate and the comfort rate.

Just as in the compulsory schools, regular inspections were carried out at all AcadeMedia upper secondary schools during 2016/17 (total of 102). Prioritized inspections were carried out at 20 of these schools, while the other 82 had basic inspections. In all, 74 upper secondary schools had no complaints whatsoever, 23 received injunctions and one received an injunction with damages. Minor complaints were noted at four schools.

## Quality performance: adult education

Adult education includes units that specialize in various forms of education and labor market assignments, including Swedish for Immigrants (Sfi) programs, compulsory and upper secondary school for adults, labor market services and higher vocational education. These operations vary greatly in terms of objectives and assignments, as well as who is the client, who attends the programs and the nature of the governing rules and principles.

The three most common clients are the Swedish Public Employment Service, municipalities throughout Sweden and the Swedish National Agency for Higher Vocational Education. The diversity of our assignments makes quality surveys more complex in adult education than in other types of schooling and education.

AcadeMedia has developed a sophisticated monitoring program to aggregate, compare and analyze adult education results. We will continue to pursue constant improvement and will also initiate systematic internal audits for each field of education.

A key component of our monitoring program is to capture the effect of our education programs for our students and participants. Approximately 40,000 participants and students are asked twice



The photo comes from Designgymnasterna i Södertälje, just outside Stockholm. Photo: Rikard Westman

a year about what steps they have taken following completion of their education. Monitoring is an important aspect of AcadeMedia's efforts to develop the content of the education programs, along with collaboration with the local and regional business community.

AcadeMedia's adult education program also conducts a comprehensive survey twice a year to determine how satisfied participants are with our activities. The results show that our participants are extremely satisfied with their studies/activities. In the spring of 2017, 82.1 percent of our participants gave a score of 7-10 on a ten-point scale (compared with 81.8 percent in the fall of 2016). The overarching objective remains that 100 percent should be satisfied with the program.

## Results in brief by business area

### Swedish for immigrants (Sfi) programs

In 2016 AcadeMedia issued more than 8,000 certificates in SFI and the students had an average of about 255 hours to complete the course (compared with the national average of 231 hours). Our follow-up for the first half of 2017 shows a trend that the average time seems to be increasing slightly.

The programs are carried out on behalf of the municipalities and are therefore subject to supervision by the Schools Inspectorate. No serious criticism was leveled at AcadeMedia's SFI programs in 2016/2017 in conjunction with the completed inspections.

### Basic adult education

All of AcadeMedia's basic adult education programs are contracted by approximately 80 municipalities around the country. The grade score for 2016 (measured in percentage of students who achieve minimum passing marks) was 89.8 – somewhat higher than the national average of 88.8 percent. Our follow-up for the first half of 2017 shows a trend that the percentage of students with pass grades seems to be falling slightly.

The programs are carried out on behalf of the municipalities and are therefore subject to supervision by the Schools Inspectorate. In 2016/17, no serious criticism was leveled at AcadeMedia's education providers of basic adult education.

### Upper secondary school for adults

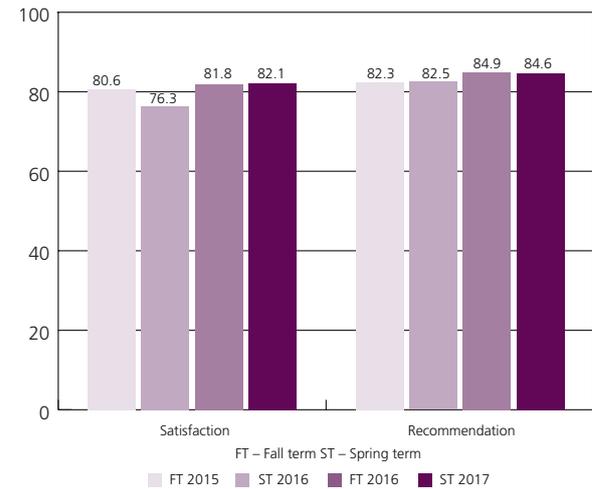
All of AcadeMedia's upper secondary level adult education programs are contracted by approximately 170 municipalities around the country. The percentage of students who achieved minimum pass marks in 2016 was 83.0 (to be compared with the national average of 87.1 percent). In this context it should be noted that AcadeMedia's upper secondary level adult education programs are largely distance-based and this particular form of education has lower grade scores than classroom-based learning.

The programs are carried out on behalf of the municipalities and are therefore subject to supervision by the Schools Inspectorate. In 2016/17, no serious criticism was leveled at AcadeMedia's education providers of upper secondary school for adults.

### Labor market services

AcadeMedia receives ongoing feedback from the Swedish Public Employment Service locally, regionally and nationally as part of its systematic quality management initiatives. No se-

Perceived quality – adult education (%)



rious criticism emerged in 2016/2017 except in one case. The Swedish Public Employment Service leveled a serious criticism against Hermod's remit to provide electrician training in Kristianstad. The criticism primarily focused on the internship that was part of the program. The participants have now met the program requirements and the contract has been completed.

### Higher vocational education

Follow-up in 2016/17 shows that 81 percent of students in AcadeMedia's higher vocational education programs had a job six months after graduation (to be compared with the national average of 91 percent).

The percentage of students who graduated in 2016 was 65 percent for all of AcadeMedia's higher vocational education programs (to be compared with the preliminary national average of 73 percent).

In 2016/17 the National Agency for Higher Vocational Education conducted a total of 32 inspections of AcadeMedia's higher vocational education programs. Ten of these inspections resulted in remarks, such as comments on curriculums. All cases are now closed.



Students at SFI in Avesta. Photo: Rikard Westman

# Practical research to strengthen teaching



*This photo was taken at the Rytmus upper secondary school in Örebro.  
Photo: Linn Malmén*

**During the year our work with research and development (R&D) at the Group level has focused on collaboration and initiatives that strengthen teaching through practical research, as well as support for collegial learning. An important part of this work has been to contribute to our own and other activities by building capacity to create the conditions for teaching based on scientific grounds and proven experience in both the short and long term.**

A large part of this has been the partnership we have in Ifous, a project that is unique in the school industry to create a school research institute. Ifous serves as a platform where school principals together finance and run R&D work to strengthen and improve their own operations. The R&D initiatives will focus on areas that are of major importance for learning and will be conducted together with teachers/pre-school teachers, school leaders and researchers. Currently, in addition to AcadeMedia, Ifous also includes the City of Stockholm, Nacka Municipality, the City of Helsingborg, Kunskapskolan and Täby Municipality.

Ifous rests on three pillars:

- Research program and development articles – where researchers and the profession collaborate to strengthen teaching in short and long projects.
- Ifous focuses – these are compilations of current research that are linked to actual developmental needs in education. This year we developed a report on mathematics based on a mathematical-didactic analysis of tasks that students consider to be hard and easy when they start high school. The data were obtained from a diagnostic mathematics test that approximately 30,000 students have taken during their first days at upper secondary school over the past six years. The report links the results to research and experience on successfully teaching mathematics.
- Opinion – to elucidate and highlight the experience of the principals in the discussion on schools

In recent years, the following research programs have been implemented or initiated:

- Digitization
- Distance teaching
- Teaching in preschool
- Inclusive learning environments
- Lead for equitable school
- Programming in subject education
- SFI (where AcadeMedia has financed a preliminary study on the level of knowledge in SFI teaching)

In addition to Ifous, attention has been paid to focusing on creating structure and adopting a culture for collegial learning on many levels in the strength chain. This has been done through education programs for lead teachers/supervisors and collegial supervision by the principals, including participants such as Per Kornhall and Mälardalens University College.



Starting at the top, the photos come from Eductus in Västerås (adult education), Karl Johans Skola compulsory school in Örebro (two photos) and the Skattgömman preschool in Västerås. Photo: Linn Malmén



Environment	Personnel	Social conditions	Human rights	Anti-corruption
<ul style="list-style-type: none"> <li>• The company's environmental impact</li> <li>• Power consumption</li> <li>• Water consumption</li> <li>• Paper consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Work environment</li> <li>• Whistleblowing</li> <li>• Employer attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Social conditions</li> <li>• Social impact</li> <li>• Education quality</li> <li>• Integration, equivalence</li> </ul>	<ul style="list-style-type: none"> <li>• Equal value, discrimination</li> <li>• Freedom of speech</li> <li>• Children's rights</li> <li>• Right to education</li> <li>• Right to organize and equal pay for equal work</li> </ul>	<ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Gifts and rewards</li> <li>• Transparency</li> </ul>

The photo was taken at Milstensskolan, a compulsory school in Täby. Photo: Rikard Westman

# Sustainability is the core of our operation

**AcadeMedia has considered sustainability issues to be a central part of both operations and the business model for a long time. Instead of a sustainability report this has been integrated in many of our other communications.**

The requirements for sustainability reporting will be raised next year. Therefore we this year will review the sustainability issues that are important to us and to our stakeholders.

The EU Directive (2014/95 Non Financial Reporting), which will be regulated in the Swedish Annual Accounts Act, as from next year, aims to increase transparency in sustainability issues and increase opportunities for customers and investors to analyze these aspects. The sustainability report shall include topics such as:

- The company's business model
- Governance, such as various policies and processes, as well as how to monitor compliance
- Material risks related to sustainability issues and how these risks are managed
- Non-financial indicators and measures of sustainability work

Important sustainability areas are usually defined as the environment, social conditions and personnel, human rights and anti-corruption. AcadeMedia has defined what we see as relevant to our operations in each area on the adjacent page.

An important aspect of sustainability involves identifying the company's stakeholders, since that should help determine the sustainability areas that are particularly important for AcadeMedia. AcadeMedia's main stakeholders are children/students/ adult participants, guardians/parents, employees, owners, clients (adult education), government agencies, politicians, trade unions, industry organizations and suppliers. As part of preparing and focusing AcadeMedia's upcoming sustainability report, we have conducted a materiality analysis based on the importance of different factors to our stakeholders as well as materiality for AcadeMedia as a company. We have also tried to estimate the impact of these areas on AcadeMedia. The conclusion of the materiality analysis is shown in the diagram below.

Based on this approach AcadeMedia has determined that its main focus in sustainability involves employees, quality, transparency and ethics, although work is also ongoing in other areas. One very large area in sustainability reports is human rights. These rights include issues such as children's rights, the right to education, freedom of speech and equal value, as well as initiatives against abusive treatment and discrimination. All

## Materiality analysis for sustainability areas

*The color of the circles indicates our status in relation to the area; yellow means "room for improvement," green is "good." Red, if it had been included, would have meant unsatisfactory. The size of the circles illustrates the impact of the area on our stakeholders and on AcadeMedia as a company.*



of these human rights are part of our core business, which is education. From a social perspective, the environmental issue is one of the most important components of a sustainability report. Naturally AcadeMedia, whose core business is education, works to reduce our environmental and climate impact as much as possible, though our ability to influence the situation is relatively small, and our operations do not pose significant risks in this matter.

## Quality

AcadeMedia's quality management is governed by our AcadeMedia Model quality assurance system (described in this annual report on page 10-15). Quality management, and the results, are reported on three levels: the unit level, brand level and Group level. The work is reviewed and monitored through various internal audits, as well as by the Schools Inspectorate.

AcadeMedia provides high-quality education, and striving for an improved education quality is one of our core sustainability issues. The processes and structures that have been in place for a number of years to ensure this are deemed to be properly adapted to the task.

For example, AcadeMedia has created a student health procedure manual and a medical procedure manual that includes procedures and templates to help our schools comply with rules and maintain high quality in their work with the students. We have also appointed a child and student ombudsman whose task is to represent children's rights in preschools and schools.

## Employees

AcadeMedia's approach to various employee-related issues is described on page 22 in this annual report. The work is governed by a large number of policies, such as our work environment policy, gender equality policy and whistleblowing policy, including whistleblower protection. The latter has been a forerunner in the welfare sector; the policy was introduced as early as 2013 and already then met the legal requirements applicable from July 1, 2017, on whistleblowing for employees. The law is called the Swedish Act on Whistleblower protection in certain private enterprises (2017:151)

Today the competition for employees in all of AcadeMedia's segments is intense. At the same time it is crucial for both AcadeMedia and our stakeholders that we have talented employees. There is a shortage of teachers, and AcadeMedia is constantly working to become the industry's most attractive employer in all segments. We conduct annual employee satisfaction surveys, which show a positive trend.

## Ethics

For us ethics entails practicing morality in actual situations – having an ethical approach. In education, an ethical approach is absolutely key and applicable to everything from our view of individuals with special needs to how we handle personal data in our systems, the teachers' exercise of duties when grading or regarding waiting lists for our schools. Our Code

of Conduct is a key part of this initiative, as are other policies such as our personal data protection policy, anti-drug policy and policy for outside activities.

As a company, we also have a number of issues where ethical considerations are crucial. One of them is taxes, for which reason we created a special tax policy clearly stating that we have adopted a precautionary principle with respect to tax matters in order to avoid being at risk of ending up in a gray area. However, compared with other industries, ethical and corruption risks are relatively limited in education.

## Transparency

Transparency is considered to be the most important sustainability area both for us as a company and for our credibility in relation to stakeholders. For a decade, AcadeMedia has written in its communication policies that all communications about both our operations and our company should be characterized by transparency, relevance and correctness. These important principles are currently manifested by our open intranet, also known as our employee web service. About 80 percent of the kind of material that most companies protect with passwords, we have chosen to put on an open website, which we know is accessed by several companies and organizations outside our own Group.

The idea of the open intranet is to enable our employees to find the information they need more easily through open searches online. In addition, we can share what we know can be difficult to create for smaller companies/organizations. The open webpages include everything from practical crisis plan templates to legal documents and advice.

Our effort to achieve transparency also includes our whistleblowing policy, which also contains a document on whistleblowing (see also the text on employees above).

Concrete evidence of our transparency can be seen in our quality reporting at the unit, brand and Group levels, along with numerous news texts on our website. Our listing on the stock market has also resulted in good transparency of our operations and increased communication regarding AcadeMedia's financial performance.

## Social conditions

Social conditions are becoming increasingly important in society. In the education world, equitable opportunities and segregation are the key important topics. Naturally these are high-priority issues. AcadeMedia monitors the schools' work in the area through the AcadeMedia Model, internal audits and risk reporting. The resource allocation model applied also aims at balancing social differences and ensuring that the children and participants who need additional resources also get it.

Many immigrants came to Sweden in 2015. Because of the queue rules, independent schools, previously schools with queues were unable to admit newly arrived immigrants. One particular AcadeMedia initiative, which affected the entire independent school sector, was to propose and promote amended legislation to allow immigrants to be admitted to

independent schools with waiting lists. As a result of the amended rules, independent schools were given the opportunity to give priority to a certain quota of immigrant students.

Integration work is part of daily life for AcadeMedia and there is a strong commitment to these issues within the company. One example of this commitment is an integration project where AcadeMedia was one of the first companies to admit at least 100 immigrants for internships, reaching the objective three times faster than forecast. Another result is the initiative to provide native language guidance and instruction, which now has its own internal organization that continuously develops its activities – AcadeMedia Språkcentrum (language center). A number of sub-projects have also been initiated, which will produce results in the near future.

To gain more knowledge and the right tools to take the work with integration issues to the next level, AcadeMedia is now participating in Lessons on Integration, a three-year research program led by the Center for Business and Policy Studies (SNS). It focuses on the labor market, the education system and the challenges associated with newly arrived immigrants settling in Sweden.

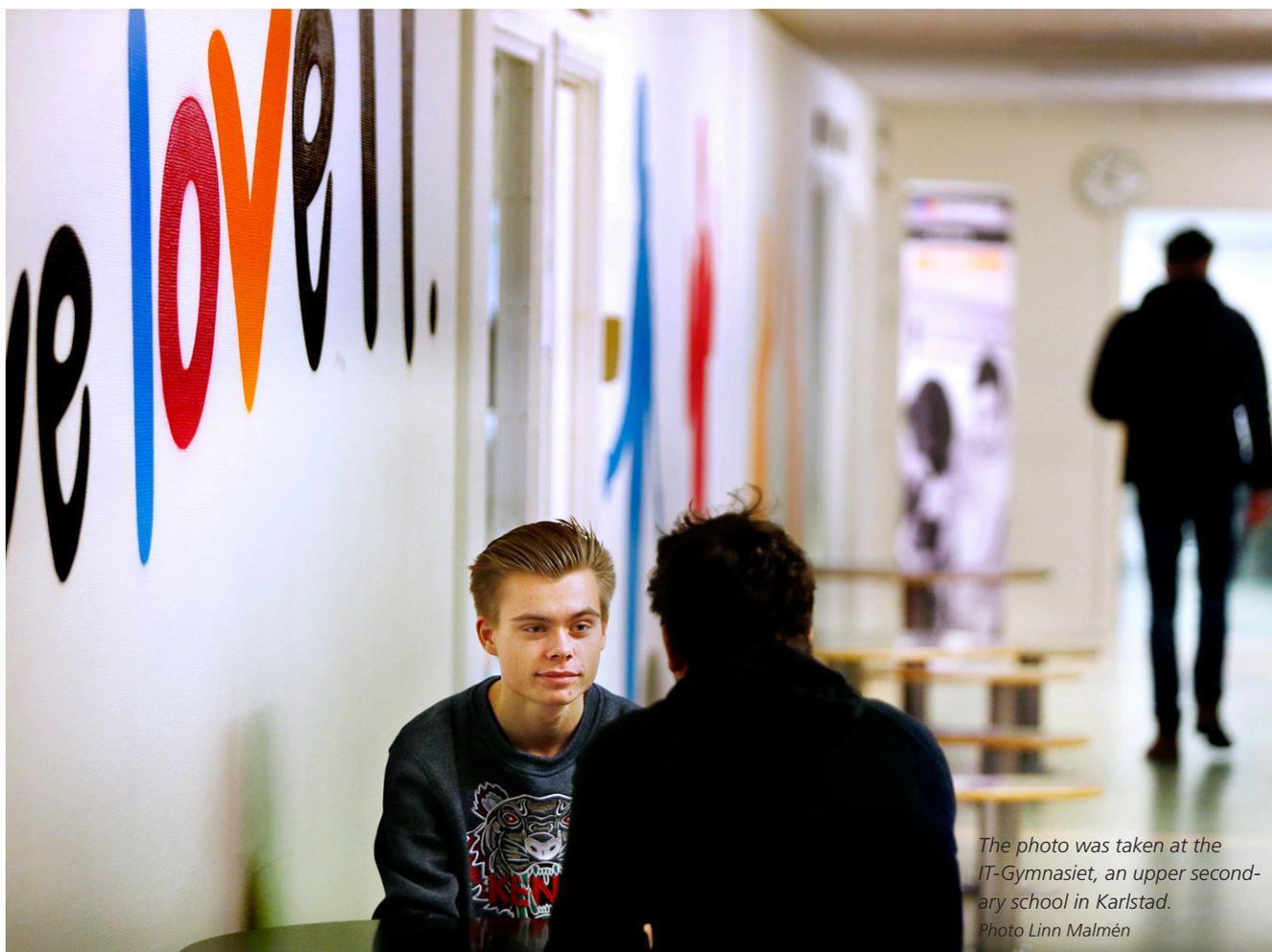
## Environment

Regarding the environment, AcadeMedia is active on several fronts, although we do not consider this to be crucial for our stakeholders or for us as a company. One of the issues closest to our core mission involves the environmental choices we make regarding meals and purchases for our units. Our own chefs serve about 14,000 portions of food per day, while catering services provide an additional 33,000 portions to schools that do not have kitchen facilities. About 80% of all dairy products are KRAV-labeled or organic. We also buy MSC-labeled fish, and Swedish ingredients to the greatest extent possible. We also try to adapt the menu to focus on seasonal foods and to minimize waste.

We have also started to provide energy usage analyses in compliance with current EU regulations. AcadeMedia in Sweden does not own its premises, but rents them. One important task for us is therefore to influence our landlords to create premises with as little environmental impact as possible.

AcadeMedia's travel policy states that environmental aspects should always be taken into account with respect to each trip, and flights should therefore be avoided as much as possible.<sup>1</sup>

<sup>1</sup> All policies mentioned in this text are available on AcadeMedia's open intranet, the employee web service. It can be found either at [www.academedia.se](http://www.academedia.se) where you can click on the box "Mainly for our employees," or you can use any search engine to search for AcadeMedia+exact name or appropriate keyword for the policy you want to read.  
<https://medarbetare.academedia.se/om-din-anstallning/policyer/upporandekod/>



*The photo was taken at the IT-Gymnasiet, an upper secondary school in Karlstad.  
Photo Linn Malmén*



The image is from the Rytmus upper secondary school in Örebro.  
Photo: Linn Malmén

# Attractive employer with high aims

**In all, 86 percent of AcadeMedia's employees in Sweden are proud of their workplace. In Norway, 90 percent are satisfied with their workplace. In Germany, an impressive 96 percent of employees respond that they are proud of their employer. The numbers are good, but they do not put us at ease. Competition for employees is tough, and AcadeMedia must continue to work to become an even more attractive employer.**

We do so primarily by offering our employees good workplaces with good leaders and opportunities for development both within their occupation and as career opportunities. In addition, we will offer competitive salaries and benefits.

## Development of expertise and skills

AcadeMedia is an education provider and it is natural that we will continually educate and develop our employees. In the annual Employee Satisfaction Survey, we see that employees state that the ability to constantly develop and to have good leaders are important factors in being proud of their workplace. In all countries where AcadeMedia has a presence, leaders and employees are offered opportunities to develop their expertise and skills through internal academies. In addition, many schools and principals also organize their own staff development initiatives based on specific needs.

## AcadeMedia Academy Sweden

AcadeMedia Academy is the Group's joint staff training centre.

### Leadership development

Within the field of leadership development, AcadeMedia Academy has implemented a Talent Program for future leaders and a Mentorship Program for leaders. The major two-day leadership event, Leader Forum, which targeted all managers, as well as four leadership seminars, were arranged during the year.

### Education Web

The Education Web was launched in its current format at the end of the financial year and a number of training programs were carried out in various formats. We see a positive trend regarding the number of courses offered. Traffic to the Education Web has also increased. The programs include a Group-wide online introduction program that was developed to streamline the orientation process for both managers and employees. The purpose of the Education Web is to gather all skills development courses offered to managers and employees in one place.

### Norway

Training initiatives arranged by Norwegian Espira focus on leadership development and courses in various specialized areas based on the Norwegian curriculum and aimed at educators. Espira arranges compulsory courses for its leaders. During the year, approximately 40 days of leadership courses with a focus on different subject areas were held. In addition, a two-day leadership conference was arranged for 130 participants from all over Espira.

A total of 131 training days were organized for employees, with approximately 20 participants per course.

### Germany

During the 2016/17 financial year Joki initiated a leadership program called Führungskräfte-Nachwuchs-Programm. The purpose is to prepare future leaders for the job. Employees who wish to attend the program submit applications and are then selected through an evaluation process.

The competition for employees is also intense in Germany. Joki has therefore launched Joki Academy, which focuses on various training programs in education. Joki has also engaged a number of educational consultants, whose mission is to support both educators and parents to be able to deal with children with special needs.

Stepke introduced a system for a structured exchange of experiences in various specialist groups during the year. Examples of such groups include preschool heads and kitchen staff. In addition, Stepke Academy works to constantly improve operations through various types of professional development opportunities for the employees.

## Salaries and benefits

### Sweden

Prior to the 2016 salary review, an analysis of the salary situation was carried out in relation to other principals in Sweden. The analysis showed that salaries in AcadeMedia's Pre- and Compulsory Schools segment were on a par with salaries paid by municipal employers in the same region, while upper secondary school teachers' salaries were somewhat lower. The salary review therefore made an effort to raise salaries in the Upper Secondary Schools segment in order to compete with salaries paid by municipal employers.

### Government initiative to boost teacher salaries

The state-funded initiative to boost teacher salaries was implemented in the fall of 2016. In all, 2,046 of AcadeMedia's teachers received a raise of SEK 2,500 in their full-time salaries as a result of the boost to teacher salaries. AcadeMedia also has 490 lead teachers whose positions are largely funded by state subsidies, as well as twelve lead preschool teachers whom we fully fund.

### Benefits Web

In the spring of 2017, employees within AcadeMedia in Sweden were invited to participate in the Benefits Web. The Benefits Web is a web portal where employees can easily and clearly see the total compensation (salary and benefits) that they receive for their employment. The Benefits Web also provides employees with access to a pension planning tool (Lifeplan), and the opportunity to purchase wellness services with their wellness subsidy, as well as goods and services through net and gross wage deductions. The Benefits Web also provides employees with discounts at a number of different stores. The Benefits Web has rapidly achieved a user rate of over 60%.

## Gender equality and diversity

### Sweden

Over the past year, AcadeMedia used the Nyckeltalsinstitutet (Institute of Human Resource Indicators) index to analyze attractiveness, gender equality, health and diversity. These indices show that the Group as a whole is an equal opportunity employer with respect to the proportion of female managers, and that the diversity of the foreign background of employees

COUNTRY	NUMBER OF EMPLOYEES*	NUMBER OF FTES*	PERCENTAGE WOMEN, %**
Sweden	12,322	8,353	66%
Norway	2,377	2,031	91%
Germany	304	180	63%
<b>Group total</b>	<b>15,003</b>	<b>10,564</b>	<b>69%</b>

\*Average for financial year 2016-17

\*\* Percentage of women based on number of employees

reflects society at large. AcadeMedia ranks as average with respect to being an attractive employer. To enhance attractiveness, AcadeMedia could work with fewer employees per manager and implement initiatives to prevent short-term sick leave. In terms of health, we can strengthen our initiatives at the strategic level, especially to reduce ill health among female employees. According to the Nyckeltalsinstitutet analyses, AcadeMedia can both improve the health situation and attractiveness as an employer by offering permanent and full-time employment to a higher degree. However, this is difficult to combine with the fact that adult education is often conducted on an assignment basis with short assignments. In addition, many schools need to hire teachers for subjects where full-time positions cannot be offered.

## Employee satisfaction surveys

All operations within AcadeMedia conduct an annual employee satisfaction survey. The survey is designed somewhat differently in Sweden, Norway and Germany, and therefore the results cannot be directly compared.

## Results from the employee satisfaction surveys for 2016/2017

### Operations in Sweden

- In the Swedish operations, 85% (84%) are proud of their workplace
- 75% (74%) see good growth opportunities in their occupational role
- Leadership index was 79 (78)
- Recommendation rate 81% (79%)
- Employee Satisfaction Index was 72% (71%)

### Operations in Norway

- Recommendation rate 87% (86%)
- Satisfaction rate was a corresponding 90% (88%)
- 81% (81%) experience that the atmosphere in the workplace is favorable.

### Operations in Germany

- Joki's employee satisfaction survey shows that 96% (95%) of employees are proud of their workplace
- Stepke's employee satisfaction survey is purely qualitative and therefore cannot be aggregated to an index or percentage



The photo comes from Karl Johans Skola compulsory school in Örebro. The school specializes in music. Photo: Linn Malmén

# From good to great

**For a number of years, AcadeMedia’s strategy has promoted rapid growth, while raising quality and increasing employee satisfaction. AcadeMedia aims to be an attractive choice for students, parents and adult learners, and therefore the basis of the Group’s strategy is to continue to be the leading provider from a quality perspective within all segments in which the Group operates. The goal is to go from being good to being the best.**

## Roadmap 2020 with clear goals

Roadmap 2020 was implemented in 2015, and expresses the Group’s strategic focus and goals through 2020. It is posted on the Group’s employee website, available to all employees. The plan outlines AcadeMedia’s goals to become a leader in quality, attractiveness (for employees and children/students/participants), efficiency and innovation. The document also describes how to achieve these goals.

## Market-leading quality level and educational diversity

The Group’s objective is to deliver high-quality education with diverse educational specialties and study focuses. AcadeMedia will therefore continue to develop and implement the AcadeMedia Model (read more about it on page 10) in existing and new operations to ensure consistent quality monitoring and high transparency. AcadeMedia intends to be a leading provider regarding systematic quality and development work for the education sector in general.

## Attractive employer

As part of AcadeMedia’s objective to be the leading provider, the Group will work to have the best school principals, preschool heads and unit heads in the sector. Within the framework of AcadeMedia Academy, we continually develop our employee offering to enhance the image of AcadeMedia. In addition, we continue our initiatives among existing employees and leaders. A number of leadership development programs have been formulated in recent years, including a mentorship program for senior managers that AcadeMedia launched during the spring of 2017. This program is aimed at managers at AcadeMedia who are deemed to be ready for larger assignments within 1-2 years.

## Improved capacity utilization

AcadeMedia believes that there is further potential to achieve a higher level of long-term sustainable profitability through efficiency improvements in the operations, particularly through improved capacity utilization in the Group’s preschools and schools. The economic effect of filling up groups and classes is significant, since the cost increase for each additional child, student or participant in an existing group or class is only marginal. The potential is greatest in the Group’s Upper Secondary School segment, where capacity utilization stood at an average of approximately 86 percent (83) in 2016/17. There is also

potential in compulsory schools, where the capacity utilization rate was approximately 90 percent (87). Other efficiency improvements are expected to come largely from the Group realizing economies of scale, such as in terms of increased bargaining power in purchasing for the Group.

## Continued organic growth

AcadeMedia sees great opportunities for continued organic and acquired growth in essentially all segments and markets. The Group believes that positive demographic trends and increasing urbanization in the coming years will create good opportunities for establishing new units in preschools and schools in Sweden, Norway and Germany. The potential is greatest in preschools and upper secondary schools. Germany alone currently has a shortage of almost 300,000 preschool places. AcadeMedia plans to focus on geographic areas with a high population growth rate where new units can rapidly achieve satisfactory capacity utilization levels.

In 2016/2017, AcadeMedia strengthened its position as the leading operator in adult education in Sweden. Adult education is a high-priority area for politicians and the Group’s understanding is that major investments in the area will continue. In all, AcadeMedia has more than 300 contracts in adult education, where the ten largest contracts/contract groups account for 70 percent of sales. About 25 percent of contracts in the contract portfolio are renewed each year. AcadeMedia has historically demonstrated a good ability to win new contracts through tenders.



## Continued consolidation of a fragmented market

As the market-leading and largest individual independent provider in northern Europe, AcadeMedia is the natural player to continue to drive the consolidation of the fragmented education services market in Sweden, Norway and Germany. The Group has historically been successful in integrating and refining both small bolt-on acquisitions and major strategic acquisitions. AcadeMedia continually reviews and evaluates potential acquisition objects.

AcadeMedia’s aim is to expand its business over the coming years into new markets within Sweden and abroad. The Group is prioritizing growth in Norway and Germany, but also sees opportunities to expand into other countries, with a focus on preschools.



*This photo was taken at Vittra  
Gerdsken, a compulsory school with  
approximately 400 students in Alingsås.  
Photo: Rikard Westman*

INSIGHT

# From 75 to 100 with enhanced quality

Norway has a political goal to ensure that all children have access to preschool. This policy has created good opportunities for private operators such as Espira, AcadeMedia's Norwegian operation. Between 2014, when AcadeMedia acquired Espira, and today the number of Espira preschools has increased from 75 to 100. The strategy that Espira followed has resulted in rapid growth combined with high quality and increasingly satisfied employees.



Today, the political goal has almost been met and the proportion of private preschools in Norway is about 50 percent. The state finances 85 percent and guardians account for 15 percent of funding.



Espira is one of the largest private preschool operators in Norway. Growth has been one of the goals of the company.

"Espira is growing both by building new preschools, especially near major cities, and by purchasing other private preschools," says Marit Lambrechts, CEO of Espira.

## **Expertise and quality – prerequisites for growth**

In Norway, as in Sweden, preschool is defined as the first step in the education chain and, in terms of policy, preschools come under the Ministry of Education and Research. Quality has become the most important criterion for further growth.

"This means we must deliver good quality in order to grow; it is a prerequisite. Municipalities want private providers who deliver good quality. Owners of individual preschools who want to sell their operations are looking for providers with a good reputation so that the operation can be continued with high quality," says Marit Lambrechts.

"For several years we have been working to improve and ensure the quality of our preschools. We have done this through targeted skills development initiatives for employees through our own academy. We have placed particular emphasis on leadership development and measures focusing on professional development. We also conduct regular customer and employee satisfaction surveys," says Marit Lambrechts.

Espira is working on hiring more preschool teachers than is required by law. To accomplish this objective, the company provides additional training to its own employees and, with its good reputation, Espira is seeing that hiring is becoming easier with every passing year.

Espira has established dedicated staff to exclusively work on quality at the preschools. These staff are also responsible for keeping up-to-date with regard to Norwegian and international research on children and preschools, and for ensuring that relevant findings from this research are actually applied in Espira's preschools.

## **Relieves preschools**

One issue that many organizations postpone a little too long is development of various support systems, since the work still flows anyway. Early on, Espira recognized the need to relieve preschool staff from as much administration as possible.

"We have developed support systems for business, human resources and maintenance, because preschools should not have to deal with so many administrative tasks. We saw that many of those who wanted to sell their preschool to us had decided to do so because they thought the administration side was too stressful. This must also be the case for our own managers, so we have invested heavily in relieving the workload in this particular area," says Marit Lambrechts.

"In summary, Espira has worked deliberately to develop quality, skills and systems to be well-equipped for further growth, but also to run the operation based on the demands of authorities and the expectations of parents and municipalities with respect to a major preschool provider," says Marit Lambrechts.

***"We must deliver good quality in order to grow."***



*All photos from Espira, Norway.*

# Educational needs in Europe are growing



Photo from IT-Gymnasiet, an upper secondary school in Gothenburg. Photo Rikard Westman

The rising birth rate and increased immigration also increase the need for preschools, schools and adult education in all countries where AcadeMedia is active. In Sweden, politicians expect that about 1,000 new schools will need to be started in the next few years, and the number of children is also rising in Norway and Germany.

In Sweden, where AcadeMedia offers adult education, the number of adults is sharply growing, partly because of the growing population, and partly because of a high immigration rate.

### Significance of adult education in the future

The proportion of unemployed people who were born outside Sweden has increased sharply in recent years and today they represent the majority of all unemployed individuals in Sweden. Adult education, which aims to equip people to enter the labor market, plays an important role in improving integration and reversing this negative trend. The fact that more and more foreign-born individuals are succeeding in the labor market benefits both society and the individual.

The need for skills in working life is growing and changing at an ever faster pace. More adults will switch professional careers, thus shifting skills, more often and at an older age, while the gap between compulsory school/upper secondary school and college is growing. In addition, digitization of education offers great opportunities for faster, more specialized adult education.

### Significant initiatives in adult education

Substantial initiatives are being carried out in the adult education sector through various reforms and through a capacity expansion of existing operations. Examples of new initiatives include the "Kunskapslyft" (knowledge boost) initiative (in order to enable more people to benefit from education), Yrkesvux (post-upper secondary vocational programs within Municipal Adult Education) and various internship programs. Among the domestic born, unemployment is barely five percent, among foreign born, it is just over 15 percent. In parallel with positive labor market developments, however, differences arise in terms of employment and unemployment between those with pre-and post-secondary education. For people with highly advanced education, unemployment is around 20 percent, while for the group with post-secondary education it is about four percent.

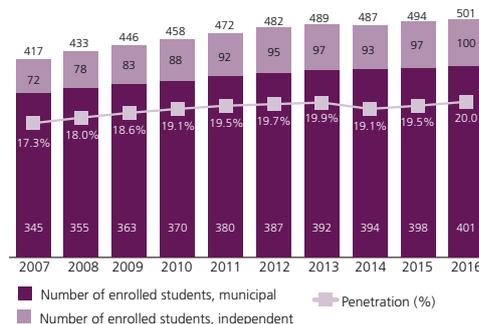
### More preschool children and students

In Sweden, the number of children and young people of school age (1-18 years) is expected to increase by about 2.1 percent per year between 2015 and 2020. This represents an increase of about 220,000 preschool children and students during this period.

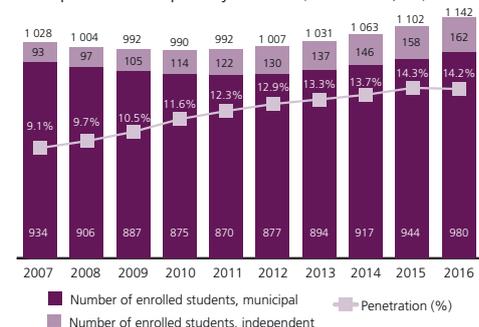
In Norway the number of preschool-age children is expected to increase by 1 percent per year between 2015 and 2020, representing about 11,900 children. Common to both countries is that growth is expected to be greater in areas that are already densely populated; a clear urbanization trend is in progress. AcadeMedia has observed and monitored this trend for many years, and most of its units are in densely populated areas in Sweden, Norway and Germany.

The number of preschool-age children is also increasing in Germany. The increase in the number of children between one and six years is expected to be 0.6 percent annually between 2015 and 2020. As a result of this expected positive trend within all age categories, the prospects for long-term growth and profitability within the market for publicly financed education are good, especially in urban areas.

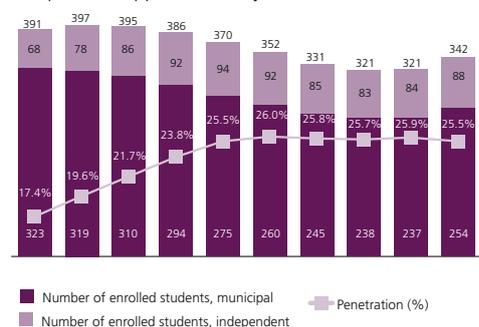
Number and percentage of students enrolled in independent preschools (thousands, %)



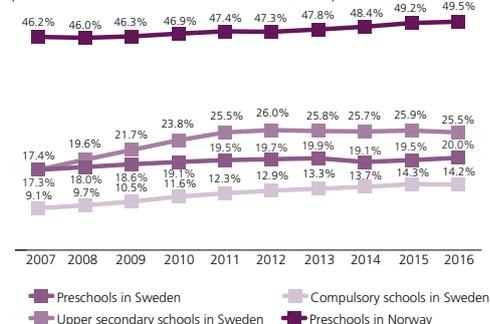
Number and percentage of students enrolled in independent compulsory schools (thousands, %)<sup>2</sup>



Number and percentage of students enrolled in independent upper secondary schools (thousands, %)<sup>3</sup>



Penetration of independent providers in Sweden and Norway in each segment between 2007 and 2015 (based on number of children/students)



1) Source: The National Agency for Education SIRIS database of the number of students in independent and municipal operations, as well as number of students enrolled with AcadeMedia.  
 2) Source: National Agency for Education.  
 3) Source: National Agency for Education.  
 4) Source: Statistics Sweden



*The photo was taken at Milstensskolan, a compulsory school in Täby.  
Photo Rikard Westman*

## Increasing investments in schools

Investments in schools and education have steadily increased in recent years. In Sweden, the national average for the school voucher per student at preschool, compulsory and upper secondary school level increased by 3.0 percent per year on average between 2007 and 2014. The increase for AcadeMedia in 2015 was between 2.4 and 3.2 percent, depending on the level of school.

The increase is largely due to rising labor costs, driven by a general shortage of teachers and by various political initiatives to increase the status of teaching as a profession.

In Norway, investments in preschool education also increased by an average of 9.0 percent per year from 2007 to 2014. In Germany, legislation governing guaranteed places at preschool for all children over the age of one year contributed positively to investments in recent years, primarily in the independent for-profit preschool sector.

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

## Increase in independent providers

Independent providers make up an increasingly large and important part of the education market. Two of the driving forces behind this are the desire to have a free choice of schools and educational focus, and the independent providers often maintain a high standard of quality that makes them more competitive.

Between 2007 and 2015 the proportion of children in independent preschools in Sweden increased from around 17 percent to around 20 percent. The corresponding figures in compulsory school are an increase from approximately 9 percent to approximately 14 percent. During the same period the number of students in independent upper secondary schools in Sweden increased from around 17 percent to around 26 percent. A similar analysis of preschools in Norway shows that the proportion of independent providers increased from 46 percent to 49 percent over the same period. In Germany, the market for independent preschool providers is still in its infancy, with about 51,000 children in independent for-profit preschools, but it is undergoing significant growth, especially in regions where AcadeMedia has its operations.

## Large consolidation opportunities

Over the past ten years the market for independent publicly financed education in Sweden and Norway has seen consolidation at an increasing pace, where AcadeMedia in particular has been a driving force through a number of bolt-on acquisitions. Nevertheless, the market remains highly fragmented with just a few large players offering a broad range of education, and a large number of smaller providers that are usually active in just one level of education.

AcadeMedia expects this consolidation of the market to continue, in part as a consequence of stricter quality requirements from all industry stakeholders. The trend is expected to favor larger, well-established providers with operations that are sustainable in the long-term, where systems for transparent quality follow-up and reporting, and effective organizations are key components. Such organizations benefit from scalability and economies of scale. AcadeMedia has also identified opportunities to consolidate the preschool market in Germany. The market for independent providers is currently in its infancy and consists of several small providers. These providers represent attractive bolt-on acquisitions for AcadeMedia and one such bolt-on acquisition (Stepke) was also carried out at the end of the financial year. Our aim is to become a significant independent preschool provider in the market.



*Röda Björket preschool, Stockholm.  
Photo Rikard Westman*



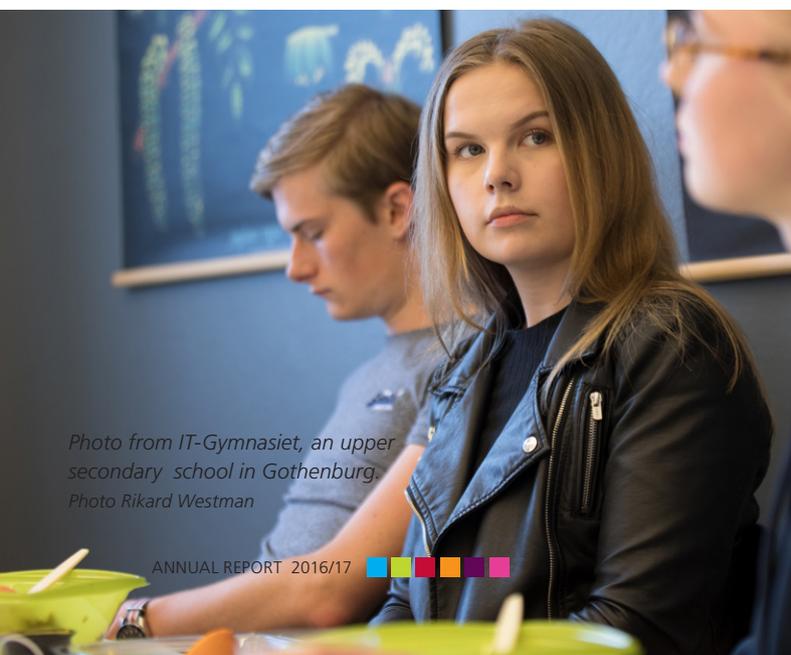
*Milstensskolan compulsory school, Täby.  
Photo Rikard Westman*

# Three countries, many types of education

AcadeMedia is a broad-based education provider with activities for everyone from really young children, to adults who for some reason want to change careers or who have immigrated to Sweden and need to learn Swedish. We can be found in three countries: Sweden, Norway and Germany. However, we only have preschools in Norway and Germany.

The Swedish portion of the operation is divided into three segments. The segments are Pre- and Compulsory Schools, Upper Secondary Schools and Adult Education. Our fourth segment is the international segment, which includes preschools in Norway and Germany.

The following ten pages describe the four segments.



*Photo from IT-Gymnasiet, an upper  
secondary school in Gothenburg.  
Photo Rikard Westman*



*Eductus Avesta,  
adult education.  
Photo Rikard Westman*

## Pre- and compulsory schools throughout Sweden



*We need both courage and strength to transform our dreams and ambitions for both students and employees into reality. There is nothing more important than contributing to schools and pre-schools that focus on careful learning. I experience intense happiness when I think of our amazing educators, preschool heads and principals who make a difference for our children and students every day, who do their best to ensure that everyone can achieve their full potential. This is where it happens. And that's how it should be.*

*Lisa Oldmark, Acting Head of AcadeMedia's  
Pre- and Compulsory Schools segment*

*Röda Berget preschool in Vasastan in Stockholm.  
Photo: Rikard Westman*

AcadeMedia’s preschools and compulsory schools can be found throughout Sweden, from Malmö in the south to Kalix in the north. The segment is the largest in Sweden in terms of independent pre- and compulsory school operations. The majority of units are located in large cities. At the end of the 2016/17 financial year there were 153 preschools and 77 compulsory schools in the segment. About one quarter of AcadeMedia’s preschools are integrated in a compulsory school, while the rest are independent units without any direct connection to a school. In 2016/17 approximately 31,200 children and students attended AcadeMedia’s preschools and compulsory schools in Sweden.

## Preschools

Swedish preschools accept children between the ages of one and five years, after which the children start kindergarten. Since 1998 preschools have had their own curriculum, where a central philosophy states that the preschool “will promote development and learning of all children and a lifelong desire to learn.”

## Compulsory schools

Children aged six to 15 attend compulsory school. They begin in kindergarten and continue from grade 1 to grade 9. Compulsory school also offers before-school and after-school care in the school’s premises outside scheduled time, for the kindergarten class and for students in grades 1-3. Some schools also offer an after-school club for students in grades 4-6.

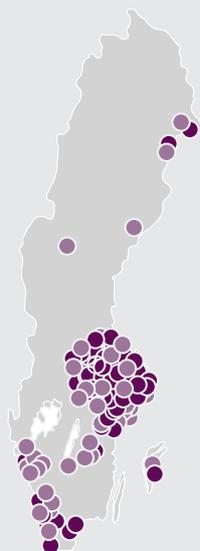
### Pre- and Compulsory Schools segment

Geographic coverage, brands and key ratios



#### Pre- and compulsory schools

- Preschools in Sweden
- Compulsory schools in Sweden



AcadeMedia’s pre- and compulsory schools operate in 45 of Sweden’s 290 municipalities with a focus on the metropolitan areas.

#### KEY RATIOS 2016/17

Number of children/students 31,231  
 Number of units 228

#### MARKET SHARE OF INDEPENDENT MARKET (2016)<sup>1)</sup>

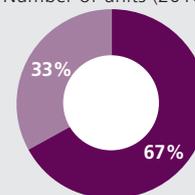
Preschools **11.0%**  
 Compulsory schools **12.4%**

#### MARKET SHARE OF TOTAL MARKET (2016)<sup>1)</sup>

Preschools **2.2%**  
 Compulsory schools **1.8%**

#### Distribution between preschool and compulsory school

Number of units (2016/17)



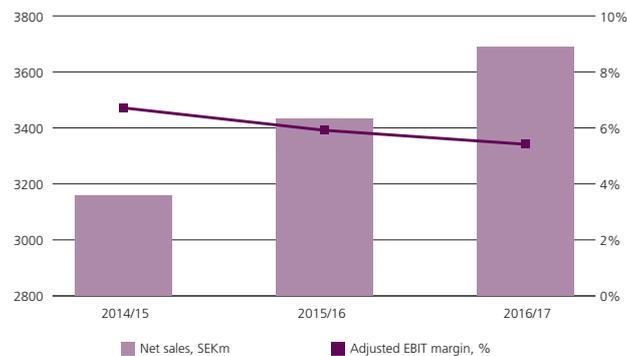
#### Segment’s share of the Group

Sales (2016/17)

Adjusted EBIT (2016/17)



#### Net sales and Adjusted EBIT margin, %



PRESCHOOL AND COMPULSORY SCHOOL (SWEDEN)	2016/17	2015/16	CHANGE
Net sales, SEK m	3,690	3,434	7.5%
EBITDA, SEK m	252	255	-1.2%
EBITDA margin, %	6.8%	7.4%	-0.6 p.p.
Depreciation/amortization SEK m	-54	-49	-10.2%
Operating profit/loss (EBIT), SEK m	199	206	-3.4%
EBIT margin, %	5.4%	6.0%	-0.6 p.p.
Items affecting comparability, SEK m	0	3	-100.0%
Adjusted operating profit/loss (EBIT), SEK m	199	203	-2.0%
Adjusted EBIT margin, %	5.4%	5.9%	-0.5 p.p.
Number of children/students	31,231	30,081	3.8%
Number of units	228	226	0.9%

<sup>1)</sup> Calculated based on the number of children/students in AcadeMedia’s programs for nine months in 2016/17, divided by the number of children/students in preschools and compulsory schools in the country (independent vs total).

## Upper Secondary Schools – with schools for everyone



”

*We live in an incredibly exciting time. Society is rapidly changing in many ways. Having the opportunity to work together with all the employees at AcadeMedia's upper secondary schools enables us to create prospects to thrive in the lives many of today's young people will enjoy in this society. And how they in turn will shape tomorrow's society. I can't imagine anything more exciting. Every day I walk – or run – to work with excitement and confidence!*

*Jens Eriksson,*

*Head of AcadeMedia's Upper Secondary Schools segment*

*Photo from ProCivitas, an upper secondary school in Malmö. Photo Rikard Westman*

With its 103 upper secondary schools, AcadeMedia is Sweden’s largest independent provider of upper secondary school education. Just like our pre- and compulsory schools, the majority of the upper secondary schools are located in major cities and densely populated regions.

Some of Sweden’s strongest brands can be found in the Upper Secondary Schools segment, both for upper secondary school programs that offer a broad range of courses, and for more niche-oriented upper secondary schools. The Upper Second-

ary School segment can be divided into three main streams: programs leading to university, vocational programs and introductory programs. The introductory programs were created to provide students who do not meet eligibility requirements with the opportunity to advance to the next step in a national program, or to get a job. Most students at AcadeMedia’s upper secondary schools are enrolled in one of the university preparatory programs.

On average, a total of approximately 25,500 students attended one of AcadeMedia’s 103 upper secondary schools in 2016/17.

## Upper Secondary Schools segment

Geographic coverage, brands and key ratios



### KEY RATIOS 2016/17

Number of students	25,544
Number of units	103

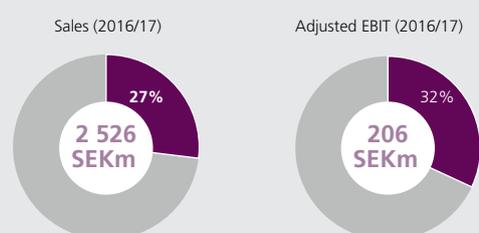
### MARKET SHARE OF INDEPENDENT MARKET (2016)<sup>1)</sup>

29.1%

### MARKET SHARE OF TOTAL MARKET (2016)<sup>1)</sup>

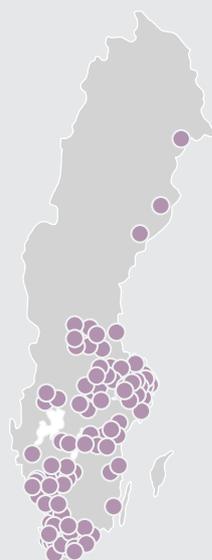
7.8%

### Segment’s share of the Group



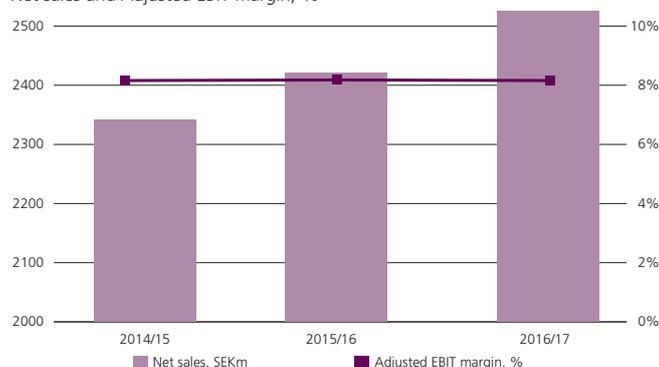
### Upper secondary schools

● Upper secondary schools in Sweden



AcadeMedia operates in 40 of Sweden’s 290 municipalities with a focus on the metropolitan areas.

### Net sales and Adjusted EBIT margin, %



UPPER SECONDARY SCHOOL (SWEDEN)	2016/17	2015/16	CHANGE
Net sales, SEK m	2,526	2,421	4.3%
EBITDA, SEK m	303	298	1.7%
EBITDA margin, %	12.0%	12.3%	-0.3 p.p.
Depreciation/amortization SEK m	-105	-100	-5.0%
Operating profit/loss (EBIT), SEK m	198	198	0.0%
EBIT margin, %	7.8%	8.2%	-0.4 p.p.
Items affecting comparability, SEK m	-9	0	-
Adjusted operating profit/loss (EBIT), SEK m	206	198	4.0%
Adjusted EBIT margin, %	8.2%	8.2%	0.0 p.p.
Number of students	25,544	25,014	2.1%
Number of units	103	105	-1.9%

1) Calculated based on the number of children/students in AcadeMedia’s programs for nine months in 2016/17, divided by the number of children/students in pre-schools and compulsory schools in the country (independent vs total).

# Adult education – focus on jobs



*With a large number of immigrants and increased demands for new skills in business, adult education plays an increasingly important role in Swedish society. Our employees ensure that people are qualified to get jobs and help to provide the skills required for Sweden to be strong in the face of intensifying international competition. In my job, I have the opportunity to help Sweden to develop along with the sharpest minds in this field. I've never had more fun!*

*Christer Hammar,  
Head of AcadeMedia Adult Education segment*

**AcadeMedia has a unique position in the market for adult education and labor market services in Sweden in that it has a number of strong brands with a broad geographic presence and a wide range of education and labor market services, covering everything from basic language and integration programs to specialized post-upper secondary vocational programs. The common thread in AcadeMedia’s Adult Education segment is a focus on jobs: all operations are aimed at getting the individual into employment or further studies.**

This is manifested by a holistic offering – from the integration of newly arrived immigrants through courses in Swedish for immigrants and an introduction to Swedish society, to voca-

tional education and employment as well as matching in the labor market. AcadeMedia’s holistic adult education offering is summarized in the Staircase, a model that moves individuals on to higher levels of qualification and work. At each step on the staircase, AcadeMedia contributes its specific expertise and makes it easier for the individual to move in the shortest possible time from a position of exclusion into employment.

The Adult Education segment includes the Language & Integration, Municipal Adult Education and Higher Vocational Education business areas.

The Municipal Adult Education program aims to provide adults with skills at a level equivalent to an upper secondary school education, while higher vocational education is a government-regulated and controlled form of post-upper secondary education aimed at offering a short and effective training program directly linked to the needs of companies.

## Adult Education segment

Geographic coverage, brands and key ratios

**eductus**

**nti SKOLAN**

**KOMPETENSUTVECKLINGSINSTITUTET**  
www.kui.se

**The Game Assembly**

**Sälj&Marknadshögskolan**

**affärshögskolan**

**teknikhögskolan**

**vårdvrkeshögskolan**

**Hermods**

**ECUTBILDNING**

### KEY RATIOS 2016/17

Number of participants ~ 100,000  
Number of contracts/assignments 625

### GEOGRAPHIC COVERAGE

Contract area	Number of locations
Labor market services	59
Basic adult education	9
Upper secondary school for adults	88
SFI education	25
Higher vocational education	15

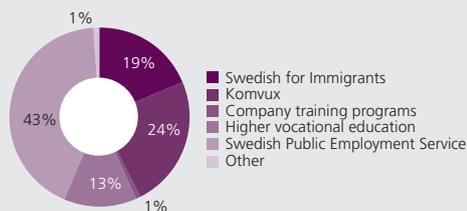
### Adult education

- Language, integration and labor market efforts
- Higher vocational education and municipal adult education

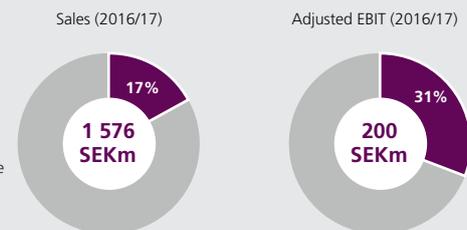


Distance education gives AcadeMedia 100% geographic coverage.

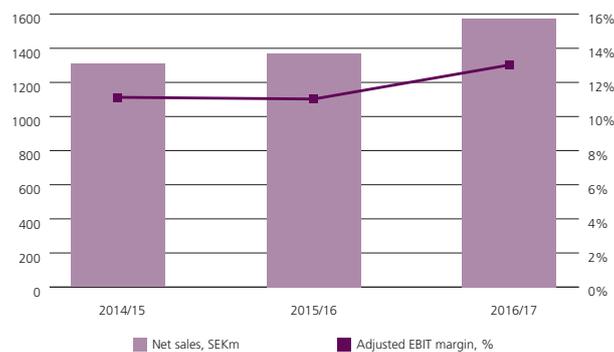
### Operation’s percentage of the segment



### Segment’s share of the Group



### Net sales and Adjusted EBIT margin, %



FACTS ADULT EDUCATION	2016/17	2015/16	CHANGE
Net sales, SEK m	1,576	1,372	14.9%
EBITDA, SEK m	206	154	33.8%
EBITDA margin, %	13.1%	11.2%	1.9 p.p.
Depreciation/amortization SEK m	-7	-7	0.0%
Operating profit/loss (EBIT), SEK m	200	147	36.1%
EBIT margin, %	12.7%	10.7%	2.0 p.p.
Items affecting comparability, SEK m	-	-3	-
Adjusted operating profit/loss (EBIT), SEK m	200	150	33.3%
Adjusted EBIT margin, %	12.7%	10.9%	1.8 p.p.

# Preschool International AcadeMedia leads the development of Europe's preschools



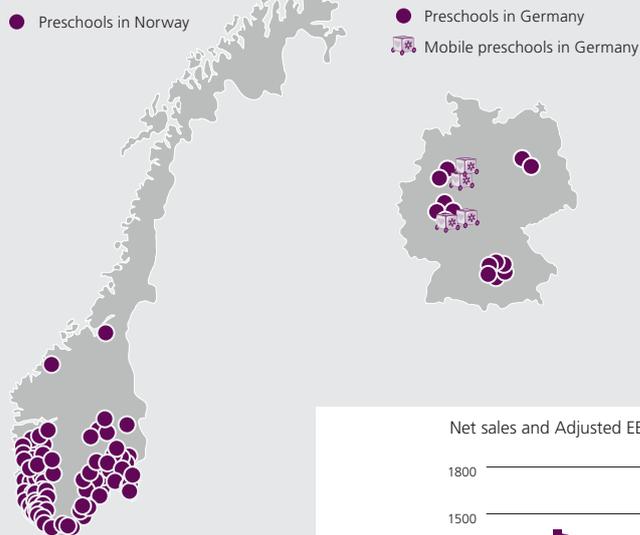
*When we met AcadeMedia, and Norwegian Espira, it was like meeting true soul mates. We founded Stepke to contribute to the development of society by providing young children with the best possible education, with a focus on the child, just as AcadeMedia's preschools do in Sweden and Espira in Norway. The education sector in Germany is rapidly changing; right now, there is a shortage of over 300,000 preschool openings. The need for preschools is tremendous.*

*Kurt Berlin, Founder and Head of Stepke*

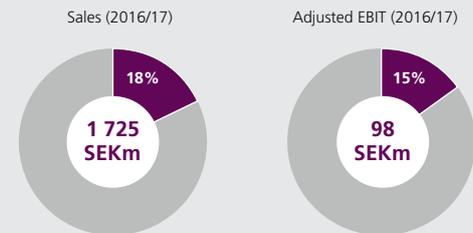
*The photo comes from Joki Harlaching in Munich.*

## Preschool International

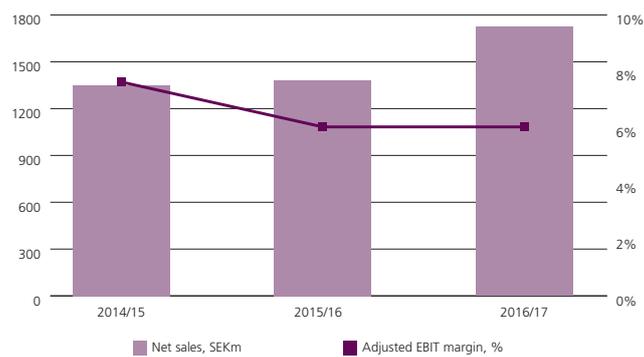
Geographic coverage, brands and key ratios



### Segment's share of the Group



Net sales and Adjusted EBIT margin, %

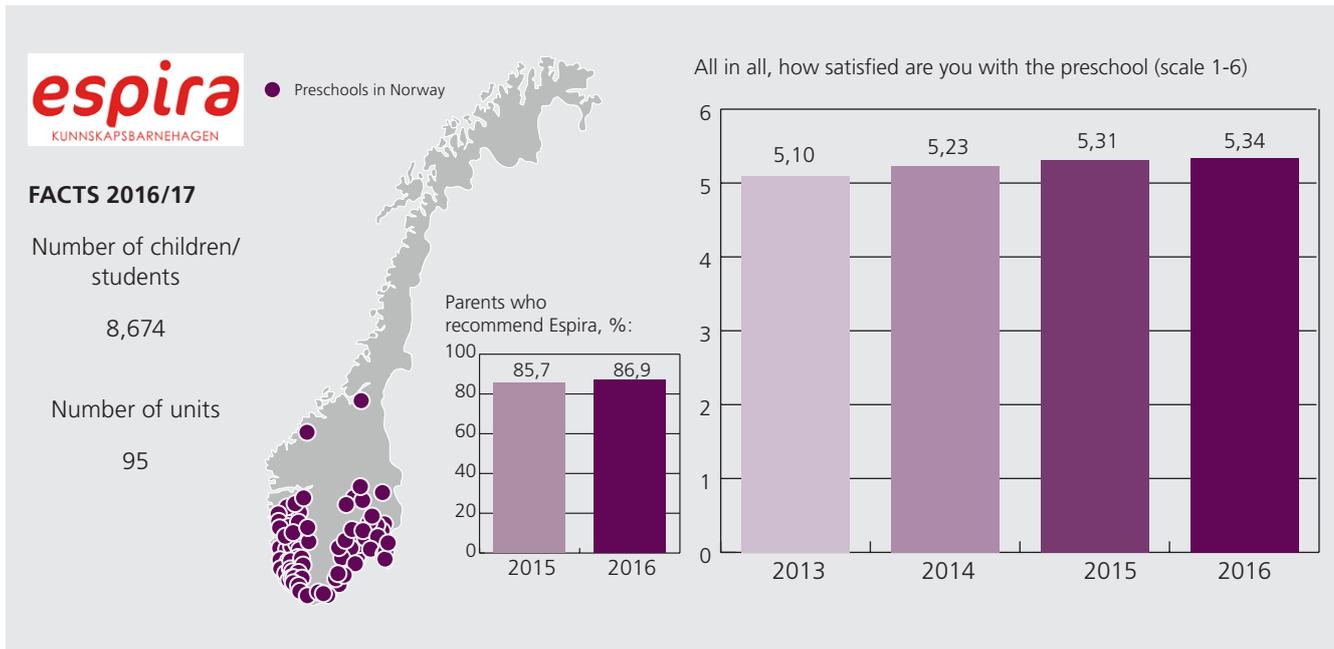


FACTS	2016/17	2015/16	CHANGE
Net sales, SEK m	1,725	1,381	24.9%
EBITDA, SEK m	139	110	26.4%
EBITDA margin, %	8.1%	8.0%	0.1 p.p.
Depreciation/amortization SEK m	-42	-26	-61.5%
Operating profit/loss (EBIT), SEK m	98	84	16.7%
EBIT margin, %	5.7%	6.1%	-0.4 p.p.
Items affecting comparability, SEK m	–	6	–
Adjusted operating profit/loss (EBIT), SEK m	98	78	25.6%
Adjusted EBIT margin, %	5.7%	5.6%	0.1 p.p.
Number of children	9,295	8,056	15.4%
Number of units	102	94	8.5%

Since 2014 AcadeMedia has had preschools in Norway under the Espira brand; they currently have 95 units. In 2016 German Joki, with seven preschools in the Munich area, became a part of AcadeMedia. In 2017 the operation expanded with the

addition of the preschool company Stepke, which has seven ordinary preschools and three mobile preschools. Stepke can be found in Nordrein-Westfalen and Brandenburg.

## Preschools in Norway



## Espira is growing and improving quality

Espira is AcadeMedia's Norwegian preschool operation. The company was founded in 1992, became part of AcadeMedia in 2014 and is Norway's third largest preschool provider in terms of sales. At the end of the fourth quarter of 2016/17 Espira had 95 preschools in southern and central Norway with a total of 8,674 children.

Espira has a strong educational concept with a clear focus on making the children's everyday lives rewarding, instructive and stimulating. One consequence is that all of Espira's preschools are "fullkostbarnehager" (preschools that serve meals). In Sweden all preschools serve all meals, but in Norway it is still common for children to bring their meals from home every day. However, the children receive more nutritious meals and have more energy when the preschool serves the meals. The decision to fully implement this concept has proven to be a good one; Norwegian parents agree that nutritious cooked food is important for young children too, so the decision has become a competitive advantage in the Norwegian market.

Espira also collaborates with Forskerfabrikken, a social entrepreneur that encourages children to become more interested in science. This collaboration began in 2013 and has been extremely successful. Over the years several ministers have visited Espira to study operations. In addition to science, Espira also focuses on language and exercise and health.

### Quality management and results at Espira 2016/17

During the 2016/17 academic year, Espira, with inspiration from AcadeMedia and Pyslingen Preschools, further developed quality monitoring procedures in Espira's preschools. The system is based on the methods that Swedish preschools employ to follow up on functional quality by measuring the extent to which national objectives for preschools are achieved, but based on the Norwegian curriculum and Norwegian policy documents.

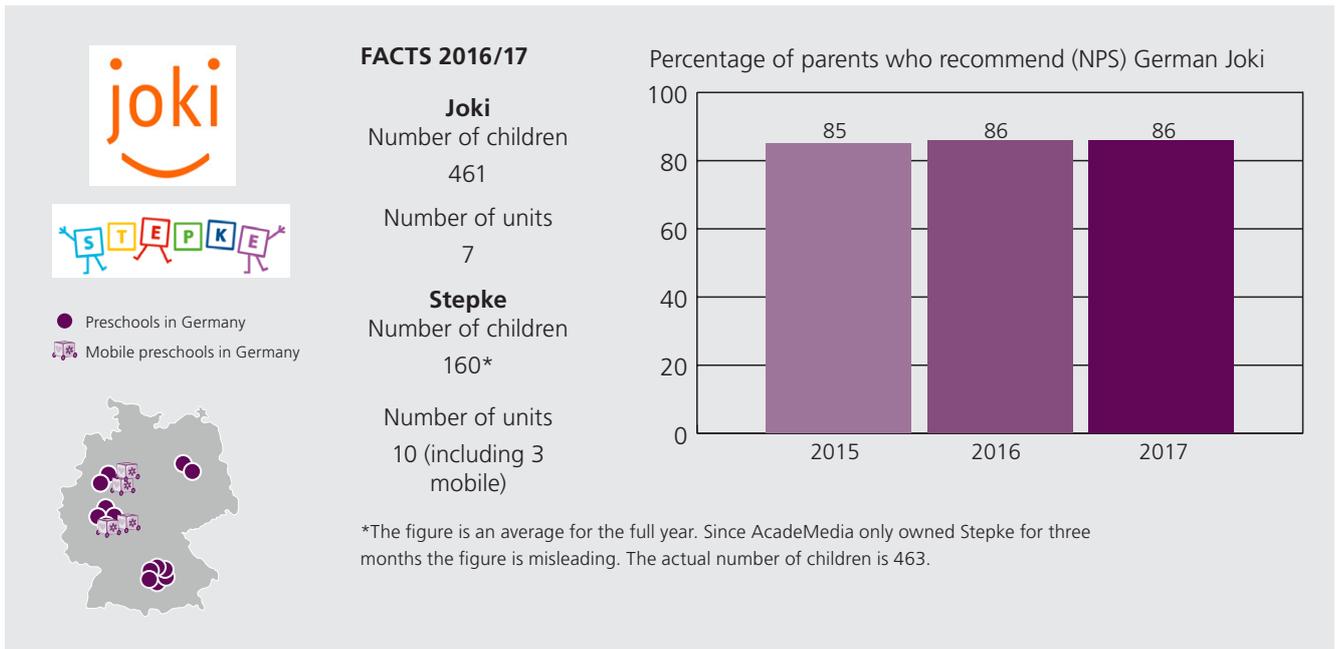
The preschools have evaluated the quality of their own work at the same time that colleagues from other preschools have evaluated their work in languages.

Espira also conducts an annual survey among parents of preschool children. The most recent survey, which was carried out in the spring of 2016, shows that a high percentage of parents would recommend their child's preschool and the outcome increased from 85.7 percent in 2015 to 86.9 percent in 2016. A high and growing proportion of parents feel that the staff make a positive contribution to the child's wellbeing (95.1 percent compared with 94.6 percent in 2015), as well as to the children's learning and general development (92.6 percent compared with 91.4 percent in 2015).

The survey also includes an overarching question that is similar to one that other Norwegian operators and municipalities ask: All in all, how satisfied are you with the preschool? The answer to this question is provided on a scale of 1-6, which makes it possible to compare results with outcomes from previous years, as well as with the results from the municipal surveys. Espira's outcome improved in the 2016 parent satisfaction survey to 5.34, compared with 5.31 the previous year.

Just over half of Espira's preschools also participated in the national user survey that Utdanningsdirektoratet (the Norwegian Directorate for Education and Training) conducted in November 2016. In all, parents from 2,200 municipal and private preschools throughout the country participated in the survey. To the overarching question: "Overall, how satisfied or dissatisfied are you with your preschool" the outcome for the participating preschools within Espira was 4.6, which can be compared with 4.4 for Norway's municipal preschools and 4.6 for the private preschools. Regarding work on acclimatization and preparation prior to starting school, Espira's results were higher (4.6) than the outcome for both municipal (4.4) and private (4.5) preschools.

## Preschool in Germany



## Joki and Stepke – our German preschools

Joki was founded in 2007 and had seven preschools in and around Munich with a total of 461 children in the fourth quarter of 2016/17. The concept behind Joki is to run bilingual preschools. Parents may choose between the language combinations German/English and German/Spanish. Joki would like to help children to develop into happy, self-assured and independent individuals. A parental mission has also been clearly formulated: to give parents the opportunity to combine work with good parenting. With loving child care combined with generous hours of operation and a high level of service, Joki makes life easier for working parents.

Stepke, which became part of AcadeMedia in April 2017, was founded in 2011 and operated at the end of the 2016/17 fiscal year seven preschools, as well as three mobile preschools in Brandenburg and Nordrhein-Westfalen with 640 children and 200 employees. Stepke is in an expansion phase with two new preschools established in 2016 and another nine preschools secured for startup in the next 18 months.

AcadeMedia aims to expand the business in Germany over the next few years by opening additional preschools within Joki

and Stepke, and by launching Espira in the German preschool market. The idea behind establishing Espira in Germany is to address a market segment with a lower price point than Joki's. We will also continuously evaluate acquisition opportunities in additional German federal states.

Joki and Stepke both conduct annual quality surveys among their parent groups; the most recent was conducted in May 2017.

Joki's annual parent satisfaction survey continued to show good results this year with an average "Net Promoter Score" (NPS) of 86 for all units. The results measure how likely it is that the respondent will recommend the operation to others.

Stepke, which has essentially doubled the number of employees and preschools over the past year, did not ask a corresponding question about recommendations in this year's survey. Instead, the survey primarily asked open questions aimed at giving each unit more detailed feedback regarding how parents view operations. Consequently the NPS cannot be reported with respect to Stepke at this time.





*The photo is from the Upper Secondary School Rytmus in Örebro.  
Photo: Linn Malmén*

# Administration Report

**The board of directors and the chief executive officer of AcadeMedia AB (publ), referred to below as AcadeMedia, with corporate registration number 556846-0231 and headquartered in Stockholm, Sweden, hereby submit the annual report and consolidated financial statements for the financial year July 1, 2016–June 30, 2017.**

## Description of operations

AcadeMedia is the largest independent education provider in northern Europe. In 2016/2017 approximately 66,000 children and students attended AcadeMedia's preschools, compulsory schools and upper secondary schools. An additional 100,000 people participated in one of AcadeMedia's education programs for adults. In all, in 2016/2017 AcadeMedia had approximately 625 preschools, compulsory schools, upper secondary schools and adult education units, located throughout Sweden and Norway, as well as 17 preschools in Germany.

AcadeMedia operates along the entire education value chain, from preschool to adult education. The operations are divided into four segments: Pre- and Compulsory Schools, Upper Secondary Schools, Adult Education, and Preschool International.

AcadeMedia's Pre- and Compulsory Schools segment has schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. The schools are run entirely based on the school voucher system. The segment had 230 units at the end of the financial year, with an average of 31,231 children and students.

AcadeMedia's Upper Secondary Schools segment operates under 16 different brands and provides education throughout Sweden, offering both university preparatory and vocationally oriented programs. The segment's brands include Klara Gymnasium, NTI-gymnasiet, LBS Kreativa Gymnasiet, ProCivitas and Rytmus. The schools are run entirely based on the school voucher system. The segment had 103 units at the end of the financial year, with an average of 25,544 students.

AcadeMedia is Sweden's largest provider of adult education. AcadeMedia has been working with adult education since 1898 (via Hermods) and has solid expertise in working with, integrating and educating adults. Every year around 100,000 students and participants attend one of our programs. AcadeMedia works in close cooperation with the Swedish Public Employment Service, other authorities and municipalities in approximately 150 locations around the country. The segment

includes the brands Hermods, NTI-skolan, Plushögskolan, Eductus and KompetensUtvecklingsInstitutet.

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the Joki and Stepke brands. The segment was established through the acquisition of Espira in spring 2014 and was expanded by the acquisitions in Germany of Joki in February 2016 and Stepke in April 2017. Espira is Norway's third largest preschool provider and has 95 units, mainly in western and southern Norway and in the Oslo area. Joki runs seven preschool units in the area around Munich and Stepke runs seven preschools and three mobile preschools in Brandenburg and the Nordrhein-Westfalen area.

## Significant events during the financial year

### *New units and discontinued operations*

During the financial year, five new units were established: two units in the Pre- and Compulsory Schools (Sweden) segment and three preschools in the Preschool International (Norway) segment. Three preschools in Sweden discontinued operations during the year and an additional six upper secondary school units are in the process of closing; four of them were closed as of the end of the financial year.

### *Acquisitions and divestments*

During the financial year AcadeMedia acquired five preschools in Sweden and four preschools in Norway. In April the German preschool company Step Kids Education GmbH (Stepke) was acquired, with seven preschools and three mobile preschools in Brandenburg and in the Nordrhein-Westfalen area. Stepke's sales totaled EUR 6.6 million in 2016, corresponding with just over SEK 60 million. In 2016, new establishments had a negative impact on profit, which was slightly positive. A total of almost 1,100 children now attend the 17 preschools in Germany. The German preschool operation also expects to open an additional nine new preschools before the end of the 2018 calendar year.

The purchase consideration in all acquisitions consists of a cash consideration in all cases except Stepke, and there are no contingent or deferred considerations in place. The purchase consideration for shares in Stepke was EUR 8.15 million. The acquisition was financed in part by a non-cash issue of 524,997 AcadeMedia shares corresponding to a value of SEK 28.7 million (EUR 3.0m). An additional consideration of a maximum of EUR 4.0 million may fall due, depending on the financial outcome for the 2018 and 2019 calendar years.

## Revenue and earnings

GROUP	FULL YEAR		
	2016/17	2015/16	Change
Net sales, SEK m	9,520	8,611	10.6%
EBITDA, SEK m	827	722	14.5%
EBITDA margin	8.7%	8.4%	0.3 p.p.
Operating profit/loss (EBIT), SEK m	615	535	15.0%
EBIT margin	6.5%	6.2%	0.3 p.p.
Adjusted operating profit/loss (EBIT*), SEK m	638	567	12.5%
Adjusted EBIT margin	6.7%	6.6%	0.1 p.p.
Net financial items, SEK m	-80	-127	37.0%
Profit/loss before tax, SEK m	535	408	31.1%
Profit/loss for the period, SEK m	416	319	30.4%
Number of children and students**	66,070	63,151	4.6%
Number of full-time employees	10,564	9,714	8.8%

\*) See the definitions of key ratios on pages 110-111 \*\*) excl. adult education

### Volume development and net sales

Net sales for the financial year amounted to SEK 9,520 million (8,611), which is an increase of 10.6 percent year on year. The increase was driven in part by increased volumes in adult education. The number of students in all school segments increased by 4.6 percent to 66,070 (63,151). Acquisitions and new establishments within Preschool International also contributed to the increase in sales.

### Operating profit/loss (EBIT) and adjusted operating profit/loss

Operating profit (EBIT) for the financial year July 2016 – June 2017 increased by 15.0 percent and amounted to SEK 615 million (535), representing an EBIT margin of 6.5 percent (6.2). Adjusted operating profit (EBIT) amounted to SEK 638 million (567), which represents an adjusted EBIT margin of 6.7 percent (6.6).

The improvement in earnings compared with the previous year was primarily due to a strong earnings and margin improvement in Adult Education. This improvement in earnings was achieved thanks to good volumes in contracts with strong margins. The capacity adjustment implemented in the previous financial year also contributed to the improvement. Margins in the Swedish school segments were adversely affected by higher staff costs that have not yet been compensated by school vouchers and also to some extent by increasing property-related costs.

On August 1, 2015 employer contributions for young people in Sweden were increased in a first step. On June 1, 2016 employer contributions were increased in a second step to the same level as for adults. Since there was no corresponding increase in school vouchers, the cost increase had a negative impact on expenses and operating profit of SEK 12 million during the 2016/17 financial year compared with the previous year. These changes mainly affect the Pre- and Compulsory Schools segment. Over the past two financial years, costs for social security fees increased a total of SEK 37 million without any corresponding compensation from school vouchers.

### Items affecting comparability

Operating profit (EBIT) for the full year includes items affecting comparability of SEK -23 million (-32) as shown in the adjacent table. The costs mainly relate to transaction costs as well as costs related to the closure of two upper secondary schools. See Note 8 for more information.

ITEMS AFFECTING COMPARABILITY	FULL YEAR	
SEK m	2016/17	2015/16
Gains from the sale of properties, Norway	-	6
Restructuring expenses	-9	3
Operating expenses affecting comparability	-2	-15
Transaction costs	-12	-10
Expenses for stock exchange listing	-1	-16
<b>Total</b>	<b>-23</b>	<b>-32</b>

### Net financial items

Net financial items for the full year amounted to SEK -80 million (-127), including interest expense of SEK -69 million (-121). The decrease in interest expense is mainly due to the share issue in June 2016, which was used to repay loans of SEK 334 million. Interest expense also decreased due to regular loan repayments and a lower interest margin. An impairment loss related to a financial claim of SEK 8 million also had a negative impact on net financial items during the financial year.

## Profitability, financial position and cash flow

### Cash flow

As a result of the improved performance for the full financial year, cash flow from operating activities was SEK 288 million better year-over-year and totaled SEK 830 million (542). The change in working capital is dependant on whether large payments occur in June or July. A major supplier payment was made in June 2016, which resulted in lower accounts payable at the beginning of the financial year. In June 2017 a large school voucher payment was received pertaining to July 2017, which increased pre-paid income at the end of the financial year. Working capital also improved as a result of acquisitions (acquired business have negative working capital).

Cash flow from investing activities totaled SEK -374 million (-386). The decrease in cash flow during the financial year from investing activities is attributable in part to the positive impact of SEK 62 million from the sale of property in Norway during the first quarter of the previous year. Cash flow from financing activities amounted to SEK -209 million (-512) and in addition to interest expense, consists of normal loan repayments and new loans for properties in Norway. Accumulated outflow was lower for the financial year compared with the previous year mainly because of high loan repayments during the corresponding period last year in connection with refinancing of bank loans in July 2015.

### Financial position

Consolidated equity amounted to SEK 3,443 million (2,990) as of June 30, 2017 and the equity/assets ratio was 43.9 percent (41.7).

Consolidated interest-bearing net debt as of June 30, 2017 amounted to SEK 2,133 million (2,342). The reduction of net debt is due to the improvement in earnings and the improve-

ment in working capital, which is in part acquired (acquired business has negative working capital). Excluding real estate loans, which finance the fixed building assets, adjusted net debt amounted to SEK 1,550 million (1,865). The purpose of the alternative performance measure adjusted net debt is to show the portion of the loans that finance the business, while real estate loans are linked to buildings that can be separated and sold. The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and current construction loans, increased over the past 12 months by SEK 107 million to SEK 583 million (476). Building assets increased during the corresponding period by SEK 150 million to SEK 788 million (638). The increase is entirely attributable to the expansion and acquisition of new preschools in Norway.

Non-current interest-bearing liabilities amounted to SEK 2,200 million (2,116) and consist of loans from banks and from the Norwegian State Housing Bank (Norw. Husbanken), as well as leases. Short-term and long-term business loans from banks decreased, while fixed asset loans increased. Refer also to Note 32. Current interest-bearing liabilities consist of a revolving credit facility, current portions of long-term loans and construction loans, amounting to SEK 516 million (568). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.5 (3.1), which was lower than the Group's long-term target of a maximum of 3.0. The improvement was an effect of debt reduction, but also reflects an improvement in adjusted EBITDA (12m) of SEK 850 million (754). To clarify the part of net debt that finances operations, real estate loans are subtracted to obtain adjusted net debt. Property-adjusted net debt divided by adjusted EBITDA (12m) was 1.8 (2.5).

## Trend by segment

The Group has reported its operations for many years in the segments Pre- and Compulsory Schools (Sweden), Upper Secondary Schools (Sweden), Adult Education (Sweden) and Preschool International. The table below shows the distribution of sales revenue and operating profit by segment. See also Note 9 segment reporting, with comparative figures.

### Pre- and Compulsory Schools (Sweden)

AcadeMedia's Pre- and Compulsory Schools segment runs preschools and compulsory schools in a large number of municipalities in Sweden under the brands Pyslingen Förskolor, Pyslingen Skolor and Vittra. The schools are run entirely

based on the school voucher system. The segment had 230 active units during the financial year.

The average number of children and students increased by 3.8 percent compared with the previous year, amounting to 31,231 (30,081). The increase was attributable to bolt-on acquisitions and new establishments, as well as an increase in the number of children and students in existing units. The bolt-on acquisitions and new establishments from the previous financial year account for the increase in student enrollment mainly in the second half of the 2015/16 financial year, resulting in lower growth for the second half of 2016/17 compared with the first six months of the financial year. Net sales increased by 7.5 percent and amounted to SEK 3,690 million (3,434). The increase in sales was due to an increase in the number of children and students and to higher revenue per student, which was an effect of the annual adjustment of school vouchers, higher state subsidies and the student mix.

Operating profit (EBIT) for the financial year declined by SEK 7 million and amounted to SEK 199 million (206), representing an operating margin of 5.4 percent (6.0). The improvement in growth and earnings in the previous year's bolt-on acquisitions, new establishments and relocation of schools did not fully offset the increase in employer contributions of SEK 12 million and higher staff costs, which still have not been offset by school vouchers, causing margins to deteriorate. Retroactive compensation for school vouchers from municipalities amounted to SEK 6 million (10) during the year.

Three small preschools were closed during the first quarter. One new preschool opened in Järfälla Municipality in August and one new preschool opened in the City of Stockholm in January. In addition, five preschools were acquired: one in the City of Stockholm in December, three preschools in Helsingborg, Mölndal and Gustavsberg in February, and one in the City of Stockholm in June. A decision was taken to open a new preschool during the 2017/18 financial year. In addition, one preschool and two small compulsory schools, which together serve around 310 children and students, will be closed or divested prior to the 17/18 academic year.

It can be noted that overall, the grade scores in AcadeMedia's compulsory schools fell during the 2016/17 academic year. The percentage of students eligible for upper secondary school was provisionally 89.9 percent (93.4) and the percentage of students with passing grades in all subjects was provisionally 83.8 (85.9). The average grade point total declined somewhat to 240.9 (241.7).

	NUMBER OF STUDENTS (AVERAGE)		NET SALES, SEK M		ADJ. OPERATING PROFIT/LOSS (EBIT), SEK M		ADJ. EBIT MARGIN		OPERATING PROFIT/LOSS (EBIT), SEK M		EBIT MARGIN	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Preschool and Compulsory School (Sweden)	31,231	30,081	3,690	3,434	199	203	5.4%	5.9%	199	206	5.4%	6.0%
Upper Secondary School (Sweden)	25,544	25,014	2,526	2,421	206	198	8.2%	8.2%	198	198	7.8%	8.2%
Adult Education (Sweden)	—*	—*	1,576	1,372	200	150	12.7%	10.9%	200	147	12.7%	10.7%
Preschool International	9,295	8,056	1,725	1,381	98	78	5.7%	5.6%	98	84	5.7%	6.1%
Group adj., parent company	—	—	4	3	-65	-61	—	—	-79	-99	—	—
<b>Total</b>	<b>66,070</b>	<b>63,151</b>	<b>9,520</b>	<b>8,611</b>	<b>638</b>	<b>567</b>	<b>6.7%</b>	<b>6.6%</b>	<b>615</b>	<b>535</b>	<b>6.5%</b>	<b>6.2%</b>

\*)The volumes in adult education are not measured based on the number of participants since the length of the programs varies from a few occasions to several academic years

## Upper Secondary Schools (Sweden)

AcadeMedia's Upper Secondary Schools segment provides upper secondary education throughout Sweden under 16 different brands, offering both university preparatory and vocationally oriented programs. The segment's brands include Klaragymnasierna, NTI Gymnasiet, Plusgymnasiet and Pro Civitas. The schools are run entirely based on the school voucher system. The segment had 103 units at the end of the financial year.

During the financial year AcadeMedia's upper secondary schools had 2.1 percent more students, 25,544 compared with 25,014 during the previous year, despite fewer units. Net sales increased by 4.3 percent and amounted to SEK 2,526 million (2,421). The increase was due to an increased number of students and higher revenue per student, primarily as a result of the annual adjustment of school vouchers. Operating profit (EBIT) was unchanged at SEK 198 million (198) and was negatively affected by restructuring expenses of SEK 9 million and costs for new establishments of SEK 4 million. Adjusted operating profit for the financial year increased by 4.0 percent compared with the previous year and amounted to SEK 206 million (198), corresponding to an adjusted operating margin of 8.2 percent (8.2). The improvement in earnings was primarily attributable to increased numbers of students and efficiency, while increased personnel expenses and costs for the autumn's new establishments counteracted the higher capacity utilization and left the adjusted operating margin unchanged.

AcadeMedia is opening seven new upper secondary schools in the fall of 2017. These units will only admit first-year students and the estimated student enrollment for 17/18 is 300-350.

In connection with the end of the term, preliminary quality performance shows a slight decline regarding students who graduated to 89.5 percent (89.8), while the grade point average for students with graduation certificates rose somewhat to 14.2 points (+14.1). The variation among AcadeMedia's upper secondary school operations is large.

## Adult Education (Sweden)

During the 2016/17 financial year, the Adult Education segment benefitted from an extremely strong contract portfolio. Contracts with high margins such as Basic Modules have been running at high capacity and interim contracts associated with the City of Stockholm, which commenced on July 1, 2016, have provided volume. The financial performance of the segment has been at record levels. Net sales for the financial year amounted to SEK 1,576 million (1,372), which is an increase of 14.9 percent. The increased sales were attributable to increased volumes in the contracts Basic Modules, SFI, practical vocational training and Komvux.

Operating profit improved by SEK 53 million, 36.1 percent, and amounted to SEK 200 million (147), corresponding to an operating margin of 12.7 percent (10.7). The improvement in earnings and margins was mainly attributable to the increased volume in contracts with high margins, as well as the down-sizing program within the Eductus business area.

As described earlier, adult education does not have a recurring seasonality in the same way as the school segments. Instead the needs and efforts of society, as well as the contract port-

folio, determines development. In the coming year, large profitable agreements, such as Basic Modules, will be replaced.

Adult Education also completed its unique annual survey of what previous participants were doing six months after completion of their program (total of approximately 38,500 respondents with a response rate of 20 percent). Here 79 percent (75) responded that they had jobs or pursued further studies. Only 12 percent (15) stated that they were job seekers (the remaining 8 percent (10) were on parental leave or gave some other reason). The results are in line with the survey conducted in the fall of 2016, though with a reduction in the percentage of job seekers (which was 15 percent at the time).

## Preschool International

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the Joki and Stepke brands. The segment was established through the acquisition of Espira in spring 2014 and was expanded by the acquisitions in Germany of Joki in February 2016 and Stepke in April 2017. Espira is Norway's third largest preschool provider and has 95 units, mainly in western and southern Norway and in the Oslo area. Joki runs seven preschool units in the area around Munich and Stepke runs seven preschools and three mobile preschools in Brandenburg and the Nordrhein-Westfalen area.

The average number of children increased by 15.4 percent for the financial year and amounted to 9,295 (8,056). Sales in the segment increased by 24.9 percent and amounted to SEK 1,725 million (1,381), driven by acquisitions and new establishments. The currency effect for SEK/NOK also made a positive contribution of SEK 74 million to the increase in sales. Operating profit (EBIT) for the financial year amounted to SEK 98 million (84), which was an increase of SEK 14 million. This gave an operating margin of 5.7 percent (6.1). Capital gains on the sale of properties in Norway had a positive impact on last year's first quarter amounting to SEK 6 million. Adjusted operating profit increased to SEK 98 million (78), where the increase can mainly be attributed to acquisitions in Norway and Germany, as well as the Norwegian new establishments.

During the financial year Espira in Norway opened three new preschools and acquired four small units. One new establishment is currently planned in Norway for the fall of 2017. On April 18 the German preschool company Step Kids Education GmbH (Stepke) was acquired. The German operation now has a total of 17 preschools, including three mobile preschools. At the end of this reporting period Stepke has secured establishment of nine new preschools that are expected to open before the end of 2018.

The German preschools within Joki carried out their annual parent satisfaction survey in May and the recommendation rate remains very high with a Net Promotor Score (NPS) of 86 percent (86). The process to evaluate the recommendation level in Joki preschools differs from AcadeMedia in general. Joki uses the NPS, in which the percentage of respondents who answered with options 1-6 on a ten-point scale is subtracted from the percentage who answered with options 9 or 10. This method places higher demand on what is considered to be an acceptable recommendation rate, since the proportion of "critics" is also taken into account.

## Quality performance in summary

One of AcadeMedia's most important quality objectives is for all students to achieve the goals of each educational program. The preliminary grade scores in AcadeMedia's compulsory schools and upper secondary schools show a slight decline compared with the previous year. The national statistics have not yet been published. The annual customer satisfaction surveys show that satisfaction with Swedish preschools and upper secondary schools is on the same level as the previous year. In 2016 and 2017 the Schools Inspectorate inspected 179 of AcadeMedia's compulsory and upper secondary schools. The Inspectorate made a flawless assessment at 133 of these schools and the audit outcome for AcadeMedia's schools was significantly better than the national average.

The Adult Education segment's annual survey, which was conducted at the end of the academic year, continues to show high quality.

In the Norwegian preschools the annual parent satisfaction survey continued to show an increase in satisfaction, which was already at a high level. The German preschool operator Joki also conducted a parent satisfaction survey that showed a high recommendation rate.

Additional information about AcadeMedia's quality management and performance can be found on pages 12-15.

## Employees

The average number of full-time employees for the full year was 10,564 (9,714), an increase of 8.8 percent. The average number of women in Sweden was 69.3 percent (69.6) for the full year. Employee turnover in Sweden, measured as the number of individuals who resigned, amounted to 25.9 percent accumulated over 12 months, compared with 25.7 percent accumulated in the corresponding period the previous year for the Swedish operation. Absence due to illness for AcadeMedia's personnel in Sweden (aggregated average, short-term absence <90 days) increased to 4.9 percent (4.6) for the full year.

The annual employee surveys are another important component of our quality management. In Sweden we are pleased to report that AcadeMedia's employee satisfaction index has had a rising trend since 2013 with a recommendation rate of 81 percent (79). Similar employee satisfaction surveys were also conducted in Norway, where we can see the same positive trend with an increase in employee satisfaction to 87 percent (86).

## Guidelines for remuneration to senior executives 2016/17

At the Annual General Meeting on November 17, 2016, shareholders resolved to adopt guidelines for remuneration to the chief executive officer and other senior executives essentially in accordance with the following:

AcadeMedia shall offer a total remuneration package based on market norms in order to recruit and retain talented senior executives. Remuneration within AcadeMedia shall be based on the principles of performance, competitiveness and fairness.

Senior executives refer to the chief executive officer and other members of Group management. The guidelines shall apply to

employment contracts entered into, as well as to any changes made to existing conditions. Remuneration to senior executives may consist of basic salary, variable remuneration, share and share-based incentive programs, pension and other benefits. If local circumstances warrant variations in remuneration principles, such variations may occur.

### *Fixed and variable remuneration and other benefits*

Fixed remuneration shall reflect the individual's responsibilities and experience, and will be reviewed annually. Senior executives may be offered cash bonuses. Variable remuneration paid in cash may not exceed 50 percent of the annual fixed remuneration. Variable remuneration shall be connected to predetermined and measurable criteria, designed with the aim of promoting the Company's long-term value creation. Note 5 in the financial statements reports remuneration paid during the 2016/17 financial year.

Senior executives may be awarded other customary benefits, such as company car, company health care, etc. Such other benefits shall not constitute a substantial part of the total remuneration. To the extent a board member conducts work for the Company, in addition to the board work, consulting fees and other compensation for such work may be payable.

### *Termination and severance pay*

Between the Company and the chief executive officer, the notice period is twelve months upon notice by the Company. Upon notice by the chief executive officer, the notice period is six months or, alternatively, twelve months if the chief executive officer intends to take a position in a competing company. For other senior executives, notice periods of four to twelve months apply. During the notice period, normal salaries shall be paid. Upon notice by the Company, the chief executive officer shall be entitled to a severance pay corresponding to twelve months' salary. Other senior executives may, upon being given notice by the Company, be entitled to severance pay of up to twelve months' salary. Severance pay is not vacation or pension-qualifying income and is normally deductible against future employment income received during the period when severance pay is paid.

The board of directors is entitled to deviate from the guidelines in individual cases if the board assesses that there are good reasons for the deviation.

### *Pension*

Pension will be based on contribution when possible. For the chief executive officer and other senior executives, the contribution may amount to a maximum of 30 percent of the fixed salary in situations where a pension based on contribution is applicable. The board of directors is entitled, notwithstanding the above, to offer other solutions which are equivalent to the above in terms of cost.

### *Proposal to the Annual General Meeting regarding guidelines for remuneration to senior executives for 2016/17*

The Annual General Meeting resolves on guidelines for remuneration to the CEO and other senior executives. The

board of directors proposes that the current guidelines for remuneration to senior executives, as described above, be left unchanged for 2017/18.

Senior executives refer to the CEO, as well as segment managers and staff function Directors included in the Executive Management team.

### *Long-term incentive programs*

Share and share-price related incentive programs shall be decided, where appropriate, by the shareholders' meeting.

At the Extraordinary General Meeting of the Company on June 1, 2016, the shareholders resolved to introduce two long-term incentive programs in the form of a share-matching plan, aimed at a maximum of 70 managers and other key employees in the Group, and a warrant program aimed at a maximum of eight senior executives who were invited to invest in this program in addition to the investment in the share-matching program.

The programs are designed to motivate and retain skilled employees, increase consensus regarding the goals of the employees and the Company, and increase motivation to achieve and exceed the Company's financial targets. The board of directors has evaluated the two incentive programs with respect to these objectives and found that the programs meet their purposes. The board of directors therefore intends to propose that the upcoming Annual General Meeting of shareholders on November 24, 2017 resolve to adopt incentive programs with a similar structure and conditions.

Additional information about the incentive programs is provided in Note 5.

### The Group's related party transactions

No related party transactions occurred during the year. In the previous year, in addition to the customary board fee, the Company paid board member Helen Fasth Gillstedt SEK 25,000 in consultancy fees through Blong AB. Board member Helen Fasth Gillstedt received SEK 75,000 as extra remuneration during the previous financial year in connection with the extra work associated with the Adult Education segment.

### Seasonal variations

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

The salaries of the Group's employees are revised annually. The majority of the Group's employees are teachers, whose salaries are adjusted as of September 1 each year, after which date personnel expenses increase without a corresponding increase in school voucher funding. This means that margins are usually lower in the second quarter of the financial year.

School voucher funding is not adjusted until the beginning of the calendar year in both Norway and Sweden. Consequently, revenues increase during the third and fourth quarters without any actual change in the cost structure. The fourth quarter is usually the strongest in terms of profit, partly for the above reason and partly since there are decreases in direct costs, such as for school meals, and the vacation period begins, while revenues remain at the same level. Within the Preschool and Compulsory School segment the positive effect in the fourth quarter is reinforced by the fact that children are admitted on an ongoing basis during the year, particularly in May and June, which increases revenues accordingly. During the spring, the municipalities may pay some retroactive reimbursements depending on if their financial statements show higher costs than were budgeted in the school vouchers.

Seasonal variations are somewhat different for preschools in Norway, partly because of the Norwegian regulations on staff density that require greater staff density for younger children than for older children. At the beginning of fall, the older children transfer to compulsory school and younger children are admitted to the units. This leads to increased staffing in order to meet the staff density requirements. At the beginning of the year, voucher payments increase and the staff density requirement is lower, since the younger children are then considered to be one year older. Consequently, the second quarter of the financial year is the year's weakest quarter within this segment, with zero profit or even a slightly negative result.

Adult education does not have a recurring seasonality in the same way as the school segments. Seasonal variation is influenced instead by the contract portfolio and community initiatives. The number of working days or education days in the period may have some effect. The first quarter of the financial year is therefore affected to some extent by the vacation period.

### Authorization

The 2016 Annual General Meeting authorized the Board of Directors to resolve to issue new shares corresponding to a dilution of a maximum of 10 percent. This authorization was exercised in part in conjunction with the acquisition of Stepke in April 2017.

### Parent company

The parent company AcadeMedia AB (publ) is listed on the stock market and has certain management functions such as the CEO and CFO, who have been employed since the middle of 2016. Sales during the financial year amounted to SEK 5 million (-), the operating result (EBIT) amounted to SEK -22 million (-21) and profit after tax amounted to SEK 0 million (16). The parent company's assets essentially consist exclusively of participations in Group companies. The operations are financed by equity. Equity in the parent company as of June 30, 2017 was SEK 2,321 million (2,292).

Operations are conducted in individual subsidiaries that are directly or indirectly wholly owned by the parent company. At the end of the year AcadeMedia had 143 (133) wholly owned subsidiaries, which are listed in note 22. All education services are provided by subsidiaries owned under AcadeMedia AB, referred to below as the AcadeMedia Group.

### *Share capital and shareholders*

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 15, 2016. Share capital as of June 30, 2017 was SEK 94,789,997, an increase since June 30, 2016 as a result of the issuance of 165,000 Class C shares in September 2016 and a non-cash issue of 524,997 in April 2017. The number of shares totaled 94,789,997 shares divided into 94,624,997 ordinary shares and 165,000 Class C shares. The quota value is SEK 1.00 per share. The Class C shares are owned by AcadeMedia and the voting power amounts to 1/10 of the voting power of the ordinary shares.

The EQT V fund indirectly owns 22.3 percent of AcadeMedia via an 87.6 percent ownership stake in the holding company Marvin Holding Ltd., which in turn held 25.42 percent of the shares in AcadeMedia AB as of June 30, 2017. Mellby Gård AB owned 20.1 percent of the shares in AcadeMedia AB as of June 30, 2017.

#### ACADEMEDIA'S 10 LARGEST SHAREHOLDERS AS OF JUNE 30, 2017

Name	Number of shares	Percentage of capital and votes, %
MARVIN HOLDING LIMITED	24,098,326	25.42
MELBY GÅRD AB	19,012,427	20.06
NORDEA FUNDS LTD	5,219,272	5.51
THIRD NATIONAL SWEDISH PENSION FUND	2,266,920	2.39
FIDELITY FUNDS - NORDIC FUND	1,948,893	2.06
SECOND SWEDISH NATIONAL PENSION FUND	1,772,532	1.87
SWEDBANK ROBUR SMÅBOLAGSFOND SVERIGE	1,584,000	1.67
FÖRSÄKRINGSBOLAGET PRI	1,512,799	1.60
ILMARINEN MUTUAL PENSION INSURANCE CO	1,276,000	1.35
LÄNSFÖRSÄKRINGAR SMÅBOLAG SVERIGE	1,024,820	1.08

NUMBER OF SHARES	ORDINARY SHARES	CLASS C SHARES
Opening balance, shares July 1, 2016	94,100,000	0
New share issue Sept. 29, 2016		165,000
Non-cash issue April 24, 2017	524,997	
<b>Closing balance, shares June 30, 2017</b>	<b>94,624,997</b>	<b>165,000</b>

## Outlook and financial targets

### Market outlook

The number of students who will enter the school system will increase substantially over the next five years. Well over 100,000 new students will enroll, both due to an increase in the number of students in each age group, and because of the large number of immigrants settling in Sweden. Many new schools need to be built, especially in the major metropolitan areas, and the need for additional operators is great. We also see a growing trend toward urbanization, which entails a large migration to regions and cities where AcadeMedia has the majority of its operations.

Demographically, student age groups in upper secondary schools are now at their lowest level and will grow by almost 20 percent over the next five years. The need for adult educa-

tion will remain high, mainly because of the high level of immigration to Sweden, and the need for new skills.

In Norway and Germany, the need for preschools remains high, especially for the youngest children, aged one to three years. Germany currently has a shortage of almost 300,000 preschool places.

AcadeMedia is the leader in preschools in Europe and the Nordic preschool model serves as a model for many countries.

A more detailed description of the market can be found on pages 28-30.

### Financial targets

AcadeMedia intends to grow organically by utilizing spare capacity in existing units, and by opening new units. AcadeMedia also intends to grow by taking over education units, as well as through continued consolidation of the market through acquisitions. AcadeMedia's growth target for net sales is to grow by five to seven percent annually, excluding major acquisitions.

In addition, AcadeMedia also intends to provide the highest quality education in the areas where the Group operates. The target is for adjusted EBIT to amount to seven to eight percent of sales.

With respect to indebtedness, AcadeMedia's target is to have net debt in relation to operating profit before depreciation and amortization (EBITDA) and excluding items affecting comparability with a maximum factor of three. During brief periods, however, deviation from this target may occur, such as in connection with major acquisitions.

### Dividend policy

AcadeMedia's main responsibility is primarily to provide a good education for the reimbursement received. AcadeMedia's unrestricted cash flow will be reinvested in the operation in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets relating to quality and financial position.

## Significant events after the end of the financial year

- On July 8 the award of the Vocational and Study Preparation Modules (VSPM) was published. This new contract in Adult Education will replace the current contract group for Basic Modules ("grundläggande moduler, GM"). The award is only preliminary and may be appealed by other operators during a legal review period. On an annual basis, once the Professional and Preparatory modules ("yrkes- och studieförberedande moduler, YSM") replace the Basic Modules, the EBIT margin of the entire Adult Education segment is expected to decrease by one to three percentage points.
- On September 12 AcadeMedia announced that it intends to acquire 100 percent of the shares in Vindora for a price of SEK 546m. Through this acquisition AcadeMedia will develop and invest in its Swedish business within the field of practical vocational training with 33 upper secondary schools under the Praktiska brand, three upper secondary schools under the Hagströmska brand and Movant, which provides adult education in ten locations in Sweden. The business comprises a total of approximately 6,500 upper secondary school students and approximately 1,000 par-

ticipants in adult education. Vindora is a leading provider of apprenticeship training, practical vocational training and introductory programs at upper secondary school. The company had proforma sales in 2016 of SEK 833 million and proforma EBITDA of around SEK 100 million. Vindora is expected to show a positive trend in 2017-2018 with increasing student enrollment and an improved EBITDA. However, AcadeMedia also intends to carry out certain initiatives in the business during the first year that will have a negative impact on EBITDA. The acquisition is paid with cash and cash equivalents and financed in part with cash and cash equivalents and in part with a rights issue of about SEK 400 million that is fully guaranteed by Mellby Gård. The acquisition is conditional upon the approval of the Swedish Competition Authority and is expected to be completed in the fourth quarter of 2017.

### *Annual General Meeting*

The Annual General Meeting will be held on November 24 at 3:00 p.m. at Stockholm City Conference Centre, Folkets Hus, Barnhusgatan 12-14 in Stockholm.

## Risk and Risk Management

Exposure to risk is a natural part of business for which is why AcadeMedia has a risk management plan. The focus is on identifying risks, preventing risks and preparing action plans that will make it possible to limit any damage that these risks may cause.

Many risks can be eliminated through internal procedures, while various policies, contingency plans and education can be used to minimize others, which to a greater extent are beyond the control of the Company.

AcadeMedia categorizes risks as operating, external and financial. Operating risks include variations in demand and student enrollment, risk relating to the supply of qualified employees and payroll expenses, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits, and liability and property risk.

External risks include risk relating to school voucher funding and the economy, political risk, changes in laws and regulations, and dependence on national authorities in the education sector. Political risks may include some form of limit on profits or dividends. A common factor for the various political proposals is that the processes are usually lengthy and propositions must be formulated as legally enforceable and must pass a parliamentary vote.

In addition, there are also financial risks such as credit and currency risks, see page 52.

## Operating risk

### *Fluctuations in demand and student enrollment*

Demand for education services follows demographic fluctuations and the major trends in society and within the educational system. A growing population, and society's desire for increased investment in education services, combined with the public's positive attitude toward freedom of choice in education and independent education providers drives demand for education services from independent providers. Consequently more and more students are applying to independent schools and to AcadeMedia.

AcadeMedia competes with both public and independent education providers. A decline in the Group's reputation and attractiveness could cause lower student and participant enrollment, which would affect sales and profitability. AcadeMedia generally has a good reputation and works systematically with quality management in all segments and operations.

A decline in demand for the Group's education services and a resulting decline in student numbers, could have a negative impact on the Group's business, financial position and results.

### *Risk related to the supply of qualified employees and payroll costs*

AcadeMedia's operations are labor-intensive and in 2016/17 personnel expenses accounted for 65 percent of the cost base. Well-educated personnel (including senior management, teachers, preschool teachers and other staff) is a critical success factor in order to offer high-quality teaching, as well as to have the relevant permits in AcadeMedia's operations.

Increased qualification requirements for teachers, combined with a general teacher shortage, has forced teachers' salaries upward. Salary increases, partly negotiated at central level, without or with limited influence from AcadeMedia, may entail increased costs. Under Swedish legislation on equal terms for independent and municipal providers, this should not have a negative impact on AcadeMedia, since school vouchers should compensate for salary increases, but there is no guarantee that any salary increases immediately, or in general, will be compensated by a corresponding increase in school vouchers.

AcadeMedia has highly skilled employees and promotes continuous professional development. However, there is always a risk that individual employees might not perform in accordance with the Group's quality standards. AcadeMedia carefully monitors trends within operations and has the capacity to efficiently manage employee development.

Because of the Group's decentralized business structure, AcadeMedia is dependent on business area managers, education directors and principals of the various schools to ensure that employee performance is in line with requirements and internal guidelines.

It is extremely important for AcadeMedia to have good relations with its employees. As in all businesses, however, regular conflicts and discussions may occur and there is a risk that disputes may arise in the future, which could result in strikes or other disruptions.

### *Risk related to inadequate quality*

The education services that the Group provides are audited and inspected by the Schools Inspectorate, municipalities and other purchasers with which the Company enters into a contract. AcadeMedia continually monitors operations to ensure that they live up to the Group's high quality standards. AcadeMedia also ensures that operations are conducted in accordance with contracts, as well as applicable laws and regulations. Inadequate internal control activities may lead to penalties, fines or other consequences, as well as negative publicity, which would reduce the attractiveness of the Group's education services.

## AcadeMedia's reputation and brand

School and education have an influence on people's lives, and therefore there is a strong commitment and interest from students, parents, authorities, the media and other stakeholders.

Individual schools may be reported to the Schools Inspectorate as a result of dissatisfaction or violations of regulations, which could lead to an audit and cause injunctions to be imposed on the Group and its programs.

Violations of rules or perceived grievances can also be rapidly disseminated in the media and lead to extensive negative publicity, which could also damage the reputation of individual schools and the brand. A major and poorly managed negative event could damage the AcadeMedia Group's reputation. A bad reputation for a certain school makes it harder to attract new students to that particular school and thus would have a limited impact on the Group's sales and earnings. However, AcadeMedia is prepared to quickly and forcefully act and address any reputation-related risks that might arise. The Group's extensive quality management, quality monitoring and intra group exchange reduces the risk of reputation-related crises on a larger scale.

Negative publicity resulting from grievances aimed at other private education providers could indirectly affect AcadeMedia because of the negative impact on the reputation of independent schools in general and both the authorities and the public would be less willing to allow or use independently managed education services.

### Permits

The Group is licensed to operate independent schools at the preschool, compulsory school and upper secondary school levels. The Swedish Schools Inspectorate, which is the supervisory authority for preschools, compulsory schools and upper secondary schools, regularly inspects the Group's various schools. Completed school inspections may lead to injunctions for corrective actions. Suggestions resulting from inspections are usually addressed immediately. Failure to comply with the injunctions given by the Schools Inspectorate may lead to penalties or ultimately a revoked license.

The responsibility for compliance with the requirements of the Swedish Education Act and Schools Inspectorate is delegated to the principal, but is managed by the Group and the business area in order to ensure quality and that regulations are followed.

Licenses to run preschools in Sweden, Norway and Germany are issued by the respective municipality.

In adult education, conditions and quality requirements for the education program are regulated by the contract with the Swedish Public Employment Service or municipality, or by the permit from the Swedish National Agency for Higher Vocational Education.

### Liability and property risk

Any errors and deficiencies in the operation could lead to damage claims. The Group has centrally coordinated insurance coverage and access to external insurance advisors. The Group has adequate insurance coverage and the direct risk is therefore assessed to be limited.

## External Risk

### Risk related to school vouchers and the economy

Most of AcadeMedia's revenue comes from public funds. Access to these funds depends on the priorities of society and of the general economic situation in Sweden, Norway, Germany and the rest of the world. A deep and prolonged recession could mean lower tax revenues and thus reduced potential for using public funds to finance the current education system. This, along with other changes in education budgets and grants in each municipality, could lead to lower reimbursement per student, which would negatively impact the entire market, including AcadeMedia.

A limited portion of revenue from preschools in Sweden, Norway and to a somewhat greater extent in Germany, as well as after-school care in compulsory school in Sweden is covered by revenue from parents, which could also be adversely affected by a general economic downturn.

### Political risk

Publicly funded independent schools have been and are subject to significant scrutiny from authorities and the media, among others.

Possible legislation restricting independent education providers' opportunities for establishment, operations, cost recovery and/or profit generation and limitations of such operators' opportunities to pay dividends to their shareholders could have a material adverse effect on the Group's ability to conduct business and thereby adversely affect the Group's operations, financial position and earnings.

Proposals that limit the Company's ability to distribute profits to shareholders could have major negative effects on AcadeMedia's share and market value.

RISK CATEGORY	DESCRIPTION	MANAGEMENT
<b>Operating risk</b>	Operating risks mainly include variations in demand and student enrollment, risk relating to the supply of qualified employees and payroll expenses, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits, and liability and property risk.	Systematic quality improvement in all segments and activities to ensure a high-quality education. This also makes AcadeMedia an attractive employer.
<b>External Risk</b>	External risks include risk relating to school voucher funding and the economy, political risk, changes in laws and regulations, and dependence on national authorities in the education sector.	These risks are primarily managed using well-prepared contingency plans.
<b>Financial Risk</b>	Financial risks such as credit, interest and currency risks.	AcadeMedia has a positive cash flow and the voucher system with payment in advance means that the business has a negative working capital. AcadeMedia's good cash flow, regular liquidity forecasts and quarterly reports to credit institutions effectively manage and limit the financial risk.

There is currently no political majority in the Swedish parliament who wants to limit independent schools and profits. In November 2016, Reepalus' inquiry submitted a proposal to limit operating profit in Swedish welfare companies to 7 per cent of operating capital. Since operating capital is limited in this type of business, the proposal is in practice a ban on profit. Although the proposal has been widely criticized during the referral period, the Government has announced that it intends to submit a proposal to the Riksdag based on the inquiry's proposal. A proposal to limit profits is not expected to gain support by a majority in the Riksdag and it is also considered to be difficult to enforce legally.

### Changes in laws and regulations

AcadeMedia operates in a highly regulated market. Violations of laws and regulations may result in restrictions, increased operating costs or increased costs due to fines or other penalties. In addition, the Group's counterparties may be given the right to terminate or amend contracts entered into with the Group.

The political, economic and regulatory environment is changing and political factors and/or policy changes could have a negative impact on the Group's profitability.

AcadeMedia depends on national authorities in the education sector.

The Group's operations are dependent on a variety of reimbursement systems and pricing decisions which are determined by local, regional and national authorities. By law, the same terms shall apply in Sweden and Norway to operations conducted by municipalities and operations conducted by independent operators. However, the pricing procedure exercised by municipalities varies considerably, both between different municipalities and over time. Prices are based on municipal budgets in Sweden and Norway, based on the municipalities' financial results the previous year plus indexation. The total cost is divided by the number of students and is thus also affected by the capacity utilization of the municipalities. Prices can both increase and decrease from year to year for a specific municipality.

There is also a risk that general cost increases, such as increased costs for rent and higher teacher salaries, are not immediately taken into account in the voucher remuneration. Consequently, AcadeMedia could incur significantly higher costs, but not always expect to be compensated when such costs arise, but should at a later stage, be compensated through school vouchers.

## Financial Risk

### Credit risk

The business has a positive cash flow and the voucher system with payment in advance means that the company has a negative working capital. The Group's operating assets include accounts receivable, prepaid expenses and accrued income. Bad debt losses may arise if the customer is unable to pay. The Group's receivables are almost exclusively against the central

government, municipalities and authorities, where the risk of insolvency is small. Therefore AcadeMedia's credit risk is considered low. The municipalities currently pay school vouchers in advance on a quarterly or monthly basis. There is a risk that the municipalities will change this payment model, which would adversely affect AcadeMedia's working capital.

### Risk related to loans

The Group has external loans from Nordic credit institutions. In addition, the Group has financial leases. These loans pose financial risks such as breach of special covenants, interest rate obligations and repayment obligations to credit institutions. The operation's good cash flow, regular liquidity forecasts and quarterly reports to credit institutions effectively manage and limit the financial risk.

### Currency risk

Operations are mainly conducted in Sweden and income and expense flows are therefore mostly denominated in Swedish currency. Some of the Group's assets, liabilities, revenue and expenses are denominated in currencies other than SEK, primarily in NOK and EUR with respect to the Group's Norwegian and German operations. Sales denominated in NOK account for 17% and sales denominated in EUR account for 1% of the Group's total sales. Regarding revenues and costs, both are denominated in local currency so there is no currency risk. However, the financial statements of the Norwegian and German subsidiaries must therefore be translated into SEK when preparing the Group's accounts. Consequently some currency risk is associated with translation to SEK.

## Sensitivity analysis

A number of important factors that affect the Group's results are presented below in a sensitivity analysis. The estimated effect of the changes is based on the Group's results for the 2016/17 financial year and assumes for each individual factor that all other factors are unchanged. The sensitivity analysis illustrates the effects on the Group's results as if the changes had occurred during the 2016/17 financial year, but are not a forecast of future effects on results. The table below shows the effect on EBIT from the standpoint of each factor. Sensitivity regarding Equity corresponds to the EBIT effect less taxes.

FACTOR	CHANGE	EFFECT
Number of students in the three school segments	+/- 1%	+/- SEK 75 million on sales and +/- SEK 25-50 million on operating profit/loss (EBIT)*
Average personnel expense per employee	+/- 1%	-/+ SEK 55 million on operating profit/loss (EBIT)
Average student voucher (all countries)	+/- 1%	+/- SEK 75 million on operating profit/loss (EBIT)
Interest change Group loans**	+ 1 percentage point	- SEK 30 million on profit/loss after financial items
Exchange-rate fluctuations NOK/SEK	+/- 10%	+/- SEK 160 million on sales and +/- SEK 10 million on operating profit/loss (EBIT)

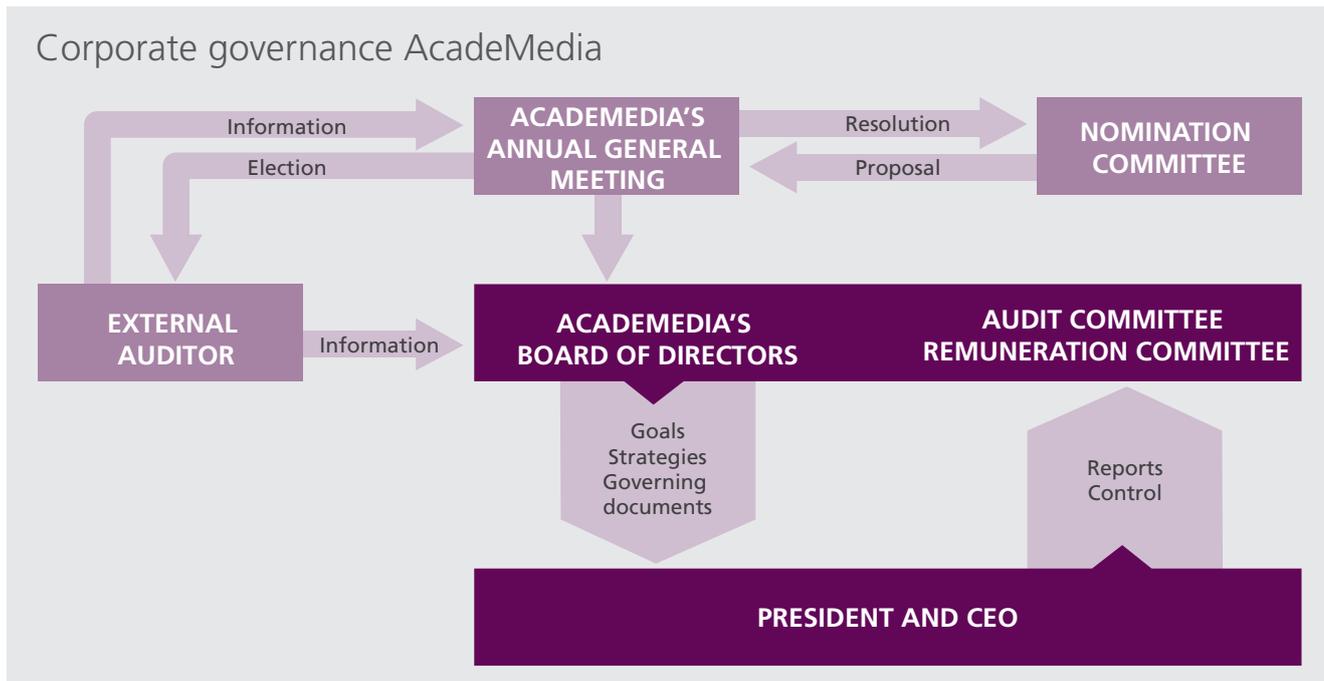
\*) The effect on operating profit depends entirely on where the volume change occurs, whether it is spread or concentrated.

\*\*) Since the Group's major loan agreements have a zero-interest rate floor, the Group's interest expenses will not benefit from further interest rate cuts.

Picture from crafts lesson. Milstensskolan in Täby.  
Photo: Rikard Westman.



# Corporate Governance Report



### EXTERNAL GOVERNING DOCUMENTS

- Swedish Companies Act
- Swedish Annual Accounts Act
- Other relevant laws
- Nasdaq Stockholm's rules for issuers of shares
- Swedish Code of Corporate Governance

### INTERNAL GOVERNING DOCUMENTS

- AcadeMedia's articles of association
- Rules of procedure, instructions for the board of directors/CEO
- Values and culture
- Codes of conduct
- Policies and guidelines

AcadeMedia AB (publ) is a public limited company whose shares were listed on June 15, 2016 on Nasdaq Stockholm's list for Mid Cap companies. AcadeMedia complies with Nasdaq Stockholm's rules for issuers of shares and the Swedish Code of Corporate Governance (the "Code") which applies to all Swedish companies whose shares are listed on a regulated stock market in Sweden.

education Act). This Corporate governance report was prepared in accordance with the Swedish Annual Accounts Act.

## Corporate governance at AcadeMedia

The purpose of corporate governance at AcadeMedia is to ensure that the board of directors and management act so that the Company's operations focus on development to create long-term value for shareholders and other stakeholders, such as students, employees and customers. This includes ensuring:

- an efficient organization,
- quality management, risk management and internal control systems, and
- transparent internal and external reporting.

The structure of corporate governance at AcadeMedia is shown in the above illustration

Responsibility for governance, management and control is divided among shareholders, the board of directors, its elected committees and the chief executive officer. The external framework includes the Swedish Companies Act and Nasdaq Stockholm's rules for issuers of shares and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations (such as the Ed-

In addition, there are internal control documents such as the articles of association, rules of procedure for the board, guidelines for the composition of the nomination committee, instructions to board committees, instructions to the chief executive officer, authorization policy, financial policy, communications policy, insider policy, ethical guidelines, property policy and guidelines for remuneration to senior executives. Some of these documents can be found on the AcadeMedia website. All policy documents are available on AcadeMedia's intranet for employees.

## Deviations from the Corporate Governance Code

During the 2016/17 financial year a deviation from the Code occurred, regarding rule 9.7, with respect to the share-matching plan and the warrant program described below in the "Share capital and ownership – Long-term incentive programs" section, where the vesting period for the programs is less than three years. The intention is that the vesting period in the Company's long-term incentive programs is to run from the first quarter report of the financial year to the corresponding report three years later. Because the current programs were adopted in connection with the Company's listing on Nasdaq Stockholm in June 2016, the vesting period for this year's program is slightly shorter.

Another deviation from the Code is that the Company has

chosen not to appoint an internal auditor. The board has resolved not to establish a special internal audit function because the Company believes that the enhanced quality management system and the responsibility of each segment head, along with the Company's CFO, meets the need for sufficient control, and that monitoring takes place, including in the form of reporting to the board. However, the board of directors annually reviews of the need for an internal audit function.

AcadeMedia has a discretionary criteria when determining the quality goal in the share-matching plan for senior executives, which represents a deviation from the Code. Quality goals are measured extensively with quantitative measurements at unit level up to Group level and are described in detail in AcadeMedia's annual quality report and on the Company's website. However, AcadeMedia's board of directors has determined that it is also appropriate to evaluate whether the management has used good judgment in its quality improvement work. This is important to ensure that the operation develops in a way that is beneficial both for the students and for the Company in the long term.

## Shareholders' meeting

The shareholders' meeting is AcadeMedia's highest decision-making body. At the shareholders' meeting, shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the chief executive officer, election of members of the board of directors and auditor, as well as remuneration to the board of directors and the auditor. Amendments to the articles of association are also decided by the shareholders' meeting. The Annual General Meeting of shareholders must be held within six months from the end of the financial year. AcadeMedia's Annual General Meeting will be held on November 24, 2017. In addition to the Annual General Meeting, an Extraordinary General Meeting may also be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post och Inrikes Tidningar) and by making the notice available on the Company's website. At the time of the notice, information regarding the notice shall be published in Dagens Industri.

## Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day occurring five business days prior to the meeting, and notify the Company of their participation no later than on the date indicated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two advisors. Shareholders may register for the shareholders' meeting in several different ways, as indicated in the notice of the meeting. Shareholders are entitled to vote for all shares in the Company held by the shareholder.

## Shareholders initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such requests must be received by the board of directors well in advance of the shareholders' meeting, in accordance with the information provided on the

Company's website in conjunction with the announcement of the time and place of the shareholders' meeting.

## Nomination committee

In compliance with the Code, AcadeMedia has a nomination committee with the purpose of preparing proposals to the shareholders' meeting regarding the election of board members and auditors.

According to a resolution from the annual shareholders' meeting of the Company on November 17, 2016, AcadeMedia's nomination committee shall comprise the chairman of the board and one representative for each of the three largest shareholders based on ownership of the Company as per the end of the financial year's third quarter. Consequently, AcadeMedia's nomination committee consists of:

Erika Henriksson\*, Marvin Holding Limited, 41.64% of votes at the end of the third quarter. Holdings as of June 30 totaled 25.42 percent.

Rune Andersson, Mellby Gård Limited, 20.01 percent of votes at the end of the third quarter.

Marianne Nilsson, Swedbank Robur Limited, 1.68 percent of votes at the end of the third quarter. Shareholders with holdings larger than 1.68 percent have chosen to allow Marianne Nilsson represent them in the nomination committee.

Ulf Mattsson, chairman of the board, is co-opted.

Rune Andersson is chairman of the nomination committee.

## Shareholders

The largest shareholders and their holdings are set out in the section on the AcadeMedia share on page 107.

## Board of Directors

### *Composition of the board of directors*

According to AcadeMedia's articles of association the board of directors, to the extent that it is elected by the shareholders' meeting, shall consist of at least three members and a maximum of ten members. The Company's board of directors currently consists of six members, including the chairman, elected by the shareholders' meeting for the period until the AGM in 2017. Labor organizations are entitled by law to appoint employee representatives to the board with the same rights and duties as other board members. The Swedish Teachers' Union and the National Union of Teachers in Sweden appointed a total of two members and two alternates to serve on the board. The list below shows AcadeMedia's board members, when they were first elected to the board and whether the elected members are independent of the Company, management and/or the principal owner. The composition of the board of directors of AcadeMedia meets the requirements for independent board members. None of the members of Group Management have significant shareholdings or partnerships in companies with which the Company has significant business relationships.

Ulf Mattson has been AcadeMedia's chairman of the board since 2010. The chairman is elected by the Annual General Meeting, leads the board, and ensures that it is both efficient and well-organized.

BOARD OF DIRECTORS			Independent of	
Member	Elected	Position	The Company and executive management	The Company's major shareholders
Ulf Mattsson	2010	Chairman of the board	Yes	No
Harry Klagsbrun	2010	Board member	Yes	No
Helen Fasth Gillstedt	2009	Board member	Yes	Yes
Erika Henriksson	2012	Board member	Yes	No
Silvija Seres	2015	Board member	Yes	Yes
Anders Bülow	2016	Board member	Yes	No
Peter Milton	February 2016	Employee representative	–	–
Anders Lövgren	February 2016	Employee representative	–	–
Fredrik Astin	February 2016	Deputy employee representative	–	–
Pernilla Larsson	November 2016	Deputy employee representative	–	–

## Authorization

The 2016 Annual General Meeting authorized the Board of Directors to resolve to issue new shares corresponding to a dilution of a maximum of 10 percent. This authorization was exercised in part in conjunction with the acquisition of Stepke in April 2017.

## Division of work

The board follows written rules of procedures that are reviewed annually and adopted at the constitutive board meeting each year. The rules of procedure regulate board practices, functions and division of duties between board members and the chief executive officer, as well as between the board and its various committees. In connection with the constitutive board meeting following each Annual General Meeting, the board also adopts the instructions to the chief executive officer, including instructions for financial reporting.

The board meets according to a fixed schedule. In addition to these board meetings, additional meetings may be convened to deal with issues that cannot be referred to a regular board meeting. In addition to board meetings, the chairman of the board and the chief executive officer conduct a continuous dialog concerning management of the Company.

For a detailed presentation of the board, see page 104.

## The board's work during the 2016/17 financial year

During the financial year the board held 16 meetings at which the minutes were recorded. Five of these board meetings were held by correspondence, where decisions were made solely by the members signing a board record for decision. Board member attendance is shown in the adjacent table. Eola Änggård Runsten, who is AcadeMedia's CFO, served as secretary at the board meetings. Before the meetings, board members received written information on the issues to be discussed at the meeting.

During the year, in addition to the usual monitoring of quality issues, business matters and financial reporting, much of the board's time was devoted to work on growth plans in Germany, including acquisitions and the segments' operations.

## BOARD ATTENDANCE DURING THE 2016/17 FINANCIAL YEAR

Member	Audit committee	Remuneration committee	Attendance board meetings <sup>1</sup>
Ulf Mattsson		3 (3)	16 (16)
Harry Klagsbrun		1 (3)	13 (16)
Helen Fasth Gillstedt	6 (6)		15 (16)
Torbjörn Magnusson <sup>2</sup>	1 (6)		4 (16)
Erika Henriksson	6 (6)		15 (16)
Silvija Seres		3 (3)	15 (16)
Anders Bülow	6 (6)		16 (16)
Peter Milton			15 (16)
Anders Lövgren			16 (16)
Fredrik Astin			13 (16)
Pernilla Larsson			9 (16)

The board has worked actively with management in various strategic issues and each year devotes an extended board meeting to a review of the Company's strategy.

## Audit committee

At the constitutive board meeting on November 17, 2017 AcadeMedia established an audit committee consisting of three members: Helen Fasth Gillstedt (chair), Erika Henriksson, and Anders Bülow. The audit committee shall, among other things, without compromising the responsibilities and tasks of the board of directors, monitor the Company's financial reporting, monitor the efficiency of the Company's internal control, internal auditing and risk management, keep itself informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditor, keep itself informed of the result of the Supervisory board of Public Accountants' quality control of the Company's auditor and pay close attention to whether the auditors are providing the Company with other services besides audit services. The committee also has the task of evaluating the audit work and providing this information to the nomination committee, as well as assisting the nomination committee in the preparation of proposals regarding election of auditors and auditors' fees.

AcadeMedia has had Ernst & Young AB as its audit firm for the past nine years. Prior to the 2017/18 financial year, it was planned that the auditor in charge Staffan Landén would step down after his tenth year. In this context, it was considered

<sup>1</sup> Of the 16 board meetings at which the minutes were recorded during the year, five were held by correspondence; in such cases, board members usually only participated in the documentation for decisions.

<sup>2</sup> Torbjörn Magnusson stepped down at the Annual General Meeting on November 17, 2016 and therefore only participated at board meetings up until this date.

appropriate to call for tenders and to evaluate the possibility of switching audit firms. A structured tender process was conducted in March-April 2017. The audit committee carefully considered and analyzed tenders from four well-qualified audit firms. Based on clearly communicated selection criteria, the audit committee recommended electing statutory auditors to the board of directors and the nomination committee.

The audit committee held six meetings during the financial year.

## Remuneration committee

At the statutory board meeting on November 17, 2016 AcadeMedia also established a remuneration committee consisting of three members: Ulf Mattsson (chair), Silvija Seres and Harry Klagsbrun. The remuneration committee shall prepare proposals concerning remuneration principles and remuneration and other terms of employment for the CEO and senior executives.

The remuneration committee held three meetings during the financial year.

## Evaluation of the board's work

The board's work is evaluated annually through a structured process in which all board members and deputy members answer questions about how they feel the board performed with respect to a number of relevant areas. The areas assessed include whether the board's skills and composition are appropriate, as well as the focus and direction of its work. The chairman of the board is responsible for the evaluation and ensures that the results are presented and discussed within the board, as well as in the nomination committee. Thus the evaluation serves as a basis for the board's further work and development, as well as for the nomination committee's work. The evaluation of the board's work in 2016/17 was presented and discussed at the board meeting on June 13, 2017. All board members elected by the AGM participated in the survey, which was verbally reviewed and various development areas were discussed.

## Remuneration to board members and shareholdings

The 2016 Annual General Meeting resolved that remuneration until the next Annual General Meeting shall be paid at SEK 500,000 to the chairman of the board and SEK 250,000 to each of the other board members who are not employed by the Group. In addition, the chairman of the audit committee will receive a fee of SEK 100,000 and each of the other members of the audit committee who are not employees of the Group will receive SEK 50,000 as well as SEK 50,000 to the chairman of the remuneration committee and SEK 25,000 to each of the other members of the remuneration committee who are not employees of the Group. For information on the remuneration paid to the board members for the 2016/17 financial year refer to Note 5.

## Chief Executive Officer and Senior Management

Marcus Strömberg has been President and CEO of AcadeMedia since 2005. The division of work between the board of directors and the CEO is set out in the rules of procedure for

the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of financial reports and compiling information from executive management for board meetings and for presenting such materials at the meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and consequently must ensure that the board of directors receives adequate information in order for the board to be able to evaluate the Company's financial position.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the net sales development, the Company's earnings and financial position, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

Group management, consisting of the four segment managers, CFO, business development director, Human Resources Director and Head of Communication and Public Affairs, provide support to the CEO.

For more information about the CEO and other senior executives, as well as their shareholdings, see page 105.

For a description of the remuneration and terms of employment for the chief executive officer and senior management for the 2016/17 financial year, as well as outstanding incentive programs in the Company, refer to Note 5. The evaluations and reports required under the Code are posted on the website, along with descriptions of incentive programs, criteria for variable remuneration, application of guidelines for remuneration to senior executives, remuneration structures and remuneration levels in the Company.

## Internal control and risk management

### Internal control framework

AcadeMedia's procedures for internal control are based on two perspectives: internal control and risk management relating to operations and internal control and risk management relating to financial reporting. Internal control shall ensure that AcadeMedia's financial reporting provides a fair picture of the Company's financial position and that the operations continuously meet the requirements and expectations of a company that operates within publicly funded operations.

### Control environment

AcadeMedia's board of directors is ultimately responsible for ensuring that the Company complies with the requirements for internal control and control of its financial reporting. The board annually adopts a number of governance documents to support the actions of management and all employees in order to promote correct, complete and current accounting. Central documents, which are available on the Company's intranet, include rules of procedure for the board of directors, instructions for the CEO and the CEO's duties, the work allocation between them and overall policies. AcadeMedia's CEO has delegated responsibility for implementation and enforcement of formalized procedures for financial reporting and internal control to the CFO. In addition to the Company's policies, AcadeMedia's accounting manual with authorization

procedures is a central element and was approved by the board.

Along side the procedures for financial accounting and reporting, AcadeMedia's internal control and risk management is largely based on systematic quality management. AcadeMedia has developed its own quality assurance system through the AcadeMedia Model. The purpose of the quality assurance system is both to minimize risk and to improve quality. Additionally, the operations are regularly reviewed by the Swedish Schools Inspectorate.

Within the framework of the AcadeMedia Model, the internal control includes control of the Company's and the Group's organization and performance of annual student, parent and employee surveys at Group level, where levels below certain limits result in action plans and further control and monitoring measures. Within the Group's compulsory school and upper secondary school operations, internal audits have been carried out for many years to verify that operations meet the requirements of laws, regulations and other rules, as well as serving as tools for learning, development and quality work. The audits are carried out by trained examiners and include document studies, site visits and interviews with school management, personnel and students and where deficiencies are identified, action plans are presented. The goal is to carry out internal inspections every two years. A similar assessment model is available within the Group's preschools. In order to monitor and control ongoing regulatory and inspection cases, case logs of all pending cases are kept. The Group's head of quality and legal counsel prepare, on a monthly basis, a list of units for which specific risks and deficiencies exist. The list is reported to the segment and Group management, which decides whether specific actions are necessary.

AcadeMedia is characterized by high growth rates due to new establishments, as well as acquisitions. As regards the latter, the Company has well developed routines for integrating new operations relatively quickly and for ensuring that the operations comply with the Company's quality and financial procedures.

In summary, AcadeMedia's control environment is based on:

- Governance and monitoring of the board of directors and its audit committee
- Governing documents such as policies and rules of procedure
- Accounting manual with authorization procedures
- Continuous monitoring and audits
- The Company's organization and clear delegation of authority, as well as accountability
- Well-established ethical guidelines (Code of Conduct) and the Company's guarantees to students/participants and society
- A well-developed quality management system (AcadeMedia Model)

## Risk Assessment

AcadeMedia conducts an annual risk assessment for the business. The operation is characterized by relatively low risks in areas such as credit risk (high share of public customers/counterparties), market risk (stable markets and revenue streams based on continuous need for educational services, demo-

graphic trends and price inflation) and relatively low risk of corruption or financial irregularities. According to the Company, the most important risks to manage are quality risk, which is the risk that the quality does not meet the requirements of students or the authorities, and political risk, which lies in the fact that business conditions are largely based on politically determined frameworks. Both of these risks are best managed by a quality management model (AcadeMedia Model), clear ethical guidelines and a high degree of transparency regarding the Company's operations.

The audit committee is responsible for ensuring the risk assessment and risk management process regarding financial reporting. Read more about risks and risk management on page 50-52.

## Control activities

Monitoring and control of the Company's operations in relation to stated objectives is ongoing. Monitoring of the board of directors largely takes place through the audit committee, including monitoring of reporting by management and the external auditors. The external auditors examine selected areas of internal control and report the results to the audit committee.

The internal control system aims both to ensure the reliability of financial reporting and monitoring of the Group's quality performance, as well as to ensure the necessary monitoring of compliance with Group policies, principles and instructions. Internal controls shall also ensure that the consolidated financial statements are prepared in accordance with the law and applicable accounting standards, and that the other requirements of the Group are met. Internal control relating to financial reporting consists of a number of main elements:

- The organizational structure of competence developed and documented in the authorization procedures, which requires that at least two individuals review and approve transactions and costs;
- The documentation of financial procedures and policies found in the Group's accounting manual including financial policies, etc.;
- The procedures by which individuals at several levels in the organization analyze the financial results before external reporting occurs;
- The audit committee's duty to supervise financial reporting and internal control; and
- Clear guidelines on financial reporting in the Company's communication policy.

## Information and Communication

AcadeMedia has communication and information channels aimed at ensuring relevant information to be quickly and duly spread both internally and externally. The Company has a structure for communicating comprehensive and transparent financial reports. There are policies and procedures to prevent incorrect or inappropriate information. The board of directors receives monthly business reports, both operational and financial. The board is responsible for external interim reports and annual accounts in accordance with applicable laws and the Code. The board decided to modify policies and procedures to meet the requirements of the EU Market Abuse Regulation which entered into force on July 3, 2016. The financial reports are published on the Company's website. Internal governing

documents are found in the Company's management system and are posted, where relevant, on AcadeMedia's intranet. The results of the annual quality review are published annually for the entire Group, for each principal and for each education unit on their respective websites.

## Follow-up

AcadeMedia's efforts within internal control and risk management are primarily carried out through Group management's continuous follow-up of operations in relation to set goals and key performance indicators, as well as by focusing on early warning signs. The Company's key procedures for financial reporting and their appropriateness are continuously assessed by the CFO and the CFO's organization. Compliance with the finance and accounting manual, policies and legislation is examined and any deviation leads either to corrective actions, or improvement of processes and procedures. The audit committee summarizes and reports on the status of identified measures to the board.

## Internal Audit

AcadeMedia's internal governance and control are based on a model of three lines of defense. Based on an evaluation by the audit committee, the board has resolved not to establish a special internal audit function because the Company believes that the enhanced quality management system and the responsibility of each segment head, along with the Company's CFO, meet the need for proper control, and that monitoring takes place, including in the form of reporting to the board. However, the board of directors annually assesses the need for an internal audit function. In order to ensure an appropriate organization for control measures and with respect to relevant licenses, the boards of directors of the subsidiaries, which are licensed providers, consist of AcadeMedia's CEO, deputy CEO

and CFO, as well as the relevant segment head and business area head. The Company has therefore currently resolved not to establish an internal audit function.

## Auditing

The auditor shall review the Company's annual report and financial statements, as well as the board of directors' and the CEO's management of the Company. Following the end of each financial year, the auditor shall present an audit report and a consolidated audit report to the AGM.

According to the Company's articles of association, the Company must have at least one and at most two auditors and at most two deputy auditors. The Company's auditors are Ernst & Young AB, with Staffan Landén as auditor-in-charge, and Oskar Wall as principal auditor. Staffan Landén has many years of experience auditing companies listed on a regulated market. His auditing clients include Vattenfall AB, Semcon AB and Nederman Holding AB. Staffan is also an exchange auditor appointed by Nasdaq Stockholm. Oskar Wall has many years of experience auditing companies listed on a regulated market. His auditing clients include Estea AB, Oasmia Pharmaceutical AB and Stendörren Fastigheter AB. The Company's auditors have participated at one board meeting and three audit committee meetings.

The Company's auditors are presented in more detail in the section "board of directors, executive management and auditors" on page 103-105.

The audit committee conducts an annual evaluation of the auditors' work and independence.

For information on the remuneration paid to the auditors for the 2016/17 financial year refer to Note 4.

## Appropriation of Profits & Signatures

### *The board of directors' proposal to the AGM*

The board proposes that the Group's results and balance sheet are presented to the Annual General Meeting on November 24, 2017 for adoption.

The board of directors proposes to the Annual General Meeting that no dividend be paid.

Parent company

AT THE DISPOSAL OF THE AGM	
	SEK
Retained earnings	14,541,005
Share premium reserve	2,211,925,188
Profit/loss for the year	-58,814
<b>Amount to be carried forward</b>	<b>2,226,407,379</b>

The board proposes that retained earnings be appropriated as follows:

<b>Carried forward</b>	<b>2,226,407,379</b>
------------------------	----------------------

The board of directors and CEO hereby provide an assurance that the consolidated financial statements and annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a fair and true representation of the Group's and the Parent Company's financial position and results, and that the Administration Report provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group.

Stockholm October 23, 2017

Ulf Mattsson  
*Chairman*

Marcus Strömberg  
*President and Chief Executive Officer*

Helen Fasth Gillstedt  
*Board Member*

Erika Henriksson  
*Board Member*

Harry Klagsbrun  
*Board member*

Silvija Seres  
*Board Member*

Anders Bülow  
*Board Member*

Anders Lövgren  
*Employee Representative*

Peter Milton  
*Employee Representative*

*We submitted our audit report on October 24, 2017*

Ernst & Young AB

Staffan Landén  
*Authorized Public Accountant*

Oskar Wall  
*Authorized Public Accountant*

# Financial statements



# Accounts

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK M)

	NOTE	2016/17	2015/16
Net sales		9,520	8,611
		<b>9,520</b>	<b>8,611</b>
Cost of goods sold		-796	-802
Other external expenses	3, 4, 5	-2,064	-1,876
Personnel expenses	5, 6	-5,811	-5,179
Depreciation/amortization	7	-212	-187
Items affecting comparability	8	-23	-32
		<b>-8,905</b>	<b>-8,076</b>
<b>OPERATING PROFIT</b>	9	<b>615</b>	<b>535</b>
Interest income and similar profit/loss items	11, 26	9	7
Interest expense and similar profit/loss items	12	-89	-134
		<b>-80</b>	<b>-127</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>535</b>	<b>408</b>
Taxes	10	-120	-89
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>416</b>	<b>319</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Items that will not be reclassified to profit/loss</i>			
Remeasurement of defined benefit pension plans	6	12	16
Deferred tax relating to defined benefit pension plans	10	-3	-4
		<b>9</b>	<b>12</b>
<i>Items that may be reclassified to profit/loss</i>			
Translation differences		0	-12
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>424</b>	<b>319</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the parent company		416	319
		<b>416</b>	<b>319</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the parent company		424	319
		<b>424</b>	<b>319</b>
Average number of ordinary shares, basic (thousands of shares)		94,205	85,311
Average number of ordinary shares, diluted (thousands of shares)		94,335	85,316
Earnings per ordinary share, basic (SEK)	28	4.41	3.74
Earnings per ordinary share, diluted (SEK)	28	4.40	3.74

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(SEK M)**

	NOTE	JUNE 30, 2017	JUNE 30, 2016
<b>ASSETS</b>			
<b>TOTAL NON-CURRENT ASSETS</b>			
<b>INTANGIBLE NON-CURRENT ASSETS</b>			
Goodwill	13,14,16	5,073	4,874
Brands	15.16	194	194
Other intangible non-current assets	17	7	9
		<b>5,274</b>	<b>5,077</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Buildings	18, 33	788	638
Equipment	19, 20	313	253
Improvement expenses on third-party property	21	176	140
		<b>1,277</b>	<b>1,031</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Non-current receivables		17	18
Deferred tax assets	10	7	15
		<b>24</b>	<b>33</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,574</b>	<b>6,141</b>
<b>CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
Merchandise		0	0
		<b>0</b>	<b>0</b>
<b>CURRENT RECEIVABLES</b>			
Accounts receivable	23	154	164
Current tax assets		39	55
Other receivables		45	15
Prepaid expenses and accrued income	24	456	463
		<b>695</b>	<b>697</b>
<b>CASH AND CASH EQUIVALENTS</b>	25	<b>579</b>	<b>331</b>
<b>TOTAL CURRENT ASSETS</b>		<b>1,274</b>	<b>1,028</b>
<b>TOTAL ASSETS</b>	34	<b>7,849</b>	<b>7,169</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK M)

	NOTE	JUNE 30, 2017	JUNE 30, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	27		
Share capital		95	94
Other paid-in capital		2,212	2,184
Translation reserves		-32	-32
Retained earnings including profit/loss for the year		1,168	744
<b>TOTAL EQUITY</b>		<b>3,443</b>	<b>2,990</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current liabilities to credit institutions	26, 32	2,158	2,084
Pension provisions	6, 29	21	53
Other provisions	30	26	38
Deferred tax liability	10	66	22
Other non-current liabilities	3, 26, 32	41	32
<b>TOTAL NON-CURRENT LIABILITIES</b>	33	<b>2,313</b>	<b>2,229</b>
<b>CURRENT LIABILITIES</b>			
Liabilities to credit institutions	26, 32	449	518
Other interest-bearing liabilities	3, 26, 32	67	50
Accounts payable	32	343	361
Current tax liability	32	13	15
Other liabilities	26, 32	185	169
Accrued expenses and pre-paid income	31	1,035	837
<b>TOTAL CURRENT LIABILITIES</b>	33	<b>2,092</b>	<b>1,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	34	<b>7,849</b>	<b>7,169</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK M)

	NOTE 27	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			
	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Total equity
<b>OPENING BALANCE, JULY 1, 2015</b>	8	1,903	-20	413	2,304
Profit/loss for the year	-	-	-	319	319
Other comprehensive income	-	-	-12	12	0
<b>Comprehensive income for the year</b>	-	-	<b>-12</b>	<b>331</b>	<b>319</b>
<b>Transactions with owners</b>					
Redemption of shares	0	0	-	-	0
Warrants	-	1	-	-	1
Share-matching plan	-	0	-	-	0
New share issue	9	341	-	-	350
Issue expenses	-	-21	-	-	-21
Tax on issue expenses	-	5	-	-	5
Bonus issue	77	-77	-	-	0
Non-cash issue	0	32	-	-	32
<b>Total Transactions with owners</b>	<b>86</b>	<b>281</b>	<b>-</b>	<b>-</b>	<b>367</b>
<b>CLOSING BALANCE, JUNE 30, 2016</b>	<b>94</b>	<b>2,184</b>	<b>-32</b>	<b>744</b>	<b>2,990</b>
Profit/loss for the year	-	-	-	416	416
Other comprehensive income	-	-	0	9	9
<b>Comprehensive income for the year</b>	-	-	<b>0</b>	<b>424</b>	<b>424</b>
<b>Transactions with owners</b>					
Non-cash issue	1	28	-	-	29
Repurchase treasury shares	0	0	-	-	0
Share-matching plan	-	1	-	-	1
Warrants	-	0	-	-	0
<b>Total Transactions with owners</b>	<b>1</b>	<b>28</b>	<b>-</b>	<b>0</b>	<b>29</b>
<b>CLOSING BALANCE, JUNE 30, 2017</b>	<b>95</b>	<b>2,212</b>	<b>-32</b>	<b>1,168</b>	<b>3,443</b>

No non-controlling interests are recognized.

Total equity is attributable in its entirety to owners of the parent company

## CONSOLIDATED CASH FLOW STATEMENT (SEK M)

	NOTE	2016/17	2015/16
<i>Operating activities</i>			
Operating profit/loss		615	535
Adjustment for items not affecting cash flow			
Changes in provisions		-34	-9
Capital gains on the sale of property, plant and equipment		0	-6
Depreciation of non-current assets	7	212	187
Tax paid		-59	-95
<b>Cash flow from operating activities before changes in working capital</b>		<b>734</b>	<b>612</b>
<i>Cash flow from changes in working capital</i>			
Change in inventories		0	1
Change in operating receivables		-6	-23
Change in operating liabilities		103	-48
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>830</b>	<b>542</b>
<i>Investing activities</i>			
Investment in intangible non-current assets		-3	-7
Acquisition of subsidiaries	13	-111	-146
Investment in property, plant and equipment	18.19, 21	-257	-284
Sale of property, plant and equipment	18.19	0	62
Investment in non-current financial assets		-4	-11
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-374</b>	<b>-386</b>
<i>Financing activities</i>			
Interest received		7	6
Interest paid		-72	-125
New share issue	27	0	335
Borrowing	32	152	255
Amortization of debt	32	-296	-983
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-209</b>	<b>-512</b>
Cash flow for the year		<b>247</b>	<b>-356</b>
Cash and cash equivalents at beginning of year		331	695
Exchange rate differences in cash and cash equivalents		1	-8
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<b>579</b>	<b>331</b>

## PARENT COMPANY INCOME STATEMENT (SEK M)

	NOTE	2016/17	2015/16
Net sales	2	5	0
Other external expenses	4, 5	-7	-18
Personnel expenses	5	-20	-3
<b>OPERATING PROFIT</b>		<b>-22</b>	<b>-21</b>
Interest income and similar profit/loss items	11	0	0
Interest expense and similar profit/loss items	12	0	-42
		<b>0</b>	<b>-42</b>
<b>YEAR-END APPROPRIATIONS</b>			
Group contributions received		22	84
		<b>22</b>	<b>84</b>
<b>PROFIT BEFORE TAX</b>		<b>0</b>	<b>21</b>
Taxes	10	0	-5
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>0</b>	<b>16</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year		0	16
Other comprehensive income		-	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>0</b>	<b>16</b>

**PARENT COMPANY BALANCE SHEET**  
(SEK M)

	NOTE	JUNE 30, 2017	JUNE 30, 2016
<b>ASSETS</b>			
<b>TOTAL NON-CURRENT ASSETS</b>			
<b>NON-CURRENT FINANCIAL ASSETS</b>			
Participations in Group companies	22	2,247	2,219
Deferred tax assets	10	1	1
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,248</b>	<b>2,220</b>
<b>CURRENT ASSETS</b>			
<b>CURRENT RECEIVABLES</b>			
Receivables from Group companies	25	1,290	84
Other receivables		1	1
		<b>1,291</b>	<b>85</b>
<b>CASH AND BANK BALANCES</b>	25	373	15
<b>TOTAL CURRENT ASSETS</b>		<b>1,664</b>	<b>100</b>
<b>TOTAL ASSETS</b>		<b>3,912</b>	<b>2,320</b>

**PARENT COMPANY BALANCE SHEET**  
(SEK M)

	NOTE	JUNE 30, 2017	JUNE 30, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	27		
<b>RESTRICTED EQUITY</b>		95	94
Share capital		<b>95</b>	<b>94</b>
<b>NON-RESTRICTED EQUITY</b>			
Share premium reserve		2,212	2,184
Retained earnings		14	-2
Profit/loss for the year		0	16
		<b>2,226</b>	<b>2,198</b>
<b>TOTAL EQUITY</b>		<b>2,321</b>	<b>2,292</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current liabilities	26, 32	-	-
Other provisions	30	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	33	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		1	1
Liabilities to Group companies	25	1,582	17
Other liabilities	26, 32	0	1
Accrued expenses and pre-paid income	31	8	9
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,591</b>	<b>28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,912</b>	<b>2,320</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY (SEK M)

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		Total equity
	Share capital	Share premium reserve	Retained earnings		
<b>OPENING BALANCE, JULY 1, 2015</b>	8	1,903	-2		1,909
Profit/loss for the year and comprehensive income	-	-	16		16
<b>Comprehensive income for the year</b>	-	-	16		16
<b>Transactions with owners</b>					
Redemption of shares	0	0	-		0
New share issue	9	341	-		350
Issue expenses	-	-21	-		-21
Tax on issue expenses	-	5	-		5
Warrants	-	1	-		1
Share-matching plan	-	0	-		0
Bonus issue	77	-77	-		0
Non-cash issue	0	32	-		32
<b>Total Transactions with owners</b>	<b>86</b>	<b>281</b>	<b>-</b>		<b>367</b>
<b>CLOSING BALANCE, JUNE 30, 2016</b>	<b>94</b>	<b>2,184</b>	<b>14</b>		<b>2,292</b>
Profit/loss for the year and comprehensive income	-	-	0		0
<b>Comprehensive income for the year</b>	-	-	0		0
<b>Transactions with owners</b>					
Non-cash issue	1	28	-		29
Share-matching plan	-	1	-		1
Repurchase treasury shares	0	0	-		0
Warrants	-	0	-		0
<b>Total Transactions with owners</b>	<b>1</b>	<b>29</b>	<b>-</b>		<b>29</b>
<b>CLOSING BALANCE, JUNE 30, 2017</b>	<b>95</b>	<b>2,212</b>	<b>14</b>		<b>2,321</b>

No non-controlling interests are recognized.

**PARENT COMPANY CASH FLOW**  
**(SEK M)**

	NOTE	2016/17	2015/16
<i>Operating activities</i>			
Operating profit/loss		-22	-21
Adjustment for items not affecting cash flow		0	0
Income tax paid		0	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-22</b>	<b>-21</b>
<i>Cash flow from changes in working capital</i>			
Change in operating receivables	25	-1,268	-2
Change in operating liabilities	25	1,563	22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>273</b>	<b>-1</b>
<i>Investing activities</i>			
Shareholder contributions paid		-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<i>Financing activities</i>			
Interest received		0	-
Interest paid		0	-3
New share issue	27	0	335
Group contributions received		84	-
Amortization of debt		-	-331
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>84</b>	<b>1</b>
Cash flow for the year		358	0
Cash and cash equivalents at beginning of year		15	15
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<b>373</b>	<b>15</b>

# Notes to the Financial Statements

## Note 1: General information, accounting and valuation principles

### General information

The Company, AcadeMedia AB (publ), corp. reg. no. 556846-0231, is domiciled in Stockholm, Sweden. The head office address is Adolf Fredriks kyrkogata 2, Box 213, 101 24 Stockholm, Sweden. The Company has been listed on Nasdaq Stockholm since June 15, 2016. AcadeMedia is an independent education provider. The operation is divided into four business segments: Pre- and Compulsory Schools, Upper Secondary Schools, Adult Education, and Preschool International. The segments are described in the Administration Report and in Note 9. The annual and consolidated financial statements for the financial year ending June 30, 2017, were approved for publication by the board of directors and the chief executive officer on October 26, 2017 and will be presented for adoption at the Annual General Meeting to be held November 24, 2017. The Company's principal activities are described in the Administration Report.

### Rules and standards applied

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts are also prepared in accordance with Swedish law through application for financial reporting of the Swedish Financial Reporting Board's recommendation RFR 1, supplementary accounting rules for groups. The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. Those cases where the parent company applies other accounting policies than the Group are stated separately at the end of this note.

### New and amended accounting policies for the year

#### *New and amended accounting policies for the year*

A number of new or updated accounting recommendations and interpretations apply for the financial year starting on January 1, 2016 or later. None of the new IFRS rules that have been in force for the financial year that began July 1, 2016 has had a significant impact on the consolidated financial statements.

#### *Future changes to accounting policies*

A number of new or amended IFRSs will go into effect during the upcoming financial year or later and have not been adopted early in the preparation of these financial statements. Below is a description of the IFRS that are expected to or may have an impact on the consolidated financial statements. Apart from the IFRS described below, other new rules approved by the IASB as of June 30, 2017, are not expected to have any impact on the Group's financial statements.

IFRS 9 Financial Instruments goes into effect on January 1, 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 classifies financial assets in three categories. Classification is established at initial recognition based on the nature of the asset and the entity's business model. The other part relates to hedge accounting. In general the new principles make it easier to prepare a report that provides a fair presentation of an entity's management of financial risk using financial instruments. Finally, new principles have been introduced regarding impairment of financial assets, where the model is based on anticipated losses. One purpose of this new impairment model is to ensure that provisions are made at an earlier stage for credit losses. Preliminarily, the standard is not expected to have any material impact on the financial statements of the Group or the parent company. The EU adopted the standard during the fourth quarter of 2016 and it will be applicable to the Group as of July 1, 2018.

IFRS 15 Revenue from contracts with customers comes into force on January 1, 2018, replacing all published standards and interpretations previously used for revenue. IFRS 15 provides a single model for revenue recognition under which revenue is recognized when promised goods or services are transferred to a customer. This can occur over time or at a point in time. The revenue consists of the amount that the Company expects to receive as consideration for the transferred goods or services. The standard will be applicable to the Group as of July 1, 2018. Evaluation of the impact of the standard on the financial statements is underway.

IFRS 16 Financial Instruments goes into effect on January 1, 2019 and will replace IAS 17. The standard will require that the lessee recognizes assets and liabilities attributable to all leases, with the exception of contracts shorter than twelve months and/or those pertaining to minor amounts. The EU is expected to approve the standard in 2017. The standard will be applicable to the Group as of July 1, 2019. The Group has not evaluated the standard, but believes it will lead to recognition of significant assets and liabilities attributable to the Group's leases.

### Basis for the preparation of the accounts

The consolidated accounts have been prepared in accordance with the cost method, other than for certain financial assets and liabilities (including derivative instruments) which are measured at fair value. Non-current assets, non-current liabilities and provisions are expected to be recovered or fall due for payment later than 12 months from the closing date.

The balance sheet items under the headings "current assets" and "current liabilities" are expected to be recovered or paid within a 12-month period. All other balance sheet items are expected to be recovered or paid at a later date. All amounts are reported in millions of Swedish kronor (SEK million) unless otherwise stated.

### Consolidation principles

The consolidated accounts cover the parent company and its subsidiaries. The financial statements for the parent company and subsidiaries which are included in the consolidated accounts refer to the same period and are prepared according to the same accounting policies. All intra-group transactions and dealings are eliminated in their entirety and are thus not included in the consolidated accounts.

#### *Subsidiaries*

Subsidiaries are all companies where the Group has a controlling interest. The Group has a controlling interest in a company when it is exposed to or has the right to a variable return on its holding in the Company, and has the ability to influence the return through its control over the Company. Subsidiaries are included in the consolidated accounts as of the date the controlling interest is transferred to the Group and consolidated until the date the controlling interest ceases. A determining factor in whether a company should be consolidated is if the Group is deemed to have a controlling interest. AcadeMedia has no non-controlling interest holdings.

### Translation of receivables and liabilities in foreign currencies

#### *Functional currency and reporting currency*

Items included in the financial statements of the various entities in the Group are valued in the currency used in the financial environment where the respective company has its primary operations (functional currency). The parent company's and the Swedish subsidiaries' functional currency and reporting currency is Swedish kronor. The functional currency and reporting currency for the subsidiaries in Norway is Norwegian kroner and in Germany the Euro. The Group's reporting currency is Swedish kronor.

### Foreign currency transactions

Foreign currency transactions are translated to the functional currency at the exchange rate in effect on the transaction date. On the closing date, monetary receivables and liabilities expressed in foreign currencies are translated at the exchange rate in effect on the closing date. All exchange rate differences are included in profit/loss. Exchange rate differences from operating items are recognized in operating profit/loss as other operating income or other operating expenses, while exchange rate differences relating to financial assets and liabilities are recognized as financial income or financial expense.

### Financial statements of foreign operations

All exchange rate differences arising in the translation of a subsidiary's profit/loss and financial position from the Company's functional currency to the Group's reporting currency are recognized in other comprehensive income altogether in the translation reserve in equity. Assets and liabilities of foreign operations are translated into Swedish kronor (SEK) at the closing rate on the closing date, while income and expense items are translated at an average rate for the year. In connection with divestment of net investments in foreign operations, the translation differences pertaining to the net investment are recognized through profit or loss.

### Gross accounting

Gross accounting is always applied for reporting of assets and liabilities, except in cases where both an asset and a liability exist with the same counterparty and can be offset on legal grounds and offsetting is the intended action. Gross accounting is also applied for income and expenses unless otherwise stated.

### Classification of assets and liabilities

Non-current assets, non-current liabilities and provisions are expected to be recovered or fall due for payment later than twelve months from the closing date. Current assets and current liabilities are expected to be recovered or fall due for payment within less than 12 months from the closing date.

### Related party transactions

Related parties are the companies in which AcadeMedia has a controlling or significant interest in terms of the operational and financial decisions taken. Related parties include the companies and physical persons who are able to exercise a controlling or significant influence over the Group's financial and operational decisions.

### Business combinations

Business combinations are reported according to the acquisition method. The purchase consideration consists of the fair value of the transferred assets, liabilities the Group assumes from the previous owner of the acquired company and any issued shares. The purchase consideration also includes the fair value of all assets or liabilities that result from an agreed contingent consideration. Acquisition-related expenses are expensed as they arise and recognized as items affecting comparability. Identifiable acquired assets and assumed liabilities are measured initially at fair value on the acquisition date.

The amount by which the purchase consideration, any non-controlling interests and the fair value of previous shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill.

Goodwill is recognized as an intangible asset. Goodwill is tested annually to identify any impairment and is recognized at cost less any accumulated impairment losses. Any impairment losses are recognized immediately as an expense and are not reversed. Gains or losses on the divestment of an entity include the residual carrying amount of the goodwill relating to the divested entity.

Goodwill is allocated between cash-generating units in impairment testing. Goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination where the goodwill item arose.

### Intangible non-current assets excluding goodwill

#### Brands

In connection with acquisitions of subsidiaries, brands are recognized as intangible assets with an indefinite useful life. Market awareness of the brand is the primary factor taken into account to determine whether or not the brand has an indefinite useful life. The Company has not identified any limitations in the useful lives of its brands and they are thus considered indefinite. Brands are

tested for impairment annually or if there is an indication of impairment, and are carried at cost less accumulated impairment losses.

#### Other Intangible non-current assets

Other intangible assets with a limited useful life are carried at cost less amortization and any impairment losses. Amortization takes place on a straight-line basis over the assessed useful life of the asset. The useful life periods are reviewed on every closing date and adjusted as needed. When the depreciable amount of the assets is established, the assets' residual value is taken into account where applicable. The following useful life periods are applied:

	NUMBER OF YEARS
Other intangible assets	3-5 years

### Property, plant and equipment

Property, plant and equipment are recognized at cost less depreciation and any impairment losses.

Expenses for improving an asset's performance to exceed its original level increase the asset's carrying amount. Further expenditures are added to the asset's carrying amount or recognized as a separate asset only when it is likely that future economic benefits associated with the asset will accrue to the Group and the asset's cost can be reliably measured. All other forms of repair and maintenance are recognized as expenses in the income statement during the periods in which they arise.

Property, plant and equipment are derecognized from the balance sheet when they are divested or if they cannot be expected to add any economic benefit in the future, either through use or sale. Profit and loss are calculated as the difference between the sale amount and the recognized residual value of the asset. Profit or loss is recognized in the income statement in the accounting period in which the asset was divested as other expenses and other income.

Property, plant and equipment are depreciated systematically over the estimated useful life of the asset. The useful life periods are reviewed on every closing date and adjusted as needed. When the depreciable amount of the assets is established, the assets' residual value is taken into account where applicable. The straight-line depreciation method is used for all types of assets and is based on the useful life periods shown below:

	NUMBER OF YEARS
Buildings in general	25-30 years
Equipment	3-10 years
Improvement expenses on third-party property	3-20 years

### Impairment of property, plant and equipment and intangible non-current assets

Goodwill and brands with indefinite useful lives are tested annually for impairment or if there is any indication of loss of value. Property, plant and equipment and intangible non-current assets that are depreciated or amortized are tested when there is an indication that an asset has declined in value. The impairment test is done by calculating the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of net realizable value and the asset's value in use in operations. An assessment is made of the recoverable amount per cash-generating unit.

Previously recognized impairment losses are reversed if the recoverable amount is considered to exceed the carrying amount. The reversal amount is, however, not greater than the carrying amount would have been if an impairment had not been recognized in earlier periods. Goodwill impairment losses are not reversed and are recognized in items affecting comparability.

### Financial assets

#### Classification

The Group classifies its financial assets in the categories "Financial assets at fair value through profit or loss" and "Loan receivables and accounts receivable." The classification depends on the purpose for which the financial asset was acquired.

All purchases and sales of financial assets are recognized on the transaction date. Financial instruments are recognized initially at fair value plus transaction costs. This applies to all financial assets that are not recognized at fair value through profit or loss. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has essentially transferred all risks and benefits associated with ownership.

#### *Loan receivables and accounts receivable*

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments and that are not listed in an active market. The Group's cash and cash equivalents, accounts receivable and other current receivables are included in this category.

Loan receivables and accounts receivable are recognized after the acquisition date at accrued cost applying the effective-interest method. Any interest income on loan receivables is included in financial income.

A provision is made for doubtful receivables and loan receivables on the closing date when there is objective evidence that the full value of the asset will not be received. Losses pertaining to doubtful receivables are recognized in the income statement under external expenses. Impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not happened), discounted with the financial asset's original effective interest rate.

#### *Financial assets measured at fair value through profit or loss*

For AcadeMedia this category includes derivative instruments classified as hedging instruments. The assets are measured at fair value with changes in value recognized in the income statement's financial items (refer to Notes 11 and 12). Transaction expenses are recognized in the income statement and are not capitalized.

## Financial liabilities

### *Classification*

The Group classifies its financial liabilities in the categories "Financial liabilities at fair value through profit or loss" and "Financial liabilities measured at amortized cost." Liabilities are classified as non-current if the Company has an unconditional right to postpone settlement of the liability for at least twelve months after the reporting period. Other liabilities are classified as current.

### *Financial liabilities measured at fair value through profit or loss*

For AcadeMedia this category includes derivative instruments classified as hedging instruments, as well as additional consideration. The liabilities are measured at fair value with changes in value recognized in the income statement. Remeasurement of a contingent consideration is recognized in operating profit/loss under other external expenses.

### *Financial liabilities measured at amortized cost*

Other financial liabilities not valued at fair value through profit or loss are recognized in this category. The liabilities are measured at amortized cost. Accounts payable have short anticipated terms and are therefore measured at nominal amounts with no discount.

## Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories mainly consist of kitchen ingredients.

## Provisions

Provisions are recognized when the Group has a legal or informal obligation resulting from past events, where it is likely that a payment will be required to fulfil the obligation and the amount can be reliably measured. In cases where the Company expects a provision it has made to be compensated by an external party – for example within the framework of an insurance agreement – the expected compensation is recognized as a separate asset, but only when it is essentially certain that the payment will be received. Provisions are made for restructuring of the business for situations such as the closure of units and staff redundancies, after calculation of the costs.

## Contingent liabilities

Contingent liabilities are possible obligations arising from past events and whose existence will only be confirmed by one or several uncertain future events, which are not entirely within the Group's control, happening or not

happening. Also reported as contingent liabilities are obligations arising from past events that have not been recognized as a liability or provision because it is not likely that the obligation will be settled or because the size of the obligation cannot be estimated with sufficient reliability.

## Remuneration to employees

Salaries, social security contributions, bonuses and other current remuneration to employees are recognized when the employee has performed the service.

### *Pensions*

The Group's pension plans consist in part of defined benefit plans with a contractual promise regarding future pension levels related primarily to the final salary, and in part of defined contribution plans for which insurance premiums are paid and the employee carries the risk associated with the future pension level.

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. For defined contribution pension plans the Group pays contributions to publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. The contributions are normally based on the salary level. The Group has no legal or informal obligations to pay additional contributions. The Group's obligations regarding defined contribution plans are recognized as a personnel expense in the income statement as and when they are earned by the employee performing his/her work tasks for the Company.

A defined benefit pension plan is a pension plan with no defined contribution. The defined benefit plans consist largely of plans that provide a benefit based on final salary and length of service. Calculations are made for defined benefit plans according to the unit credit method for the purpose of establishing the present value of obligations relating to benefits for current and former employees. These calculations are made annually and based on actuarial assumptions which are established annually at the end of the accounting period. Assumptions are made on inflation, changes in social security fees, staff turnover, discount rates and estimated life expectancy. The present value of defined benefit obligations is established by discounting the estimated future cash flows using the interest rate for first-class corporate bonds issued in the same currency as the compensation will be paid in with due dates comparable to the current pension obligations.

Pension expenses relating to service during the current period are recognized as personnel expenses in the income statement. Costs for service in previous periods are also recognized directly in the income statement as personnel expenses. Net interest is calculated using the discount rate on the defined benefit pension liability and on the fair value of plan assets, and this expense is included in personnel expenses in the income statement.

The Group's net obligations consist of the calculated present value of the pension obligation less the fair value of the plan assets. Changes in the present value of the net obligations resulting from changed actuarial assumptions and experience-based adjustments are treated as remeasurement effects and recognized in other comprehensive income.

The carrying amounts of pensions and similar obligations in the consolidated balance sheet correspond to the obligations' present value at the closing of the accounts with a deduction of the fair value of plan assets including payroll tax. If the value of the obligation exceeds the value of the plan assets, a liability is recognized. If the plan assets exceed the obligations, an asset is recognized in the consolidated balance sheet.

In the Norwegian companies' defined benefit pension plans, the employees make contributions to the plans according to established terms. The contribution consists of a fixed percentage of the employee's salary and it is not related to the number of years of service. Employee contributions are recognized as a reduction of the cost of service for the period in which the services are performed.

The Swedish companies' defined benefit pension obligations under the ITP2 plan are insured through an Alecta pension insurance. This plan is a defined benefit plan covering several employers. The plan is accounted for as a defined contribution pension plan as Alecta cannot provide sufficient information on the Group's proportional share of the plan's obligations, plan assets and expenses in order to account for the plan as a defined benefit pension plan.

### Severance pay

Other senior executives are defined as the members of executive management. Other senior executives have a period of notice from the Company of 4-12 months. If other senior executives resign, the period of notice is 4-8 months. The period of notice for certain senior executives may also be extended by six months if the executive intends to take up a new position with a company running competing operations. During the period of notice remuneration is paid based on the individual's employment contract. Two senior executives also have the right to severance pay of six and ten monthly salaries respectively in addition to salary during the period of notice if notice is given by the employer.

The period of notice for other employees is normally as stipulated in the collective agreement.

### Long-term incentive programs

Share-based payments in the Company relate to the share-matching plan that is regulated with equity instruments and are reported in accordance with IFRS 2. The fair value of the allocated share-matching plan is estimated at the grant date using an accepted valuation model, known as the Monte Carlo simulation model, taking into account market-related conditions. The total amount to be expensed is based on the fair value of the allocated shares. The total amount is recognized as a personnel expense in the income statement over the vesting period, with a corresponding adjustment to equity. At each quarterly closing the Group revises its estimates of the number of shares expected to vest and subsequently be recognized in social security contributions. Social security contributions attributable to share-based instruments to employees as compensation for services rendered should be expensed over the periods in which the services are performed. The cost is then calculated by applying the same valuation model used when the options were issued. The provision that is made is re-measured at each reporting date.

In addition to the above share-matching plan AcadeMedia also has a warrant program, which is calculated using the Black & Scholes model.

### Leases

Finance leases where the Group in all material respects takes over all risks and benefits associated with ownership of the leased object are initially reported in the statement of financial position at the fair value of the leased object or, if the value is lower, at the present value of future minimum lease payments. Lease payments are recognized as financing expenses and amortization of debt. Assets under finance leases are depreciated over the anticipated useful life of the asset.

Leases where the lessor essentially retains all of the risks and benefits associated with ownership are classified as operating leases. Lease payments are expensed on a straight-line basis in the statement of comprehensive income during the lease period. Any incentives received upon signing of leases are taken into account initially.

### Revenue

#### Net sales

Net sales are recognized at the fair value of the amount received or the amount that will be received in return for goods and services sold within the Group's ordinary operations. Net sales are recognized excluding VAT and net after any discounts. The Group's main source of revenue is school vouchers and participant fees. Tuition fees are recognized as revenue and allocated in line with the degree of completion over the period during which the instruction is provided, including time for planning and grading of student instruction. Revenue for preschool operations is recognized based on the same fundamental principle. Revenue for goods sold is recognized upon delivery to students.

#### State subsidies

State subsidies are recognized at fair value in the case that there is reasonable certainty that they will be received and that AcadeMedia will meet the conditions attached to the grant. Contributions received to cover costs are recognized as an expense reduction of the applicable expense item.

#### Interest

Interest income is recognized as and when it is earned (calculated based on the return on the underlying asset according to the effective interest rate).

### Dividends

Revenues are recognized in the income statement when the shareholders' right to receive a dividend payment has been established.

### Cost of goods sold

The cost of goods sold mainly pertains to expenses for school meals (ingredients and catering), educational materials and the cost of other consumables.

### Items affecting comparability

Items affecting comparability are recognized on a separate line and relate to non-recurring income and expenses. Items affecting comparability are items related to property such as capital gains, major property damage not covered by commercial insurance, consulting costs related to acquisitions, severance payments to senior executives, major integration costs resulting from acquisitions, reorganization costs, as well as costs arising from strategic decisions and major restructuring that results in closing down of units. The purpose of this presentation is to get a better picture of the trend in the underlying business. Income and expenses recognized on this line are specified and commented on in Note 8.

### Taxes

#### Income tax

Tax expense for the period consists of current tax and deferred tax. Tax is recognized in the income statement, except where the tax relates to an item that is recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or in equity.

Current tax is tax to be paid or received in the current year as well as adjustments of previous years' current tax. The tax rates and laws applied in calculating the amount are those adopted or announced as of the closing date.

#### Deferred tax

Deferred tax is recognized on the closing date according to the balance sheet method for temporary differences between recognized and fiscal values of assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carry-forwards, to the extent it is likely that a taxable profit will be available against which the deductible temporary differences can be used. The value of deferred tax assets is to be determined on every closing date and adjusted to the extent it is no longer likely that a sufficient profit will be generated so that all or part of the deferred tax asset can be utilized. Deferred tax assets and tax liabilities are established based on the tax rates in effect for the period in which the asset is realized or the liability paid, based on tax rates (and laws) that have been adopted or announced by the closing date.

### Recognition of cash flows

Cash and cash equivalents consist of available cash, bank balances and other liquid investments. Incoming and outgoing payments are recognized in the statement of cash flows. Cash flow from operating activities is recognized according to the indirect method.

### Business segments

Reportable segments are identified based on the internal reporting to the highest executive decision-maker, which in AcadeMedia's case is the chief executive officer. In this reporting the Group consists of the four segments: Pre- and Compulsory Schools (Sweden), Upper Secondary Schools (Sweden), Adult Education (Sweden) and Preschool International. Refer to Note 9 for more information.

The companies and schools in the respective segments are deemed by the Company to be a collective business segment with similar long-term financial results in accordance with the basic principles in IFRS 8. This is based on the following assertions:

- The services are of the same type.
- The services are produced in similar production processes.
- The services are aimed at the same type of customer.
- The services are sold and distributed in a similar way.

### Key estimates and judgments

The preparation of year-end accounts and the application of various accounting standards are often based on executive management's judgments or assumptions and estimates which are deemed reasonable under the prevailing

conditions. These assumptions and estimates are usually based on past experience, but are also based on other factors, such as anticipated future events. Actual results may be different and actual outcomes may deviate from the judgments and estimates made. Judgments, assumptions and estimates are reviewed on a regular basis and any changes are reported in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

The judgments made by the Group when applying IFRS that have a considerable impact on the financial statement, and assumptions and estimates made that may require significant adjustments to be made in the following year's financial statements, are mainly those in the following areas:

- Impairment testing of goodwill and brands
- Provision for pension liabilities (defined benefit pensions)
- Provision for restructuring/closure of school units

AcadeMedia tests for any indications of a decline in the value of assets on a regular basis throughout the year. If such an indication exists, the asset's recoverable amount is calculated. For goodwill and brands with an indefinite useful life, the recoverable amount is calculated at least once a year. The recoverable amount is established by calculating the value in use. In making these calculations, certain assumptions and estimates must be made. Refer to Note 16 for more information.

AcadeMedia has a number of defined benefit plans. The present value of pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. In the assumptions used to establish the net expense (income) for pensions, the discount rate is included. If these assumptions change, this will affect the carrying amount of the pension obligations. Further information on such things as sensitivity analysis for changes in significant assumptions is provided in Note 6. Future events and changes in business parameters may make it necessary to change estimates and assumptions.

Provisions for restructuring costs of entities are considered to have been made when they are decided by management and communicated to the interested parties, and a reliable estimate of the cost can be made. Costs are attributable to the closure of units in accordance with the Group's education guarantee. These costs primarily relate to unused premises and personnel redundancy.

### Parent company accounting policies

The Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) was applied in the preparation of the parent company's financial statements. The parent company applies the same accounting policies as the Group with the exception of those cases stated below.

#### *Presentation of income statement and balance sheet*

The financial statements include an income statement, statement of comprehensive income, balance sheet, statement of cash flows and a statement of changes in equity. The parent company uses the formats specified in the Swedish Annual Accounts Act, which among other things means that a different presentation of equity is applied. For the parent company, shareholders' equity is divided into unrestricted and restricted equity.

#### *Participations in Group companies*

Shares in subsidiaries are recognized at cost less any impairment losses. An estimate of recoverable amount is made when there is an indication that shares and participations in subsidiaries have decreased in value. If this is lower than the carrying amount, an impairment loss is recognized. Impairment losses are reported in "Income from participation in Group companies."

#### *Leases*

In the parent company leases, if any, are recognized as operating leases.

#### *Cash and bank balances*

The definition of cash and cash equivalents comprises cash on hand and demand deposits at banks and similar institutions.

#### *Group contributions and shareholder contributions*

Shareholder contributions are recognized as an increase in the value of shares and participations in Group companies. An assessment is then made of whether there is a need for impairment in the value of the shares and participations

in question. Group contributions paid and received are both recorded as an appropriation.

#### *Dividends*

Revenues are recognized in the income statement when the shareholders' right to receive a dividend payment has been established.

## Note 2: Intragroup sales

The Group's financial agreements have been made according to market principles.

Of the parent company's purchases, SEK 4 (17) million and SEK 5 (0) million relate to sales with other companies in the Group of companies to which the Company belongs. The parent company's revenue relates to fees for services provided to the subsidiaries; the purchases relate in their entirety to the listing of the Company's shares on Nasdaq on June 15, 2016.

## Note 3: Leases

	GROUP	
	2016/17	2015/16
<b>Lease payments for the year (operating) *)</b>		
Premises	1,250	1,187
Equipment	169	82
<b>TOTAL</b>	<b>1,419</b>	<b>1,269</b>
<b>Lease payments for the year (finance) **)</b>		
Equipment	84	76
<b>TOTAL</b>	<b>84</b>	<b>76</b>

\*) Lease expenses for assets held through operating leases, such as rented premises, machinery and office equipment, are recognized among other external expenses.

Future payments for non-cancellable operating and finance leases are as follows:

	GROUP				
	CONTRACTUAL LEASE PAYMENTS	2017/2018	2018-2021	>2021	TOTAL
<b>Operating leases</b>					
Premises		1,246	2,275	3,121	6,642
Equipment		11	13	0	24
<b>TOTAL</b>		<b>1,257</b>	<b>2,288</b>	<b>3,121</b>	<b>6,666</b>

	GROUP				
	CONTRACTUAL LEASE PAYMENTS	2016/2017	2017-2020	>2020	TOTAL
<b>Operating leases</b>					
Premises		1,192	2,457	2,597	6,246
Equipment		21	23	11	55
<b>TOTAL</b>		<b>1,213</b>	<b>2,480</b>	<b>2,608</b>	<b>6,301</b>

Existing leases vary in duration from 2-25 years. Computers are leased for 2-3 years, while premises are rented on leases for up to 25 years. Premises/rental contracts are upwardly adjusted annually in line with an index.

FINANCE LEASES **)	GROUP			
	2016/2017		2015/2016	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<b>Payments due</b>				
Within one year	67	66	51	50
Later than one year but within five years	36	35	29	28
<b>Total</b>	<b>103</b>	<b>101</b>	<b>80</b>	<b>78</b>
Interest	–	2	–	2
<b>TOTAL</b>	<b>103</b>	<b>103</b>	<b>80</b>	<b>80</b>
Current portion	–	65	–	50
Long-term portion	–	35	–	28

\*\*\*) Finance leases are included in the balance sheet under equipment. Refer to Notes 19 and 20. Future undiscounted obligations for finance leases according to the table above.

#### Note 4: Remuneration to auditors

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
<b>Ernst &amp; Young AB</b>				
- audit assignment	4	5	1	0
- auditing services over and above audit assignment*	0	3*	0	1
- tax advisory services	0	0	0	–
- other services	2	2	1	1
<b>PWC</b>				
- audit assignment	2	1	–	–
- other services	1	1	–	–
<b>Other auditing firms</b>				
- audit assignments	0	0	–	–
- other services	–	0	–	–
<b>TOTAL FEES</b>	<b>9</b>	<b>12</b>	<b>2</b>	<b>2</b>

\* Refers to the expanded work related to the IPO.

#### Note 5: Personnel expenses

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
<b>Salaries and remuneration</b>				
Board of directors and CEO	9	6	10	3
Other employees	4,338	3,702	4	–
<b>Group total</b>	<b>4,347</b>	<b>3,708</b>	<b>14</b>	<b>3</b>
<b>Expenses for social security contributions and pension obligations</b>				
Board of directors and CEO	5	4	5	1
Of which pension expenses, including payroll tax	2	3	2	–
Other employees	1,558	1,442	2	0
Of which pension expenses, including payroll tax	349	306	1	–
<b>Group total</b>	<b>1,563</b>	<b>1,446</b>	<b>7</b>	<b>1</b>
<b>TOTAL</b>	<b>5,909</b>	<b>5,154</b>	<b>21</b>	<b>4</b>

The Group has received hiring subsidies in the form of wage subsidies and state subsidies for first-year teacher bonuses paid totaling SEK 156 (81) million, which are recognized in personnel expenses. The wage subsidy has reduced personnel expenses. The cost of hired personnel is recognized in the income statement under the item other external expenses and amounts to SEK 56 (41) million.

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
<b>Average number of employees (full-time equivalents)</b>				
Average number of employees, Sweden	8,353	7,835	2	1
of which men	2,562	2,385	1	1
of which women	5,791	5,450	1	–
Average number of employees, Norway	2,031	1,820	–	–
of which men	207	198	–	–
of which women	1,824	1,622	–	–
Average number of employees, Germany	180	59	–	–
of which men	22	3	–	–
of which women	158	56	–	–
Average number of employees, total	10,564	9,714	2	1
of which men	2,791	2,586	1	1
of which women	7,773	7,128	1	–
			<b>2016/17</b>	<b>2015/16</b>
<b>Proportion of women and men, board of directors</b>				
Women			47%	50%
Men			53%	50%
<b>Proportion of women and men, senior management</b>				
Women			67%	57%
Men			33%	43%

Marcus Strömberg was appointed CEO of the parent company on September 15, 2015 and has been employed by the parent company since May 1, 2016 (AcadeMedia AB (publ.)). Before that he was employed by a subsidiary.

## Remuneration to the board of directors of AcadeMedia AB

The chairman of the board and board members are paid a fee as resolved by the Annual General Meeting. The annual fixed board fee was set at SEK 250,000 each for each elected member and SEK 500,000 for the chairman of the board. Board members employed by EQT Partners AB have received board fees from July 1, 2016. On September 15, 2015 AcadeMedia AB established a remuneration committee and an audit committee. Remuneration is SEK 50,000 per year for audit committee members and SEK 100,000 for the chair, which is the same as the previous year. Remuneration is SEK 50,000 per year for remuneration committee members and SEK 100,000 for the chair as of the Annual General Meeting in November 2016. (The previous year remuneration committee members received SEK 50,000 and the chair received SEK 100,000 in remuneration.) Neither the chairman of the board nor any of the board members has any pension benefits, other benefits or severance pay contracts.

	2016/17		2015/16	
	Board fee	Committee fee	Board fee	Committee fee
<b>TOTAL REMUNERATION</b> (Amounts in SEK 000s)				
Ulf Mattsson, chairman of the board	500	69	250	75
Harry Klagsbrun (remuneration from July 1, 2016)*	250	34	–	–
Torbjörn Magnusson (through November 11, 2016)	94	19	150	38
Erika Henriksson (remuneration from July 1, 2016)*	250	50	–	–
Helen Fasth Gillstedt (board member and chair of the audit committee)	250	100	150	75
Silvija Seres	250	34	150	38
Anders Bülow (from June 15, 2016)	260	31	–	–
Anders Lövgren (employee representative)**	–	–	–	–
Peter Milton (employee representative)**	–	–	–	–
Pernilla Larsson (employee representative)**	–	–	–	–
Fredrik Astin (deputy, employee representative)**	–	–	–	–
<b>TOTAL</b>	<b>1,854</b>	<b>337</b>	<b>700</b>	<b>226</b>

\* Employed by EQT Partners AB

\*\* Employee representatives were formally elected to the board of directors on May 25, 2016 but have attended board meetings since January 2016. Pernilla Larsson became a board member on November 17, 2016.

No benefits or pension disbursements were paid out in 2016/17, 2015/16 to the board of directors. Board member Helen Fasth Gillstedt received SEK 75,000 as extra remuneration during the previous financial year (2015/16) in connection with the extra work associated with the Adult Education segment.

<b>REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES</b> (Amounts in SEK 000s)	<b>2016/17</b>	<b>2015/16</b>
Marcus Strömberg, CEO, fixed salary	4,500	4,110
Other senior executives, fixed salary	13,378	10,756
<b>Total</b>	<b>17,878</b>	<b>14,866</b>
<b>Number of other senior executives</b>	<b>8</b>	<b>7</b>
Marcus Strömberg, CEO, variable remuneration	1,075	621
Other senior executives, variable remuneration	3,008	1,843
<b>Total</b>	<b>4,083</b>	<b>2,464</b>
<b>Number of other senior executives</b>	<b>7</b>	<b>6</b>
Marcus Strömberg, CEO, benefits	129	84
Other senior executives, benefits	196	217
<b>Total</b>	<b>325</b>	<b>301</b>
<b>Number of other senior executives</b>	<b>3</b>	<b>3</b>
Marcus Strömberg, CEO, pension	1,348	1,228
Other senior executives, pensions	2,561	1,894
<b>Total</b>	<b>3,909</b>	<b>3,122</b>
<b>Number of other senior executives</b>	<b>8</b>	<b>7</b>
<b>TOTAL REIMBURSEMENT</b>		
Marcus Strömberg, CEO	7,052	6,043
Other senior executives, pensions	19,143	14,710
<b>TOTAL</b>	<b>26,195</b>	<b>20,753</b>

Remuneration to the CEO and senior executives follows the board's established guidelines, which are presented in the Administration Report.

The above table lists the Deputy CEO together with the other senior executives until he left his position on February 1, 2017. Remuneration included a salary of SEK 1,224,000 (2,070,000), variable remuneration of SEK 0 (306,000), benefits of SEK 0 (69,000) and a pension of SEK 269,000 (424,000). As of February 1, 2017 AcadeMedia has not had a Deputy CEO.

The following positions are included in executive management: The CEO, Deputy CEO up until February 1, 2017, the segment managers for Pre- and Compulsory Schools, Upper Secondary Schools, Adult Education and Espira, CFO, Head of HR, Head of Communication and Public Affairs, Director of Business Development through February 1, 2017. AcadeMedia's CEO receives a basic salary and benefits. Marcus Strömberg also collects variable remuneration of a maximum of six monthly salaries calculated based on set performance targets on a full-year basis. The targets are both operational and financial in nature, such as quality and financial performance. The CEO's annual pension premiums amount to a maximum of 30 percent of his fixed basic salary. The CEO has a premium-based pension solution. The CEO also receives benefits consisting of a car and housing.

If notice of termination is given by AcadeMedia the CEO is entitled to a 12-month period of notice. The salary during the period of notice will be reduced by the amount of any remuneration from another employer as of month seven. If notice of termination is given by AcadeMedia the CEO is entitled to twelve months' severance pay, in addition to the period of notice. Following a notice from the CEO, the notice period is six months. The employment contract includes an anti-competitive clause of six months if s/he intends to take up a new position with a company running competing operations. During this time, the CEO is entitled to remuneration corresponding to the difference between her/his salary in a new employment and the salary s/he had in his employment with the Company.

For other senior executives, notice periods of between four and twelve months apply, depending on whether notice is given by the senior executive or the Company. The notice period is generally longer in cases where a senior executive intends to take new employment in a company conducting competing

operations. In addition to fixed salary, certain senior executives are entitled to variable remuneration of up to three or six months' salary, based on the same criteria as for the CEO. When notice is given by the employer, certain senior executives are entitled to severance pay amounting to between six and twelve months' salary, in addition to regular salary during the notice period.

### Incentive plan

At the Extraordinary General Meeting of AcadeMedia on June 1, 2016, the shareholders resolved to introduce two long-term incentive programs in the form of a share-matching plan, aimed at a maximum of 70 managers and other key employees in the Group, and a warrant program aimed at a maximum of eight senior executives who are invited to invest in this program in addition to the investment in the share-matching program.

The programs are designed to motivate and retain skilled employees, increase consensus regarding the goals of the employees and the Company, and increase motivation to achieve and exceed the Company's financial targets. The board of directors intends to evaluate the two incentive programs with respect to these objectives. If the programs serve their purposes, the Board intends to propose that future AGMs adopt similar incentive programs on a regular basis.

### Share-matching plan

The Extraordinary General Meeting approved a share-matching plan aimed at more than 70 managers and other key employees within the Group. As of June 30, 2017, 48 (58) people had chosen to participate in the share-matching plan. The number was lower because people have chosen to leave AcadeMedia.

Participation requires participants to use their own resources to acquire shares in AcadeMedia, or to allocate shares already held to the program, known as savings shares. Participants who, with certain exceptions, retain the savings shares during the term of the program from the first day of trading on Nasdaq Stockholm until the date of publication of the interim report for the period July 1 to September 30, 2018 and who are also employed by AcadeMedia throughout the term, will receive a matching share (without consideration) at the end of the period for each savings share, provided that the total return (return to shareholders in the form of share price increases and reinvestment of any dividends during the term) on the Company's share throughout the term of the program exceeds 0 percent and that AcadeMedia has maintained a high standard for its educational services.

During the program the board will carry out an evaluation and assessment of management's opinion regarding the quality of the education provided to the students. The number of matching shares to which participants will be entitled will be increased to compensate for any dividends paid on shares during the term. The maximum value of the right to receive one matching share is limited to five times the price of the share when it was listed on Nasdaq Stockholm. Should the value of such a right exceed this ceiling, the number of matching shares will be reduced proportionately.

As of June 30, 2017, senior executives have chosen to participate in the program so that the total number of shares to be allocated under the share-matching plan will be a maximum of 97,052 shares, representing 0.10 percent of outstanding shares. Share-matching plan costs are recognized according to IFRS 2 and valuation of the share-matching plan and social security contributions are based on a generally accepted valuation model (Monte Carlo simulation). The cost of the share-matching plan for the Group during the financial year was SEK 689,000 (33,000) excl. social security contributions, which amounted to SEK 463,000 (24,000).

The following parameters have been applied in the valuation model (Monte Carlo simulation):

- Share price on closing date (June 30, 2017) SEK 56.75/share
- Expected volatility 23%
- Expected share dividend is a parameter in the simulation. AcadeMedia's dividend policy is described in the Administration Report and the board of directors proposes that no dividend be paid for the 2016/2017 financial year.
- Risk-free interest rate -0.3%
- Estimated employee turnover 10%
- Maximum outcome 5 times the share price at listing (40 x 5) = SEK 200/share
- Redemption date is November 8, 2018
- As of June 30, 2017, 97,052 shares remained in the share-matching plan

The valuation (Monte Carlo simulation) gives a value per matching share of SEK 52.66 per share as of June 30, 2017.

## Warrant program

The Extraordinary General Meeting resolved on June 1, 2016 to issue warrants as part of an incentive program aimed at the Group's senior executives. Eligibility to participate in the program was limited to a maximum of eight senior executives, including the CEO. Participation required a maximum personal investment in the share-matching plan. The issue covered a total of 540,000 warrants entitling holders to subscription for the same number of new shares in the Company. The offer was fully subscribed and 540,000 warrants were acquired. Participants acquired warrants for SEK 2.20 per warrant for a total of SEK 1,188,000, which is considered to be the market value based on an independent valuation using the Black and Scholes model. As of June 30, 2017 AcadeMedia has repurchased and redeemed a total of 104,000 warrants from the Deputy CEO and the head of the Pre- and Compulsory Schools segment, both of whom have left their jobs. The number of outstanding warrants as of June 30, 2017 is therefore 436,000.

If the warrants are exercised in full the Company's total shares and votes will be diluted by approximately 0.46 percent.

The warrants have an exercise price per share equivalent to 125 percent of the initial public offering price of SEK 40 per share, i.e. SEK 50 per share. The warrants may be exercised during two periods: for two weeks from the day after publication of the interim report for the third quarter of the 2018/2019 financial year and for two weeks from the day after publication of the interim report for the first quarter of the 2019/2020 financial year.

Should the price per share in the Company at subscription exceed 200 percent of the exercise price, the exercise price will be increased by a corresponding excess amount. The maximum profit at exercise of the warrants is thus limited to SEK 50 per warrant.

The Company has retained the right to, with certain exceptions, repurchase warrants should a participant's employment with the Company be terminated or should the participant wish to transfer warrants prior to the warrants being exercisable.

## Note 6: Pensions

### Pensions

The Group has defined contribution plans and defined benefit plans in Sweden and in Norway.

NET PENSION EXPENSES	GROUP	
	2016/17	2015/16
Cost of service during the period	55	56
Cost of service, previous periods (plan change/adjustment)	0	-1
Employee contributions	-16	-14
Net interest	1	1
<b>Pension expense, defined benefit pension plans, in profit/loss for the year</b>	<b>40</b>	<b>43</b>
Pension expense, defined contribution pension plans, in profit/loss for the year	243	213
<b>Pension expenses in profit/loss for the year</b>	<b>283</b>	<b>255</b>
Remeasurement of defined benefit pension plans recognized as other comprehensive income	-12	-16
<b>PENSION EXPENSE IN TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>271</b>	<b>239</b>

Defined benefit pension plans in Sweden are according to the ITP 2 agreement and are secured through pension insurance with Alecta, and are pension plans that cover several employers. This pension plan is accounted for as a defined contribution pension plan as Alecta cannot provide sufficient information in

order to account for the plan as a defined benefit pension plan.

The premiums for the year for pension insurance plans contracted with Alecta amount to SEK 87 million (SEK 75 million). The Group's percentage of the premiums paid to Alecta amounted to around SEK 0.6 percent (around 0.2 percent). Premiums for the defined benefit retirement and family pension plans are calculated on an individual basis and are determined by factors such as salary, previously vested pension and expected remaining period of service.

The collective funding ratio consists of the fair value of Alecta's assets as a percentage of the insurance obligations, calculated according to Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective funding ratio should normally be allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent or exceeds 155 percent, steps are to be taken to return the funding ratio to within the normal range. In the case of a low funding ratio, steps may be taken to raise the agreed price for new policies and expand existing benefits. In the case of a high funding ratio, steps may be taken to introduce premium reductions. As of June 30, 2017, Alecta's surplus in the form of its collective funding ratio was 156 percent (140 percent).

The following is information on defined benefit pension plans in Norway. The Norwegian companies are obliged to comply with the Norwegian law on mandatory occupational pensions. The Company's pension plans meet the requirements of this law. The plans provide defined future benefits in the form of retirement, family and disability pension. These benefits are mainly determined by the number of years of service, salary at retirement and social insurance levels. Defined benefit pension plans in Norway are secured in accordance with the plans' rules through pension insurance with Storebrand Livforsikring AS. The size of the pension premiums is determined by the insurance provider based on different criteria than those in IAS 19. Under the pension agreement the employees contribute 2 percent of their gross salary in premium payments.

NET DEFINED BENEFIT PENSION LIABILITY	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Present value of pension liability	439	381
Fair value of plan assets	-418	-328
<b>NET PENSION LIABILITY (+) /ASSETS (-) IN THE BALANCE SHEET</b>	<b>21</b>	<b>53</b>

CHANGE IN PRESENT VALUE OF PENSION LIABILITY	GROUP	
	2016/17	2015/16
<b>Pension liability, opening balance</b>	<b>381</b>	<b>381</b>
Effect of acquisitions	10	10
Cost of service during the period	55	56
Cost of service, previous periods (plan change/adjustment)	-	-1
Interest expense	10	8
Remeasurement of pensions,		
– demographic assumptions	-	0
– financial assumptions	-	-27
– experience-based adjustments	0	11
Pension disbursements	-5	-4
Paid payroll tax	-10	-5
Plan change/adjustment	-	-34
Exchange rate difference	-2	-14
<b>PENSION LIABILITY, CLOSING BALANCE</b>	<b>439</b>	<b>381</b>

Plan change/adjustment refers to a change in the rules and conditions regarding disability pension in Norway. As a result of the change disability pension is recognized as a defined contribution pension.

CHANGE IN FAIR VALUE OF PLAN ASSETS	GROUP	
	2016/17	2015/16
<b>Plan assets, opening balance</b>	<b>328</b>	<b>335</b>
Effect of acquisitions	8	5
Interest income	9	7
Return over and above interest income	12	0
Employer contributions	53	18
Employee contributions	16	14
Pension disbursements from plan assets	-5	-4
Plan change/adjustment	-	-34
Exchange rate difference	-3	-13
<b>PLAN ASSETS, CLOSING BALANCE</b>	<b>418</b>	<b>328</b>

The change in employer pension contributions compared with the previous year can mainly be explained by the change in the periodicity of premium payments. See below for the forecast regarding next year's payments.

The plan assets consist of pension insurance through Storebrand Livförsäkring AS, invested according to Storebrand Normal (previously Ekstra Forsiktig). Risk is controlled through dynamic risk management, which means that the equity portion is weighted up or down depending on developments in the financial markets. Risk capacity depends on several factors, such as the buffer and interest rate level.

INVESTMENT OF PLAN ASSETS	June 30, 2017
Shares	11%
Interest-bearing investments	72%
Property	15%
Alternative investments	2%
<b>Total</b>	<b>100%</b>

The present value of pension obligations depends on a number of factors established based on a number of assumptions.

SIGNIFICANT ACTUARIAL ASSUMPTIONS	JUNE 30, 2017	JUNE 30, 2016
Discount rate	2.50%	2.50%
Salary increase	2.50%	2.50%
Upward adjustment of pension	0.00%	0.00%
Increase in social security amount	2.25%	2.25%
Employee turnover	13% until age 40, then 6%	13% until age 40, then 6%
Life expectancy, mortality table	K2013B	K2013B

The Norwegian pension agreements cover around 2,400 individuals who are mainly young women in active service. The weighted average duration of defined benefit pension liabilities is around 28 years.

The expected total contributions to the Norwegian defined benefit plans amount to around SEK 68 million for the upcoming financial year. Added to this is Norwegian payroll tax of around SEK 10 million. The expected contributions to the Swedish defined benefit plans with Alecta amount to around SEK 111 million. Added to this is Swedish payroll tax of around SEK 27 million.

The defined benefit pension plans expose the Group to various risks, including risk associated with life expectancy, salary levels etc. Each change in the assumptions applied will have an impact on the carrying amounts of the pension obligations. Responsibility for pension obligations for former employees, so called paid-up policies, is however transferred to the insurance provider and the pension obligations for paid-up policies are not recognized as net debt.

SENSITIVITY ANALYSIS FOR PENSION LIABILITIES	CHANGE OF ASSUMPTIONS	CHANGE IN LIABILITIES SEK M
Discount rate	-0.50% 0.50%	80 -61
Salary increase	-1.00% 1.00%	-26 30
Upward adjustment of pension	- 0.50%	- 65

The sensitivity analysis involved changing one actuarial assumption while the other assumptions remain unchanged. This method shows the liability's sensitivity to an individual assumption. This is a simplified method as the actuarial assumptions are normally correlated.

## Note 7: Depreciation/amortization

	GROUP	
	2016/17	2015/16
Other intangible assets	6	5
Brands	0	0
Equipment	153	137
Improvement expenses on third-party property	30	29
Buildings	23	16
<b>DEPRECIATION/AMORTIZATION FOR THE YEAR</b>	<b>212</b>	<b>187</b>

## Note 8: Items affecting comparability

Items affecting comparability include non-recurring income and expenses.

These are on a separate line in the accounts to improve comparability between periods and to clarify the trend in the underlying operation. Items affecting comparability are items related to property such as capital gains, major property damage not covered by commercial insurance, consulting costs related to acquisitions, severance payments to senior executives, major integration costs resulting from acquisitions, reorganization costs, as well as costs arising from strategic decisions and major restructuring that results in closing down of units.

	GROUP	
	2016/17	2015/16
Gains on the sale of preschool properties, Norway	-	6
Restructuring expenses for closing down units	-9	3
Non-recurring operating expenses	-2	-15
Expenses for stock exchange listing	-1	-16
Transaction costs	-12	-10
<b>TOTAL</b>	<b>-23</b>	<b>-32</b>

Restructuring expenses in 2016/17 relate to provisions for future expenses that will result from a decision to close two units during the financial year. An additional six units are in the process of being closed. Close-down costs for these units have been recognized in the period when the decision was made. However, any deviations from the estimated cost may be reversed to profit if the deviation is positive or expensed if the initial provision does not cover the actual cost. Non-recurring operating expenses relate to costs for layoff pay for outgoing staff (only senior executives or staff in major restructuring proceedings). Transaction expenses relate to fees and services purchased in connection with company acquisitions. IPO expenses relate to profit portion of listing costs. The estimated reserve for advisory costs in connection with the listing on June 30, 2016 was not sufficient, for which reason expenses related to listing are also included in this year's outcome.

The Group's operating profit/loss would be as follows if items affecting comparability had not had their own line in the accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK M)	GROUP	
	2016/17	2015/16
Net sales	9,520	8,611
Other operating income	0	6
	<b>9,520</b>	<b>8,617</b>
Cost of goods sold	-796	-802
Other external expenses	-2,085	-1,903
Personnel expenses	-5,813	-5,190
Depreciation/amortization	-212	-187
	<b>-8,905</b>	<b>-8,082</b>
<b>OPERATING PROFIT</b>	<b>615</b>	<b>535</b>

## Note 9: Segment reporting

The Group's operations are run within four segments: Pre- and Compulsory Schools (Sweden), Preschool International, Upper Secondary Schools (Sweden) and Adult Education (Sweden). Preschool International is located in Norway and Germany, while the other segments are based in Sweden.

AcadeMedia's Pre- and Compulsory Schools segment runs preschools and compulsory schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. They are run entirely based on the school voucher system.

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the Joki and Stepke brands. Espira is Norway's third largest preschool provider and has a clear proficiency-oriented concept. In Germany, a total of 17 preschools are located in the Munich area, Nordreinwestfahlen. The business in Norway is based on a publicly funded school voucher system similar to the Swedish system, while the operation in Germany has a higher percentage of parental fees.

AcadeMedia's Upper secondary schools segment provides upper secondary education throughout Sweden under 16 different brands, offering both university preparatory and vocationally oriented programs. The segment's brands include Plusgymnasiet, NTI, LBS, ProCivitas and Rytmus. They are run entirely based on the school voucher system.

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education. AcadeMedia Adult Education is divided into four areas: Language and Integration, Municipal Adult Education, Labor Market Services and Higher Vocational Education. The units are operated under brands such as Eductus, Hermods, and NTI-skolan. The reimbursement model, which varies among the business areas, is based on public funding across the board, mainly from municipalities and the Swedish Public Employment Service.

The segments are responsible for the ongoing financial results up to and including operating profit. Responsibility for operating assets and financing, including cash and cash equivalents, rests at the Group level. This means that cash and cash equivalents and interest-bearing assets and liabilities are not allocated out to the segments. Consequently, it is not possible to allocate net financial income/expense and tax on the year's profits per segment either.

2016/17 SEK M	Pre- and Compulsory Schools	Preschool International **)	Upper Secondary Schools	Adult Edu- cation	Other/ Group	Total	Elimination	Group
Net sales, external	3,690	1,725	2,526	1,576	4	9,520	-	9,520
Net sales, internal	89	156	89	94	340	767	-767	-
<b>Sales revenue, total</b>	<b>3,779</b>	<b>1,881</b>	<b>2,615</b>	<b>1,670</b>	<b>343</b>	<b>10,288</b>	<b>-767</b>	<b>9,520</b>
EBITDA before items affecting comparability	252	139	312	206	-61	849	-	849
Depreciation/amortization	-54	-42	-105	-7	-4	-212	-	-212
Operating income (EBITA) before items affecting comparability	199	98	206	200	-65	638	-	638
Items affecting comparability	0	0	-9	0	-14	-23	-	-23
Operating profit/loss (EBIT)	199	98	198	200	-79	615	-	615
Net financial items	-	-	-	-	-80	-80	-	-80
Profit/loss after financial items (EBT)	-	-	-	-	535	535	-	535
Tax on profit for the year	-	-	-	-	-120	-120	-	-120
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>416</b>	<b>416</b>	<b>-</b>	<b>416</b>
Total number of students	31,231	9,295	25,544	*)	-	66,070	-	66,070
Number of children, preschools	11,035	9,295	-	-	-	20,330	-	20,330
Number of students, compulsory schools	20,196	-	-	-	-	20,196	-	20,196
Number of students, upper secondary schools	-	-	25,544	-	-	25,544	-	25,544
Number of employees, annually	4,452	2,210	2,186	1,587	127	10,564	-	10,564
Number of units	228	102	103	-	-	433	-	433

\*) The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years.

\*\*\*) Espira was acquired in May 2014 and Joki was acquired in February 2016, at which time the name of the segment was changed to Preschool International.

2015/16 SEK M	Pre- and Compulsory Schools	Preschool International **)	Upper Secondary Schools	Adult Edu- cation	Other/ Group	Total	Elimination	Group
Net sales, external	3,434	1,381	2,421	1,372	3	8,611	–	8,611
Net sales, internal	141	214	83	94	268	800	-800	–
<b>Sales revenue, total</b>	<b>3,575</b>	<b>1,595</b>	<b>2,504</b>	<b>1,466</b>	<b>271</b>	<b>9,411</b>	<b>-800</b>	<b>8,611</b>
EBITDA before items affecting comparability	252	104	298	157	-57	754	–	754
Depreciation/amortization	-49	-26	-100	-7	-5	-187	–	-187
Operating income (EBITA) before items affecting comparability	203	78	198	150	-62	567	–	567
Items affecting comparability	3	6	0	-3	-38	-32	–	-32
Operating profit/loss (EBIT)	206	84	198	147	-100	535	–	535
Net financial items	–	–	–	–	-127	-127	–	-127
Profit/loss after financial items (EBT)	–	–	–	–	408	408	–	408
Tax on profit for the year	–	–	–	–	-89	-89	–	-89
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>319</b>	<b>319</b>	<b>–</b>	<b>319</b>
Total number of students	30,081	8,056	25,014	*)	–	63,151	–	63,151
Number of children, preschools	10,302	8,056	–	–	–	18,358	–	18,358
Number of students, compulsory schools	19,779	–	–	–	–	19,779	–	19,779
Number of students, upper secondary schools	–	–	25,014	–	–	25,014	–	25,014
Number of employees, annually	4,223	1,879	2,125	1,360	127	9,714	–	9,714
Number of units	226	94	105	–	–	425	–	425

\*) The volume of adult education is not measured based on the number of participants since the length of the programs varies from individual occasions to academic years

\*\*\*) Espira was acquired in May 2014 and Joki was acquired in February 2016, at which time the name of the segment was changed to Preschool International.

## Geographic information

REVENUE FROM EXTERNAL CUSTOMERS (BASED ON PLACE OF RESIDENCE)	GROUP		NON-CURRENT ASSETS BY COUNTRY	GROUP	
	2016/17	2015/16		2016/17	2015/16
Sweden	7,795	7,230	Sweden	4,764	4,694
Norway	1,619	1,348	Norway	1,554	1,354
Germany	106	33	Germany	256	93
<b>TOTAL</b>	<b>9,520</b>	<b>8,611</b>	<b>TOTAL</b>	<b>6,574</b>	<b>6,141</b>

The Group has one customer whose sales amounted to around 14% (11%) of the Group's total net sales for 2016/17. The breakdown by segment for this customer is as follows: Pre- and Compulsory Schools SEK 777 (670) million, Upper Secondary School SEK 343 (204) million and Adult Education SEK 168 (103) million.

## Note 10: Taxes

Income tax in the consolidated statement of comprehensive income consists of the following main components:

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
<b>Income statement</b>				
<i>Current tax</i>				
Current tax on profit for the year	-65	-66	0	-5
Adjustment for previous years	-3	-3	-	-
<b>Total current tax</b>	<b>-68</b>	<b>-69</b>	<b>0</b>	<b>-5</b>
<i>Deferred tax</i>				
Emergence and reversal of temporary differences	-51	-19	-	-
<b>Total deferred tax</b>	<b>-51</b>	<b>-19</b>	<b>-</b>	<b>-</b>
<b>Total tax expense recognized in the income statement</b>	<b>-120</b>	<b>-89</b>	<b>0</b>	<b>-5</b>
<b>Other comprehensive income</b>				
Deferred tax attributable to defined benefit plans	-3	-4	-	-
<b>TOTAL TAX EXPENSE RECOGNIZED IN OTHER COMPREHENSIVE INCOME</b>	<b>-3</b>	<b>-4</b>	<b>-</b>	<b>-</b>

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
<b>RECONCILIATION OF TAX RECOGNIZED IN THE INCOME STATEMENT</b>				
<b>Profit before tax</b>	535	408	0	21
Tax on profit for the year based on the tax rate in effect (22.0%)	-118	-90	0	-5
<i>Tax effect of:</i>				
Effect of other tax rates for foreign companies	-1	-2	-	-
Other non-deductible expenses	-4	-3	0	-
Non-taxable income	0	6	0	0
Utilization of previous year's unrecognized loss carry-forwards	-	0	-	-
Deferred tax on sale of properties *)	-	0	-	-
Deferred tax on temporary differences	4	0	-	-
Adjustment for previous years	-3	-3	-	-
Other	2	3	-	-
<b>RECOGNIZED TAX EXPENSE</b>	<b>-120</b>	<b>-89</b>	<b>0</b>	<b>-5</b>

\*) The difference between the recognized deferred tax liability attributable to sold properties prior to the sale and the taxable outcome of the sale. Since no tax was paid in connection with the sale, the deferred tax liability was reversed in its entirety and recognized in profit and loss.

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2016
<b>Deferred tax assets</b>				
Intangible non-current assets	0	0	-	-
Property, plant and equipment	17	15	-	-
Tax deficit	7	38	1	1
Pension provisions	5	13	-	-
Other	25	24	-	-
<b>Total deferred tax assets</b>	<b>54</b>	<b>90</b>	<b>1</b>	<b>1</b>
Offsetting of tax asset/tax liability	-47	-75	-	-
<b>Deferred tax assets, closing balance</b>	<b>7</b>	<b>15</b>	<b>1</b>	<b>1</b>
<b>Deferred tax liability</b>				
Intangible non-current assets	9	11	-	-
Property, plant and equipment	34	25	-	-
Untaxed reserves	70	61	-	-
<b>Total deferred tax liabilities</b>	<b>113</b>	<b>97</b>	<b>-</b>	<b>-</b>
Offsetting of tax asset/tax liability	-47	-75	-	-
<b>Deferred tax liabilities, closing balance</b>	<b>66</b>	<b>22</b>	<b>-</b>	<b>-</b>
<b>Change in deferred tax</b>				
Deferred tax net, opening balance	-6	16	1	1
Reclassification, previous year	1	-2	-	-
Deferred tax according to the income statement	-51	-19	-	-
Company acquisitions	0	0	-	-
Deferred tax pension recognized as equity	-3	-4	-	-
Translation difference	0	2	-	-
<b>Deferred tax net, closing balance</b>	<b>-59</b>	<b>-6</b>	<b>1</b>	<b>1</b>

### Tax loss carry-forwards

The tax loss carry-forwards for the Group amount to SEK 30 (169) million. As of June 30, 2017 the Group did not have the right to fully use loss carry-forwards to offset a surplus due to changes in the Group structure. The full right to use tax loss carry-forwards in Sweden with the current Group structure will be available in 2022 at the latest. Tax loss carry-forwards in Sweden amount to SEK 16 million, in Norway SEK 13 million, and in Germany SEK 1 million. Loss carry-forwards have no time limit. The parent company's deferred tax loss carry-forwards total SEK 3 (3) million.

Deferred tax assets are recognized as an asset to the extent it is likely that the loss carry-forward can be used to offset a surplus in future tax returns. SEK 30 (169) million of the Group's tax loss carry-forwards are expected to be able to offset future tax surpluses.

## Note 11: Interest income and similar profit/loss items

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
Interest income	7	6	0	0
Interest rate swaps*	1	1	-	-
Other	1	-	-	-
<b>INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS</b>	<b>9</b>	<b>7</b>	<b>0</b>	<b>0</b>

\* Change in value of the Group's derivatives (swaps); for more information about the Group's derivatives (swaps), refer to Note 26.

## Note 12: Interest expense and similar profit/loss items

	GROUP		PARENT COMPANY	
	2016/17	2015/16	2016/17	2015/16
Interest expense	-69	-121	0	-41
Borrowing costs *)	-5	-6	-	-1
Exchange rate losses	-3	-3	-	-
Impairment	-8	-	-	-
Bank fees and similar	-5	-4	0	-
<b>INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS</b>	<b>-89</b>	<b>-134</b>	<b>0</b>	<b>-42</b>

\*) Handling charges for new loans are expensed over the term of the loan. During the financial year, scheduled amortization of capitalized borrowing costs was SEK 5 (6) million.

## Note 13: Business combinations

### Acquisitions 2016/17

Acquiring companies	Acquired companies/businesses	Acquisition date	Segment
Espira Barnehager AS	Skånetoppen Barnehage	July 1, 2016	Preschool International
Espira Barnehager AS	Espira Rødknappen AS	Sept. 1, 2016	Preschool International
Espira Barnehager AS	Espira Jeløy AS	Nov. 1, 2016	Preschool International
Pyslingen Förskolor och Skolor AB	Kungsholmens Förskola AB	Dec. 1, 2016	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Sofiero Förskola AB	Feb. 1, 2017	Pre- and Compulsory Schools
AcadeMedia fria grundskolor AB	Växthuset förskola i Mölndal AB	Feb. 1, 2017	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Kulskolan	Feb. 1, 2017	Pre- and Compulsory Schools
Espira Barnehager AS	Espira Kulturstien AS	April 1, 2017	Preschool International
Espira Barnehager AS	Espira Lindesnes AS	April 1, 2017	Preschool International
AcadeMedia GmbH	Step Kids Education GmbH	April 1, 2017	Preschool International
Pyslingen Förskolor och Skolor AB	Åsöbergets Förskola AB	June 1, 2017	Pre- and Compulsory Schools

Together these acquisitions represent a value of less than 5 percent of the Group, and accordingly they are not specified as separate acquisitions in the tables. The voting power of all acquisitions amounts to 100 percent. Of the above acquisitions, the acquisition of Skånetoppen Barnehage and Kulskolan entails the acquisition of the assets and liabilities of the business.

Acquisitions of large and small businesses comprise an important part of AcadeMedia's growth strategy.

The purchase consideration in all bolt-on acquisitions consists of a cash consideration in all cases except Step Kids Education GmbH (Stepke), and no contracts are in place regarding a contingent or deferred consideration. The acquisition of Stepke was financed in part by a non-cash issue of 524,997 shares in AcadeMedia AB (publ.) corresponding to a value of SEK 29 million (EUR 3.0m). An additional consideration of a maximum of EUR 4.0 million (38) may fall due, depending on the financial outcome for the 2018 and 2019 calendar years. This is included in the purchase consideration in its entirety.

The following are disclosures of adjusted acquired net assets and goodwill. Amortization/impairment of goodwill attributable to goodwill on consolidation are not tax deductible, while amortization/impairment attributable to business acquisitions (net assets) are tax deductible.

ACQUISITION EFFECTS OF ACQUISITIONS MADE	2016/2017
Purchase consideration including transaction expenses	215
Purchase consideration excluding transaction expenses	208
Fair value of acquired net assets excluding goodwill	-13
<b>TOTAL GOODWILL</b>	<b>195</b>

FAIR VALUE ACQUIRED	2016/2017
Intangible non-current assets excluding goodwill	1
Property, plant and equipment	92
Financial assets, including deferred tax assets	-
Current assets	11
Cash and cash equivalents	27
Non-current loans	-64
Other non-current liabilities	-
Other current liabilities	-47
Current tax liability	-4
Deferred tax liability	-2
<b>NET ASSETS ACQUIRED</b>	<b>13</b>

The fair value of acquired receivables is included in current assets and amounts to SEK 11 million. The receivables are expected to be received in full. Goodwill that has arisen from acquisitions consists of synergies with existing businesses, as well as resources such as personnel, education programs, recruitment and personnel development, as well as service organization, which can be streamlined as a result of the acquisitions.

IMPACT OF THE ACQUISITIONS ON THE GROUP'S CASH AND CASH EQUIVALENTS	2016/2017
Purchase consideration agreed	208
Cash and cash equivalents at time of acquisition	-27
Less purchase consideration that has not been settled in cash	-29
Unsettled purchase consideration	-40
<b>IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>111</b>

## Acquisitions 2015/16

Acquiring companies	Acquired companies/businesses	Acquisition date	Segment
Pyslingen Förskolor och Skolor AB	Sjötullen	July 13, 2015	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	WanWett AB	Nov. 1, 2015	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Landborgen Prästgatan Förskolor AB	Feb. 1, 2016	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Lärkrädets Förskola AB	March 1, 2016	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Färjan AB	June 1, 2016	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Värberga Förskola AB	June 1, 2016	Pre- and Compulsory Schools
Pyslingen Förskolor och Skolor AB	Förskoleaktiebolaget Hattstugan	June 1, 2016	Pre- and Compulsory Schools
Espira Barnehager AS	Espira Stansa AS	April 1, 2016	Preschool International
Espira Barnehager AS	Espira Varbak Arcen AS	April 1, 2016	Preschool International
Espira Barnehager AS	Espira Scala Hundvåg Tasta AS	June 1, 2016	Preschool International
AcadeMedia GmbH	Joki Harlaching GmbH	Feb. 1, 2016	Preschool International
AcadeMedia GmbH	Joki Kinderbetreuung Pasing GmbH	Feb. 1, 2016	Preschool International

Together these acquisitions represent a value of less than 5 percent of the Group, and accordingly they are not specified as separate acquisitions in the tables. The voting power of all acquisitions amounts to 100 percent. Of the above acquisitions, the acquisition of Sjötullen entails the acquisition of the assets and liabilities of the business.

Acquisitions of large and small businesses comprise an important part of AcadeMedia's growth strategy. The acquisition of Joki in Germany also entails a platform for expansion into a new geographic market.

In all of the acquisitions, the purchase consideration takes the form of a cash payment as well as a 676,092 shares in AcadeMedia AB for a value of SEK 32 million. There is an agreement concerning deferred consideration and it cannot exceed SEK 3 million.

The following are disclosures of adjusted acquired net assets and goodwill. Amortization/impairment of goodwill attributable to goodwill on consolidation are not tax deductible, while amortization/impairment attributable to business acquisitions (net assets) are tax deductible.

ACQUISITION EFFECTS OF ACQUISITIONS MADE	2015/2016
Purchase consideration including transaction expenses	208
Purchase consideration excluding transaction expenses	203
Fair value of acquired net assets excluding goodwill	-47
<b>TOTAL GOODWILL</b>	<b>156</b>

FAIR VALUE ACQUIRED	2015/2016
Intangible non-current assets excluding goodwill	0
Property, plant and equipment	80
Financial assets, including deferred tax assets	2
Current assets	13
Cash and cash equivalents	22
Non-current loans	-18
Other non-current liabilities	-6
Other current liabilities	-28
Current tax liability	-14
Deferred tax liability	-4
<b>NET ASSETS ACQUIRED</b>	<b>47</b>

The fair value of acquired receivables is included in current assets and amounts to SEK 13 million. The receivables were expected to be received in full. Goodwill that arises from acquisitions consists of synergies with existing businesses, as well as resources such as personnel, education programs, recruitment and personnel development, as well as service organization, which can be streamlined as a result of the acquisitions.

IMPACT OF THE ACQUISITIONS ON THE GROUP'S CASH AND CASH EQUIVALENTS	2015/2016
Purchase consideration agreed	203
Cash and cash equivalents at time of acquisition	-22
Less purchase consideration that has not been settled in cash	-32
Unsettled purchase consideration	-3
<b>IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>146</b>

## Group total

ACQUISITION EFFECTS OF ACQUISITIONS MADE	2016/2017	2015/2016
Purchase consideration including transaction expenses	215	208
Transaction costs	-7	-5
Purchase consideration excluding transaction expenses	208	203
Fair value of acquired net assets excluding goodwill	-13	-47
<b>TOTAL GOODWILL</b>	<b>195</b>	<b>156</b>

Goodwill is mainly attributable to:

- The business can sustainably operate with good profitability based on its quality and attractiveness as the result of a well-developed organization and staff
- Annual cost synergies, which are expected to arise from overlapping resources in sales and marketing, administration, education
- Economies of scale and streamlining in purchasing and administration.
- Expanded operations into new geographic markets

IMPACT OF THE ACQUISITIONS ON THE GROUP'S CASH AND CASH EQUIVALENTS	2016/2017	2015/2016
Purchase consideration agreed	208	203
Cash and cash equivalents at time of acquisition	-27	-22
Less purchase consideration that has not been settled in cash	-29	-32
Unsettled purchase consideration	-40	-3
<b>IMPACT ON THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>111</b>	<b>146</b>

CONTRIBUTION OF ACQUISITIONS TO CONSOLIDATED PROFIT	2016/2017	2015/2016
Net sales	67	81
Operating profit/loss (EBIT)	9	8

**IF THE UNITS HAD BEEN INCLUDED IN CONSOLIDATED PROFIT/LOSS FROM JULY 1 THEIR CONTRIBUTION WOULD HAVE BEEN**

	2016/2017	2015/2016
Net sales	167	226
Operating profit/loss (EBIT)	5	16

## Note 14: Goodwill

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	4,878	4,744
Company acquisitions	195	156
Translation difference	4	-22
<b>Accumulated cost, closing balance</b>	<b>5,077</b>	<b>4,878</b>
Impairment, opening balance	-4	-4
Impairment for the year	-	-
<b>Accumulated impairment, closing balance</b>	<b>-4</b>	<b>-4</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>5,073</b>	<b>4,874</b>

## Note 15: Brands

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	194	194
Company acquisitions	-	-
<b>Accumulated cost, closing balance</b>	<b>194</b>	<b>194</b>
Amortization, opening balance	0	0
Amortization for the year	-	0
<b>Accumulated amortization, closing balance</b>	<b>0</b>	<b>0</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>194</b>	<b>194</b>

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
All brands included above relate to Sweden:		
Pysslingen	39	39
Vittra	8	8
Rytmus	5	5
NTI	30	30
LBS	12	12
ProCivitas	0	0
NTI-skolan	0	0
Hermods	100	100
Eductus	0	0
	<b>194</b>	<b>194</b>

## Note 16: Impairment testing

The Group tests at least once a year for impairment of goodwill and brands (refer to accounting policies in Note 1). Goodwill and brands are monitored within the Group by segment as they are clearly defined areas with similar business models. The segments are therefore the Group's cash-generating units (CGU) and are tested in the impairment test. Note that Preschool Norway and Preschool Germany are tested for impairment as separate CGUs, but their financial outcomes are reported together as the Preschool International segment.

The recoverable amount is calculated at the value in use of the Swedish operations and as the fair value less selling costs for the international operations. Value in use does not capture either the market value of Espira's properties or that Joki was acquired as a platform for expansion.

The recoverable amount is calculated on the basis of a ten-year forecast based on; adopted budget, adopted business plan extending until 2021/2022, and another five years for depreciation to reflect investment assumptions. The Board has approved these plans based on previous results, industry experience and expectations of market development. Both the budget and the business plan are made individually and based on the unit portfolios. The plans include assumptions about student development, margin, working capital and investment requirements.

Cash flow beyond the business plan is expected to grow by 1% for all Nordic operations. Joki has a declining growth rate and will reach 2% terminal growth in 2026/2027. The growth rate of 1 percent is viewed as a cautious assumption given the inflation goals in place and the fact that the number of children in Sweden is expected to rise. In the Swedish school operations, bolt-on acquisitions and new establishments expected after 2015/16 have been excluded. A summary of the breakdown of goodwill and brands by CGU can be found below.

For the international operations, the following assumptions have also been made: Joki's new establishments are included and have a declining growth rate from year five to year ten, and the weighted average use of capital (WACC) is 14.6%. In Espira a breakdown has been made where properties have been valued separately based on an assumed annual rent per child of NOK 17,500 and a market yield of 6%. The remaining business has been adjusted so that market rent is paid and then valued according to the customary value in use model.

	Goodwill	Brands	Growth rate*	WACC**
<b>CGU – June 30, 2017</b>				
Pre- and compulsory schools	1,889	47	1%	11.2%
Preschool Norway	725	0	1%	11.4%
Preschool Germany	211	0	2%	14.6%
Upper Secondary Schools	1,493	47	1%	11.3%
Adult Education	754	100	1%	11.1%
	<b>5,073</b>	<b>194</b>		
<b>CGU – June 30, 2016</b>				
Pre- and compulsory schools	1,867	47	1%	12.5%
Preschool Norway	673	0	2%	12.4%
Preschool Germany	87	0	-	-
Upper Secondary Schools	1,493	47	1%	12.4%
Adult Education	754	100	1%	12.5%
	<b>4,874</b>	<b>194</b>		

\* Growth rate from last forecast year, 2026/2027

\*\* Pre-tax discount rate used for estimated future cash flows.

AcadeMedia has conducted a comprehensive analysis of the sensitivity in the variables used in the model. The analysis takes into account a reasonable decline in gross margins, an increase in the discount rate and lowered terminal growth assumptions. A change in each of the significant assumptions included in the calculation shows that the recoverable amount exceeds the carrying amount with a margin for the CGUs Preschool and Compulsory School, Upper Secondary School and Adult Education. For Espira and Joki, the recoverable amount exceeds the book value by SEK 134 (90) million and SEK 16 million, respectively. By raising the yield target requirement by 2.2 percentage points for Espira and 1.1 percentage points for Joki, the recoverable amount would correspond to the book value.

**Note 17: Other intangible non-current assets**

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	22	31
Acquisitions for the year	3	7
Disposals for the year	–	-16
Company acquisitions	1	0
<b>Accumulated cost, closing balance</b>	<b>26</b>	<b>22</b>
Amortization, opening balance	-13	-24
Disposals	–	16
Amortization for the year	-6	-5
Translation difference	0	0
<b>Accumulated amortization, closing balance</b>	<b>-19</b>	<b>-13</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>7</b>	<b>9</b>

Other intangible non-current assets consist of computer software and teaching platforms.

**Note 18: Buildings**

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	660	518
Translation difference	1	-17
Company acquisitions	80	66
Purchases	91	159
Less sales for the year	–	-66
<b>Accumulated cost, closing balance</b>	<b>832</b>	<b>660</b>
Amortization, opening balance	-22	-16
Translation difference	1	0
Depreciation of buildings sold	–	10
Depreciation/amortization for the year	-23	-16
<b>Accumulated amortization, closing balance</b>	<b>-44</b>	<b>-22</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>788</b>	<b>638</b>

The buildings relate to preschool properties in the Preschool International segment and were added through the acquisition of Espira and Stepke, as well as subsequent expansion with new construction for new establishments in Norway. The Group has also built and owns preschool properties within the Norwegian and German preschool operations. During the year 0 (3) preschool properties were sold in Norway. As of June 30, 2017, 26 (20) properties were owned.

**Note 19: Equipment**

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	776	713
Translation difference	0	-1
Company acquisitions	9	5
Purchases	204	160
Reclassifications	1	–
Less sales for the year	0	-2
Disposals	-122	-99
<b>Accumulated cost, closing balance</b>	<b>867</b>	<b>776</b>
Amortization, opening balance	-523	-485
Translation difference	0	0
Depreciation/amortization for the year	-153	-137
Reclassifications	2	–
Disposals	120	99
<b>Accumulated amortization, closing balance</b>	<b>-554</b>	<b>-523</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>313</b>	<b>253</b>

**Note 20: Equipment held under finance leases**

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	250	255
Purchases	102	82
Disposals	-91	-87
<b>Accumulated cost, closing balance</b>	<b>261</b>	<b>250</b>
Amortization, opening balance	-173	-185
Depreciation/amortization for the year	-80	-74
Disposals	91	86
<b>Accumulated amortization, closing balance</b>	<b>-162</b>	<b>-173</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>99</b>	<b>77</b>

The leased assets in the table above are included in the table in Note 19. The Group's future lease obligations are described in Note 3.

**Note 21: Improvement expenses on third-party property**

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Cost, opening balance	313	261
Company acquisitions	–	3
Purchases	70	55
Reclassifications	0	–
Disposals	-7	-6
<b>Accumulated cost, closing balance</b>	<b>376</b>	<b>313</b>
Amortization, opening balance	-173	-149
Depreciation/amortization for the year	-30	-29
Reclassifications	-2	–
Disposals	5	5
Translation difference	0	0
<b>Accumulated amortization, closing balance</b>	<b>-200</b>	<b>-173</b>
<b>CARRYING AMOUNT, CLOSING BALANCE</b>	<b>176</b>	<b>140</b>

## Note 22 Shares in subsidiaries

The Group has operations in Sweden, Norway and Germany. The parent company has controlling interest over the subsidiaries. All subsidiaries are wholly owned, directly or indirectly, by the parent company.

<b>Book value, opening balance as of July 1, 2016</b>	2,219
AcadeMedia AB made shareholder contributions to AcadeMedia Group AB	29
<b>Book value, closing balance as of June 30, 2017</b>	<b>2,247</b>

DIRECT OWNERSHIP						
Subsidiary	Corp. ID no.	Registered office	Capital share	Number of shares	Nominal value	Book value
AcadeMedia Group AB	556806-1369	Stockholm	100%	50,000	1	2,247

Nominal values in the tables below are denominated in local currency.

INDIRECT OWNERSHIP OF SUBSIDIARIES IN THE GROUP					
	Corp. ID no.	Registered office	Capital share	Number of shares	Nominal Value/share (SEK)
ACM 2010 AB	556805-3051	Stockholm	100%	50,000	1
ACM 2001 AB	556057-2850	Stockholm	100%	12,041,246	2
Anew Learning AB	556402-8925	Stockholm	100%	10,000	1,000
AcadeMedia Eductus AB	556527-4007	Stockholm	100%	20,000	2,000
Nordens Teknikerinstitut AB (NTI)	556120-3679	Stockholm	100%	10,000	1,000
Klaragymnasium AB	556630-3938	Stockholm	100%	1,000	100
Ljud & Bildskolan LBS AB	556485-1649	Stockholm	100%	10,000	1,000
Drottning Blankas Gymnasieskola AB	556566-8794	Stockholm	100%	4,000	400
Hermods Gymnasium AB	556528-6696	Stockholm	100%	2,800	280
Hermods Design & Construction College AB	556982-8451	Stockholm	100%	50,000	1
Mikael Elias Gymnasium AB	556558-3282	Stockholm	100%	250,000	1
Framtidsskolan Örestad Utveckling AB	556607-0552	Stockholm	100%	1,000	100
ProCivitas Privata Gymnasium AB	556615-7102	Stockholm	100%	1,000	100
Plushögskolan AB	556495-5853	Gothenburg	100%	1,000	100
Plusgymnasiet AB	556578-9129	Stockholm	100%	1,000	100
P-PY 2009 AB	556786-3609	Stockholm	100%	21,100,386	1
Pyslingen Förskolor och Skolor AB	556035-4309	Stockholm	100%	90,000	100
Söder Triaden Förskolor AB	556468-5955	Stockholm	100%	102	1,000
AcadeMedia Support AB	556568-8479	Stockholm	100%	1,000	100
Primaskolan i Sverige AB	556557-0958	Stockholm	100%	4,000	100
Didaktus AB	556590-6947	Stockholm	100%	808,600	10
Didaktus Skolor AB	556473-2856	Stockholm	100%	4,300	50
Didaktus Utbildningar AB	556645-3626	Stockholm	100%	2,000	50
NTI-skolan AB	556709-8057	Stockholm	100%	2,000	100
IT Gymnasiet Sverige AB	556597-0471	Stockholm	100%	6,000	100
Framtidsgymnasiet i Göteborg AB	556478-1606	Stockholm	100%	1,000	100
Framtidsgymnasiet i Sverige AB	556575-5500	Stockholm	100%	1,000	100
Framtidsgymnasiet Öst AB	556530-4481	Stockholm	100%	6,999	100
Rytmus AB	556464-8979	Stockholm	100%	8,000	100
Sjölin's Gymnasium AB	556375-8399	Stockholm	100%	500	1,000
Vittraskolorna AB	556458-6716	Stockholm	100%	1,000	100
AcadeMedia fria grundskolor AB	556932-0699	Stockholm	100%	50,000	1
Nya Designgymnasiet i Nacka AB	556932-0681	Stockholm	100%	50,000	1
Hammarby Förskolor AB	556629-2537	Stockholm	100%	1,000	100
Kastanjelunden Förskola AB (formerly WanWett AB)	556755-0032	Stockholm	100%	1,000	100
Landborgen Prästgatan Förskolor AB	556450-2101	Stockholm	100%	1,000	100
Lärkträdet's Förskola AB	556590-4868	Stockholm	100%	1,000	100
Stallmästarens Förskola AB	556480-7625	Stockholm	100%	1,000	100
Färjan AB	556768-0631	Stockholm	100%	1,000	100
Norrskönet's Friskolor Kalix AB	559047-6528	Stockholm	100%	50,000	1
Norrskönet's Friskolor Boden AB	559045-5050	Stockholm	100%	50,000	1
Norrskönet's Friskolor Luleå AB	559045-5076	Stockholm	100%	50,000	1
Vårberga Förskola AB	556494-2703	Stockholm	100%	1,000	100

Förskoleaktiebolaget Hattstugan	556449–6817	Stockholm	100%	1,000	100
Kungsholmens Förskola AB	559042–7000	Stockholm	100%	500	100
Sofiero Förskola AB	556555–3079	Stockholm	100%	1,000	100
Äsöbergets Förskola AB	556476–5609	Stockholm	100%	1,000	100
Växthuset förskola i Mölndal AB	556780–2714	Stockholm	100%	1,000	100
Kompetensutvecklingsinstitutet Sverige AB	556355–7395	Stockholm	100%	1,000	100
Hermods Group AB	556757–0949	Stockholm	100%	1,408,011	1
Hermods AB	556044–0017	Stockholm	100%	11,000	1,000
EC Utbildning AB	556626–4387	Karlshamn	100%	1,000	100
Coaching och utveckling i Sverige AB	556820–7673	Stockholm	100%	500	100
TGA Utbildning AB (formerly NK Datacenter AB)	556575–3901	Stockholm	100%	1,000	100
Utbildningsborgen i Örebro AB	556442–1328	Örebro	100%	5,000	100
Sälj och Marknadshögskolan i Sverige AB	556518–9361	Stockholm	100%	1,000	100

<b>INDIRECT OWNERSHIP OF SUBSIDIARIES IN THE GROUP</b>	<b>Corp. ID no.</b>	<b>Registered office</b>	<b>Capital share</b>	<b>Number of shares</b>	<b>Nominal Value/share (NOK)</b>
Espira Holding AS	913192281	Karmøy	100%	30	100,000
Espira Gruppen AS	991926577	Karmøy	100%	54,630,000	0.1
Espira Barnehager AS	985072825	Karmøy	100%	100	1,000
Espira Eiendom AS	992642734	Karmøy	100%	100	1,000
Espira Entreprenør AS	998253640	Karmøy	100%	2,000	1,000
Barnebygg AS	963261446	Oslo	100%	1,000	100
Espira Akademiet AS	966825855	Karmøy	100%	920	152
Espira Bjørgene AS	988440418	Karmøy	100%	100	1,000
Espira Blakstad AS	996987329	Karmøy	100%	100	1,000
Espira Brådalsfjellet AS	988711896	Karmøy	100%	100	1,000
Espira Bråsteintunet AS	993429082	Karmøy	100%	100	1,000
Espira Dragerskogen AS	990652899	Karmøy	100%	100	1,000
Espira Dvergsnes AS	991126627	Karmøy	100%	100	1,000
Espira Eikenga AS	817350232	Karmøy	100%	62	2,935
Espira Evje AS	996987337	Karmøy	100%	100	1,000
Espira Fjeldebakkane AS	987415584	Karmøy	100%	100	1,000
Espira Fenstad AS	987762780	Karmøy	100%	100	1,000
Espira Garhaug AS	986916490	Karmøy	100%	100	1,000
Espira Gjemble AS	983089909	Karmøy	100%	100	1,000
Espira Gullhella AS	985462437	Karmøy	100%	100	1,000
Espira Gåserud AS	985030006	Karmøy	100%	100	1,000
Espira Halsnøy Kloster AS	990797722	Karmøy	100%	100	1,000
Espira Helldalsåsen AS	985311374	Karmøy	100%	100	1,000
Espira Høytorp Fort AS	988711918	Karmøy	100%	100	1,000
Espira Kløverenga AS	988067547	Karmøy	100%	100	1,000
Espira Knerten AS	979339828	Karmøy	100%	210	1,000
Espira Kniveåsen AS	990343063	Karmøy	100%	100	1,000
Espira Krystallveien AS	992419938	Karmøy	100%	100	1,000
Espira Kuventræ AS	989838563	Karmøy	100%	100	1,000
Espira Littlasund AS	992061472	Karmøy	100%	100	1,000
Espira Løvestad AS	992823690	Karmøy	100%	100	1,000
Espira Marthahaugen AS	990036888	Karmøy	100%	100	1,000
Espira Myraskogen AS	992061448	Karmøy	100%	100	1,000
Espira Nordmo AS	985311366	Karmøy	100%	100	1,000
Espira Opaker AS	992081066	Karmøy	100%	100	1,000
Espira Opsahl AS	985797625	Karmøy	100%	100	1,000
Espira Oslo Barnehagedrift AS	914945577	Karmøy	100%	100	1,000
Espira Ormdalen AS	992420189	Karmøy	100%	100	1,000
Espira Rambjøra AS	986916512	Karmøy	100%	100	1,000
Espira Ree AS	989544489	Karmøy	100%	100	1,000
Espira Romholt AS	888440402	Karmøy	100%	100	1,000
Espira Rubbestadneset AS	991996605	Karmøy	100%	100	1,000
Espira Rå AS	989932543	Karmøy	100%	100	1,000

Espira Salamonskogen AS	989512811	Karmøy	100%	100	1,000
Espira Skjeraberget AS	917350140	Karmøy	100%	67	1,000
Espira Skolegata AS	986916644	Karmøy	100%	100	1,000
Espira Skåredalen AS	992061529	Karmøy	100%	100	1,000
Espira Snurrefjellet AS	986916563	Karmøy	100%	100	1,000
Espira Solknatten AS	990652813	Karmøy	100%	100	1,000
Espira Stongafjellet AS	989838512	Karmøy	100%	100	1,000
Espira Sundbyfoss AS	994310623	Karmøy	100%	100	1,000
Espira Taremareby AS	917350183	Karmøy	100%	630	500
Espira Tjøsvoll AS	992062002	Karmøy	100%	100	1,000
Espira Torsbergskogen AS	991361642	Karmøy	100%	100	1,000
Espira Ulsetskogen AS	991127402	Karmøy	100%	100	1,000
Espira Vagletjørn AS	989838482	Karmøy	100%	100	1,000
Espira Vannverksdammen AS	990342598	Karmøy	100%	100	1,000
Espira Vanse AS	988263095	Karmøy	100%	100	1,000
Espira Veldetun AS	985462372	Karmøy	100%	100	1,000
Espira Østrem AS	986916555	Karmøy	100%	100	1,000
Espira Åbol AS	992823585	Karmøy	100%	100	1,000
Espira Århaug AS	988067644	Karmøy	100%	100	1,000
Engelsrudhagen Barnehagetomt AS	913981464	Karmøy	100%	216,828	1
Karmsund Barnehage As	990586152	Karmøy	100%	100	1,000
Nordjordet Barnehage AS	992184337	Karmøy	100%	100	1,000
Skogen Barnehage AS	992420243	Karmøy	100%	100	1,000
Søndre Kleivan Barnehage AS	990050937	Karmøy	100%	100	1,000
Espira Varbak Arcen AS	890015492	Karmøy	100%	100	1,000
Espira Stansa AS	912980219	Karmøy	100%	73,818	1
Espira Scala Tasta AS	988201170	Karmøy	100%	100	1,000
Espira Scala Hundvåg AS	988201030	Karmøy	100%	100	1,000
Espira Rødknappen AS	994751530	Karmøy	100%	100	1,000
Espira Jeløy AS	986977651	Karmøy	100%	100	11,020
Espira Kulturstien AS	989557718	Karmøy	100%	10,000	10
Espira Lindesnes AS	914760224	Karmøy	100%	1,000	100

<b>INDIRECT OWNERSHIP OF SUBSIDIARIES IN THE GROUP</b>	<b>Corp. ID no.</b>	<b>Registered office</b>	<b>Capital share</b>	<b>Number of shares</b>	<b>Nominal Value/share (EUR)</b>
AcadeMedia GmbH	HRB 222 151	Munich	100%	25,000	1
Joki Harlaching GmbH	HRB 187 591	Munich	100%	25,000	1
Joki Kinderbetreuung Pasing GmbH	HRB 174 184	Munich	100%	25,000	1
Joki Trudering GmbH	HRB 206 880	Munich	100%	25,000	1
Joki Kinderbetreuung Obermenzing GmbH	HRB 214 371	Munich	100%	25,000	1
Joki Kinderbetreuung Forstenried GmbH	HRB 214 367	Munich	100%	25,000	1
Joki Kinderbetreuung Johanneskirchen GmbH	HRB 214 359	Munich	100%	25,000	1
Joki Kinderbetreuung Lerchenau GmbH	HRB 214 655	Munich	100%	25,000	1
Espira Kinderbetreuung Durlach GmbH	HRB 727 059	Munich	100%	25,000	1
Step Kids Education GmbH	HRB 132431 B	Berlin	100%	49,380	1
Step Kids KiTas gGmbH	HRB 149735 B	Berlin	100%	25,000	1

## Note 23: Accounts receivable

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Not overdue	139	141
Overdue 1-15 days	8	15
Overdue 16-30 days	1	2
Overdue more than 30 days	7	8
<b>Total</b>	<b>155</b>	<b>166</b>
Reserves for doubtful accounts receivable, opening balance	2	2
Increase of reserves	0	1
Reversed reserves (-)	-1	-2
<b>Reserves for doubtful accounts receivable, closing balance</b>	<b>1</b>	<b>2</b>
<b>ACCOUNTS RECEIVABLE, CLOSING BALANCE</b>	<b>154</b>	<b>164</b>
Confirmed bad debt losses	1	0

The Group's reserves for doubtful accounts receivable are for the category "Overdue more than 30 days."

There is normally no security for the claims. The Group's customers are mainly municipalities, public authorities and multiple companies, with a low credit risk for the Group and the credit quality of outstanding accounts receivable is deemed very good. There are no significant credit concentrations. Reservations for doubtful debts are made individually in accordance with internal regulations and normally when the debts are more than 60 days past due. The reservation is then kept at 100 percent. The reserve for doubtful accounts receivable and established customer losses are included in other external expenses.

## Note 24: Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2016
Prepaid rent	222	221	-	-
Prepaid lease expenses	10	7	-	-
Other prepaid expenses	91	105	1	-
Accrued income	134	130	-	-
<b>TOTAL</b>	<b>456</b>	<b>463</b>	<b>1</b>	<b>-</b>

Other prepaid expenses are mainly prepaid pension premiums. Accrued income mainly relates to unbilled programs in adult education.

## Note 25: Cash and cash equivalents

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2015
Cash and bank balances	579	331	373	15
<b>TOTAL</b>	<b>579</b>	<b>331</b>	<b>373</b>	<b>15</b>

The definition of cash and cash equivalents in the balance sheet is the same as in the cash flow statement. Cash and cash equivalents consist of bank balances.

Since April 2017 AcadeMedia AB is the top account holder in the Group's cash pool; previously a subsidiary was the top account holder in the Group's cash pool.

## Note 26: Financial risk and management of capital risk

The Group's general financial policy focuses on the unpredictability of the financial markets with the aim of minimizing potential unfavorable effects on the Group's financial results. Among other things, the Group uses derivative instruments to hedge certain risk exposure.

Risk management is handled at the central Group staff level according to policies established by the board of directors. The board has adopted a financial policy that covers the overall financial risk management for specific areas, such as currency risk, interest risk, credit risk, usage of derivatives and other financial instruments and placement of liquidity.

The purpose is to minimize the Group's cost of capital through appropriate financing and efficient management and control of the Group's financial risks. The Group works actively with its follow-up on liquidity and continuously updates the forecasts of the expected development of liquidity. This makes it possible to take the necessary steps in time.

### Interest rate risk

Business loans have the six-month IBOR interest rate. The Group has interest derivatives to manage interest risk. As of June 30, 2017, 0% (1%) of the Group's bank loans were hedged using interest rate swaps. The effect of an increase in the variable interest rate of 1 percent on the Group's interest expense is therefore SEK 26 (27) million.

The change in value of derivatives improved the result by SEK 1 million (1), refer to Note 11. The fair value of derivatives was SEK -0 as of June 30, 2017 (-1,145,000) which is recognized as a current non-interest-bearing liability.

### Financial policy

According to the Group's financial policy, short-term investments of surplus liquidity are only made in instruments with limited counterparty risk and a credit rating that is no lower than K1.

### Credit risk

Credit risk is the risk that a counterparty will not fulfil its obligations after the Group has completed delivery. In businesses where goods and services are provided against subsequent payment, it is not possible to fully avoid credit losses. Collateral is not normally held for accounts receivable. The majority of the Group's customers are public authorities. The credit risk is deemed small in relation to the Group's total net sales. For more information, refer to Note 23.

### Currency risk

AcadeMedia has a certain currency risk in its profit or loss. A total of 17% of sales are generated in Norway and denominated in NOK and just under 1% in Germany, denominated in EUR. Thus there is a certain currency risk linked to the NOK/SEK rate. A change in the exchange rate of +/- 10% would therefore mean a change in sales of +/- SEK 160 million and a change in operating profit/loss of +/- SEK 10 million.

### Liquidity and financing risk

Liquidity and financing risk is the risk that the Group will not be able to fulfill its payment obligations as a result of insufficient liquidity or difficulties raising new loans.

AcadeMedia has access to long-term financing for its operations. The Group's financing consists mainly of a loan agreement for SEK 2,580 million entered into on June 30, 2015 between, among others, the wholly-owned subsidiary ACM 2010 AB as the original borrower and guarantee provider and DNB Bank AB and Nordea Bank AB (publ) as the arrangers and original lenders. The refinancing took place on July 7, 2015. The agreement involved an extension of credit with significantly lower interest margins and better loan terms than previously. The bank loans mature in 2020 and carry an interest rate set on a six-month basis.

The following financial commitments (covenants) have been established in connection with the financing and apply henceforth:

Covenant 1, debt/equity ratio = net debt/EBITDA. The ratio may not exceed 3.5xx.

Covenant 2, interest cover = EBITDA/interest paid in cash The ratio must exceed 4xx.

All covenants had been fulfilled by the Group as of June 30, 2017. If AcadeMedia breaches any of these covenants in the future, this could result in the loans under the loan agreement maturing fully or in part for immediate repayment.

The main part of the Group's operations is labor intensive and has low investment requirements. The AcadeMedia Group mainly requires investments in equipment, except in Norway where new preschools usually entail investment in own premises. Furthermore, for the most part, income/school vouchers are received in advance, making the working capital negative. AcadeMedia's operations thus generate a positive cash flow even during growth. Additional funding is needed primarily for future acquisitions. For more information, refer to Note 32.

Access to additional financing is affected by factors such as market conditions, general access to credit, and AcadeMedia's credit rating and credit capacity. Furthermore, access to additional financing is dependent on customers, suppliers and lenders not having a negative opinion of AcadeMedia's long-term and short-term financial outlook.

## Note 27: Equity

	Number of ordinary share (thousands of shares)	Number of Class C shares (thousands of shares)	Number of Preference shares (thousands of shares)	Number of shares (thousands of shares)	Share capital (SEK 000s)
<b>OPENING BALANCE, JULY 1, 2015</b>	82		7,943	8,025	8,025
Redemption of class E ordinary shares, Jan. 4, 2016	0		–	0	0
Conversion Jan. 4, 2016	7,943		-7,943	0	0
Bonus issue Jan. 4, 2016	71,975		–	71,975	71,975
Non-cash issue Feb. 1, 2016	676		–	676	676
Bonus issue June 1, 2016	4,674		–	4,674	4,674
New share issue June 15, 2016	8,750		–	8,750	8,750
<b>CLOSING BALANCE, JUNE 30, 2016</b>	<b>94,100</b>	–	–	<b>94,100</b>	<b>94,100</b>
<b>New share issue Sept. 29, 2016</b>		165	–	165	165
<b>Non-cash issue April 24, 2017</b>	525		–	525	525
<b>CLOSING BALANCE, JUNE 30, 2017</b>	<b>94,625</b>	<b>165</b>	–	<b>94,790</b>	<b>94,790</b>

### Consolidated capital

AcadeMedia's financial goal is for growth in net sales to reach five to seven percent per year for the Group excluding acquisitions. AcadeMedia also has a goal to deliver the best educational quality in the areas where the Group operates. The target is for adjusted EBIT to amount to seven to eight percent of sales.

Regarding indebtedness, AcadeMedia's target is to have net debt in relation to operating profit before depreciation and amortization (EBITDA) excluding items affecting comparability with a maximum factor of three. During brief periods there may, however, be deviations from this goal, for example in the event of larger acquisitions.

No non-controlling interests are recognized.

A non-cash issue of SEK 29 (32) million was made in conjunction with the acquisition in Germany, refer to Note 13. The total amount for the new share issue for the 2015/2016 financial year was SEK 382 million, of which SEK 335 million was paid in cash and therefore affected cash flow. A non-cash issue of SEK 32 million was made in conjunction with the acquisition in Germany, refer to Note 13. The remaining SEK 16 million was paid in issue expenses.

Financing risk consists of the risk that an excessive portion of the Group's financing will mature within a short period, during which the Group's ability to obtain new financing is limited or financing can only be obtained on less favorable terms and with significantly higher costs. AcadeMedia's credit rating and financial funding opportunities for both loans and new equity were strengthened by the IPO and by the improvement in financial position achieved during the financial year.

There is a risk that AcadeMedia, in connection with the maturity of the above-mentioned loan agreement or in the event additional financing should be needed, will not be able to obtain such financing on acceptable terms or at all. Factors such as the general availability of credit and the Group's credit rating have an impact on access to additional financing. Also, access to additional financing is dependent on the Group's lenders having a positive opinion of the Group's long-term and short-term financial outlook. Disruptions or uncertainties in the capital and credit markets may also limit access to capital. These factors may have a significantly negative impact on AcadeMedia's business, financial position and results.

The Group has determined that the covenants will be fulfilled during the loan term and the risk of being required to repay the loans early is therefore low. Furthermore, it is also assessed that the Group will manage interest rate payments even if the benchmark interest rate were to increase.

### Share capital

As of June 30, 2017 the registered share capital is 94,624,997 ordinary shares (94,100,000) with a quota value of SEK 1, as well as 165,000 Class C shares (0) with a quota value of SEK 1. Thus total share capital was SEK 94,789,997. Holders of ordinary shares are entitled to a dividend that is established from year to year and their shareholding entitles them to exercise one vote per share at the shareholders' meeting. Class C shares entitle holders to one tenth of a voting right. All shares have the same right to the remaining net assets of AcadeMedia AB (publ). All shares are fully paid and no shares are reserved for transfer. The Class C shares which had the purpose of securing delivery of matching shares in the share-matching plan to managers in AcadeMedia were repurchased and are held by the Company itself. The number of outstanding shares is thus 94,624,997.

### Other paid-in capital

Other paid-in capital consists of capital contributed by the owners of AcadeMedia AB (publ). This includes premiums paid in connection with new issues, as well as capital injections received from shareholders.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign operations stated in a currency different from the Group's presentation currency. The parent company's and the Group's presentation currency is Swedish kronor (SEK).

## Parent company's equity

### Non-restricted equity Share premium reserve

The share premium reserve relates to issues associated with previous issuances, as well as issuances in 2016/17.

### Retained earnings

Retained earnings comprise the previous year's unrestricted equity after payment of any dividend. Retained earnings, the share premium account, capital received from shareholders and profit for the year together comprise unrestricted equity.

### Dividend

The board of directors will propose to the Annual General Meeting that no dividend be paid.

#### DISTRIBUTION OF SHARE CAPITAL JUNE 30, 2017

Type of share	Class	Number	Amount, SEK
Ordinary share	Ordinary	94,624,997	94,624,997
Class C share	C	165,000	165,000

The Company's shares must be able to be issued in two classes, including ordinary shares and Class C shares. Ordinary shares shall carry one vote and class C shares shall carry one tenth of a vote. The quota value per share is SEK 1. The Class C shares which had the purpose of securing delivery of matching shares in the share-matching plan to managers in AcadeMedia were repurchased and are held by the Company itself.

According to the issued warrant program, a maximum of 436,000 (540,000) shares in

AcadeMedia AB may be issued up until the 14th day after publication of the interim report for the first quarter of financial year 2019/2020.

## Note 28: Earnings per share

EARNINGS PER SHARE	2016/17	2015/16
Profit for the year attributable to owners of the parent company, net after tax (SEK m)	416	319
Average number of ordinary shares before and after dilution (thousands)	94,205 / 94,335	85,311 / 85,316
<b>EARNINGS PER ORDINARY SHARE BASIC AND DILUTED (SEK)</b>	<b>4.41 / 4.40</b>	<b>3.74 / 3.74</b>

## Note 29: Pension provisions

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Pension provisions – Norway	21	53

### Pension provisions in Norway

Pension provisions in Norway consist of the net present value of defined benefit pension liabilities and the fair value of plan assets, refer to Note 6 Pensions.

## Note 30: Other provisions

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2016
Provisions for restructuring expenses, opening balance	38	69	–	–
Provisions for restructuring expenses	11	7	–	–
Utilized provisions for restructuring expenses	-24	-28	–	–
Unutilized provisions for restructuring expenses	-2	-10	–	–
	<b>22</b>	<b>38</b>	<b>–</b>	<b>–</b>
Other provisions	4	0	0	0
<b>TOTAL OTHER PROVISIONS</b>	<b>26</b>	<b>38</b>	<b>0</b>	<b>0</b>

Restructuring expenses relate to the cost of divesting 8 (7) units in accordance with the Group's education guarantee. The costs mainly consist of unused premises and redundant personnel. Provisions for the year for restructuring expenses consist of provisions for close-down costs for 2 units. Estimated restructuring costs amount to: personnel SEK 3 (6) million, rent SEK 14 (27) million, and other costs SEK 5 (5) million. The provision is expected to be utilized in its entirety over the next two years.

An additional six units are in the process of being closed. Close-down costs for these units have been recognized in the period when the decision was made. However, any deviations from the estimated cost including the provision may be reversed to profit if the deviation is positive or expensed if the initial provision does not cover the final cost.

## Note 31: Accrued expenses and pre-paid income

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2016
Accrued payroll expenses	778	641	8	2
Pre-paid income	181	105	–	–
Accrued interest on loans	23	20	–	–
Other accrued expenses	53	71	–	7
<b>TOTAL</b>	<b>1,035</b>	<b>837</b>	<b>8</b>	<b>9</b>

Accrued payroll expenses relate mainly to vacation and vacation pay liabilities, but also to payroll taxes.

## Note 32: Mortgages, liabilities and amortization schedule

The table below shows the Group's financial liabilities, divided up according to the remaining period after the closing date up to the contractual maturity date. The amounts given in the table are the contractual liabilities.

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2015
<b>Interest-bearing liabilities</b>				
Non-current liabilities to credit institutions excl. property loans	1,706	1,827	–	–
Non-current interest-bearing liabilities – properties	467	278	–	–
Borrowing costs	-15	-21	–	–
<b>Total non-current liabilities to credit institutions</b>	<b>2,158</b>	<b>2,084</b>	<b>–</b>	<b>–</b>
Non-current finance leases	35	28	–	–
Other non-current liabilities (interest-bearing)	7	4	–	–
Borrowing costs	–	–	–	–
<b>Total Other non-current liabilities</b>	<b>41</b>	<b>32</b>	<b>–</b>	<b>–</b>
Current liabilities to credit institutions	334	320	–	–
Current interest-bearing liabilities – properties	116	198	–	–
<b>Total current liabilities to credit institutions</b>	<b>449</b>	<b>518</b>	<b>–</b>	<b>–</b>
Current finance leases	66	50	–	–
Other current liabilities (interest-bearing)	1	–	–	–
	<b>67</b>	<b>50</b>	<b>–</b>	<b>–</b>
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>2,715</b>	<b>2,684</b>	<b>–</b>	<b>–</b>
<b>Amortization</b>				
Amortization year 1	516	568	–	–
Amortization years 2-5	1,814	1,900	–	–
Amortization years 5–	401	237	–	–
<b>Total amortization</b>	<b>2,731</b>	<b>2,705</b>	<b>–</b>	<b>–</b>

The difference between total amortization and total interest-bearing liabilities consists of borrowing costs, which reduce the interest-bearing liability but do not affect amortization.

Interest rates	Interest rate year 1	Interest rate years 2-5	Interest rate year 5–	Total
Group	64	111	75	250
Parent company	–	–	–	–
<b>Non-interest-bearing liabilities/credit maturing within 12 months</b>				
Accounts payable	343	361	1	1
Current tax liabilities	13	15	–	–
Other current liabilities	185	169	1	1

## Loan agreement

On June 30, 2015 the Group signed a five-year loan agreement for up to SEK 2,580 million between, among others, the wholly-owned subsidiary ACM 2010 AB as the original borrower and guarantee provider and DNB Bank AB and Nordea Bank AB (publ) as the arrangers and original lenders and Nordea Bank (publ) as agent and surety agent. The interest rate on the credit facilities under the loan agreement is variable and based on IBOR (the IBOR used depends on the contractual lending currency) plus a variable margin based on the Group's net debt in relation to the Group's EBITDA. However, IBOR cannot be lower than 0, which means that negative interest rates have no impact. As of June 30, 2017 the Company had utilized SEK 2,040 million of the total loan. The loan agreement contains covenants requiring certain financial key ratios (covenants) to be achieved relating to interest cover and net debt/equity ratio in relation to the Group's EBITDA. If the covenants cannot be fulfilled, the credit facilities may be cancelled and immediate repayment required.

The variable interest rate margin on the loan agreement is 2.00 – 2.25% at the end of the financial year.

The loan is recognized under the heading "Long-term loans to credit institutions" and "Current liabilities to credit institutions." Loans to the Norwegian State Housing Bank (Husbanken) are also presented there. As of June 30, 2017 loans to Husbanken totaled SEK 462 million and the interest on these loans was 1.6-3.1%. The original term for the Husbank loans is 30 years, but the effective term varies from loan to loan.

The information below shows how the interest margins were set based on net debt/adjusted EBITDA.

Net debt/adjusted EBITDA	Margin
Greater than or equal to 3.25:1	2.50 – 2.75%
Greater than or equal to 2.75:1 or less than 3.25:1	2.00 – 2.25%
Greater than or equal to 2.25:1 and less than 2.75:1	1.75 – 2.00%
Greater than or equal to 1.75:1 and less than 2.25:1	1.50 – 1.75%
Greater than or equal to 1.25:1 and less than 1.75:1	1.25 – 1.50%
Less than 1.25:1	1.00 – 1.25%

The interest margin was reduced in connection with the listing on Nasdaq Stockholm on June 15, 2016.

Information on the Group's derivatives can be found in Note 11 and Note 26.

Information on the Group's pledged assets can be found in Note 33.

Carrying amounts, by currency, for the Group's borrowing are as follows:

Amounts in SEK m	JUNE 30, 2017	JUNE 30, 2016
SEK	1,678	1,754
NOK*	910	772
EUR*	143	179
<b>TOTAL</b>	<b>2,731</b>	<b>2,705</b>

\*NOK and EUR have been translated to SEK in the table.

## Note 33: Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2016
<b>Pledged assets</b>				
Floating charges	–	–	–	–
Real property mortgages	576	537	–	–
Shares in subsidiaries	–	–	–	–
	<b>576</b>	<b>537</b>	<b>–</b>	<b>–</b>
<b>Contingent liabilities</b>				
Guarantees	279	223	–	–
	<b>279</b>	<b>223</b>	<b>–</b>	<b>–</b>

The property mortgages are pledged as collateral to the Norwegian State Housing Bank for bank loans.

Guarantees have been provided to landlords to enable the Group's subsidiaries to sign rental agreements with landlords in Sweden and Norway.

## Note 34: Disclosures on the Group's financial instruments

Classification and categorization of the Group's assets and liabilities 2016/2017

JUNE 30, 2017	Financial assets measured at fair value through profit or loss	Loan receivables/Accounts receivable	Total financial assets	Non-financial assets	Total
<b>Assets</b>					
Intangible assets	–	–	–	5,274	5,274
Property, plant and equipment	–	–	–	1,277	1,277
Non-current receivables	–	17	17	–	17
Deferred tax assets	–	–	–	7	7
Inventories	–	–	–	0	0
Accounts receivable	–	154	154	–	154
Current tax assets	–	–	–	39	39
Other receivables	–	38	38	7	45
Prepaid expenses and accrued income	–	135	135	321	456
Cash and cash equivalents	–	579	579	–	579
<b>TOTAL ASSETS</b>	<b>–</b>	<b>924</b>	<b>924</b>	<b>6,925</b>	<b>7,849</b>

JUNE 30, 2017	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total financial liabilities	Non-financial liabilities	Total
<b>Equity and liabilities</b>					
Equity	–	–	–	3,443	3,443
Non-current liabilities to credit institutions	–	2,158	2,158	–	2,158
Pension provisions	–	–	–	21	21
Restructuring provisions	–	–	–	26	26
Deferred tax liability	–	–	–	66	66
Other non-current liabilities	–	41	41	–	41
Liabilities to credit institutions	–	449	449	–	449
Other interest-bearing liabilities	–	67	67	–	67
Accounts payable	–	343	343	–	343
Current tax liability	–	–	–	13	13
Other current liabilities	39	–	39	146	185
Accrued expenses and pre-paid income	–	195	195	840	1,035
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39</b>	<b>3,254</b>	<b>3,293</b>	<b>4,556</b>	<b>7,849</b>

Classification and categorization of the Group's assets and liabilities 2015/2016

JUNE 30, 2016	Financial assets measured at fair value through profit or loss	Loan receivables/Accounts receivable	Total financial assets	Non-financial assets	Total
<b>Assets</b>					
Intangible assets	–	–	–	5,077	5,077
Property, plant and equipment	–	–	–	1,031	1,031
Non-current receivables	–	18	18	–	18
Deferred tax assets	–	–	–	15	15
Inventories	–	–	–	0	0
Accounts receivable	–	164	164	–	164
Current tax assets	–	–	–	55	55
Other receivables	–	10	10	5	15
Prepaid expenses and accrued income	–	195	195	268	463
Cash and cash equivalents	–	331	331	–	331
<b>TOTAL ASSETS</b>	<b>–</b>	<b>718</b>	<b>718</b>	<b>6,451</b>	<b>7,169</b>

JUNE 30, 2016	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amor- tized cost	Total financial liabilities	Non- financial liabil- ities	Total
<b>Equity and liabilities</b>					
Equity	–	–	–	2,990	2,990
Non-current liabilities to credit institutions	–	2,084	2,084	–	2,084
Pension provisions	–	–	–	53	53
Restructuring provisions	–	–	–	38	38
Deferred tax liability	–	–	–	22	22
Derivatives	–	–	–	–	–
Other non-current liabilities	–	32	32	–	32
Liabilities to credit institutions	–	518	518	–	518
Other interest-bearing liabilities	–	50	50	–	50
Accounts payable	–	361	361	–	361
Current tax liability	–	–	–	15	15
Other current liabilities	–	–	–	169	169
Accrued expenses and pre-paid income	1	102	103	734	837
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1</b>	<b>3,147</b>	<b>3,148</b>	<b>4,021</b>	<b>7,169</b>

## Fair value and carrying amount

IFRS 13 Measurement at fair value involves using a fair value hierarchy for measurement inputs. This measurement hierarchy is divided into three levels, which are in line with the levels introduced in IFRS 7 Financial Instruments: Disclosures.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices as included in level 1 which are directly or indirectly observable for the asset or liability. There may also be inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and credit spreads.

Level 3: Unobservable inputs for the asset or liability. At this level market participant assumptions used in pricing of the asset or liability, including risk assumptions, are taken into account.

Level 3 in the measurement hierarchy is applied for measurement of additional consideration related to business combinations. The Group's derivatives are carried at fair value in the balance sheet and defined as level 2 in the fair value hierarchy.

### CONDITIONAL PURCHASE CONSIDERATIONS

	GROUP	
	JUNE 30, 2017	JUNE 30, 2016
Book value, opening balance	–	–
Estimated liabilities upon acquisition	38	–
Exchange rate difference	1	–
<b>BOOK VALUE, CLOSING BALANCE</b>	<b>39</b>	<b>–</b>

## Note 35: Related party transactions

Purchases from/sales to Group companies are described in Note 2. Salaries and other remuneration to senior executives and the board of directors are paid as described in Note 5. In addition to remuneration to Helen Fasth Gillstedt as presented in Note 5, the Group purchased consulting services from board member Helen Fasth Gillstedt's company Blong AB the previous year for SEK 25,000; in 2016/17 the Group did not purchase any services from Blong AB.

## Note 36: Significant events after the end of the financial year

On July 8 the award of the Vocational and Study Preparation Modules (VSPM) was published. This new contract in Adult Education will replace the current contract group for Basic Modules (BM). The award is only preliminary and may be appealed by other operators during a legal review period.

On an annual basis, once the VSPM replace the Basic Modules, the EBIT margin of the entire Adult Education segment is expected to decrease by one to three percentage points.

On September 12 AcadeMedia announced that it intends to acquire 100 percent of the shares in Vindora for a price of SEK 546m. Through this bolt-on acquisition AcadeMedia will develop and invest in its Swedish business within the field of practical vocational training with 33 upper secondary schools under the Praktiska brand, three upper secondary schools under the Hagströmska brand and Movant, which provides adult education in ten locations in Sweden. The business comprises a total of approximately 6,500 upper secondary school students and approximately 1,000 participants in adult education. Vindora is a leading provider of apprenticeship training, practical vocational training and introductory programs at upper secondary school. The Company had proforma sales in 2016 of SEK 833 million and proforma EBITDA of around SEK 100 million. Vindora is expected to show a positive trend in 2017-2018 with increasing student enrollment and an improved EBITDA. However, AcadeMedia also intends to carry out certain initiatives in the business during the first year that will have a negative impact on EBITDA. The bolt-on acquisition will be paid for with cash and cash equivalents and financed in part with existing funds and in part with a rights issue of about SEK 400 million that is fully guaranteed by Mellby Gård. The acquisition is conditional upon the approval of the Swedish Competition Authority and is expected to be completed in the fourth quarter of 2017.

## Note 37: Appropriation of profits

### PARENT COMPANY

AT THE DISPOSAL OF THE AGM	SEK
Retained earnings	14,541,005
Share premium reserve	2,211,925,188
Profit/loss for the year	- 58,814
<b>TOTAL</b>	<b>2,226,407,379</b>

The board proposes that retained earnings be appropriated as follows:

Carried forward	2,226,407,379
<b>TOTAL</b>	<b>2,226,407,379</b>

# Reconciliation of alternative performance measures

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

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK million, unless otherwise stated	2016/17	2015/16	2014/15	2013/14	2012/13
<b>NET DEBT</b>					
Non-current interest-bearing liabilities	2,200	2,116	2,609	3,020	2,308
+ Current interest-bearing liabilities	516	568	715	469	207
- Non-current interest-bearing receivables*	4	11	0	0	0
- Cash and cash equivalents	579	331	695	562	338
<b>= Net debt</b>	<b>2,133</b>	<b>2,342</b>	<b>2,629</b>	<b>2,927</b>	<b>2,178</b>
<b>PROPERTY-ADJUSTED NET DEBT</b>					
Net debt (as described above)	2,133	2,342	2,629	2,927	2,178
- non-current property loans	467	278	174	288	0
- current property loans	116	197	161	76	0
<b>= Property-adjusted net debt</b>	<b>1,550</b>	<b>1,866</b>	<b>2,295</b>	<b>2,563</b>	<b>2,178</b>
<b>RETURN ON CAPITAL EMPLOYED, % (12 MONTHS)</b>					
Adjusted operating profit EBIT (12 months)	638	567	596	485	389
+ Interest income	7	6	13	2	3
divided by					
Average equity (12 months)	3,216	2,647	2,247	1,878	1,502
+ average non-current interest-bearing liabilities (12 months)	2,158	2,363	2,815	2,664	2,300
+ average current interest-bearing liabilities (12 months)	542	641	592	338	182
<b>= Return on capital employed, %, 12 months</b>	<b>10.9%</b>	<b>10.1%</b>	<b>10.8%</b>	<b>10.0%</b>	<b>9.8%</b>
<b>RETURN ON EQUITY, % 12 MONTHS</b>					
Profit/loss after tax (12 months)	416	319	222	189	128
divided by					
Average equity (12 months)	3,216	2,647	2,247	1,878	1,502
<b>= Return on equity, %, 12 months</b>	<b>12.9%</b>	<b>12.0%</b>	<b>9.9%</b>	<b>10.1%</b>	<b>8.5%</b>
<b>INTEREST COVERAGE RATIO, XX</b>					
Adjusted operating profit EBIT (12 months)	638	567	596	485	389
+ Interest income (12 months)	7	6	13	2	3
+ Other financial income (12 months)	1	1	11	8	-3
divided by					
Interest expense (12 months)	-69	-121	-218	-181	-226
<b>= Interest coverage ratio, xx</b>	<b>9.4</b>	<b>4.8</b>	<b>2.8</b>	<b>2.7</b>	<b>1.8</b>

\*) Included in the line item Other non-current assets in the consolidated balance sheet

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

# Auditors Report

To the general meeting of the shareholders of AcadeMedia AB, corporate identity number 556846-0231

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Academedi AB (publ) except for the corporate governance statement on pages 54-59 for the financial year 2016-07-01 – 2017-06-30. The annual accounts and consolidated accounts of the company are included on pages 43-98 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of June 30th 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of June 30th 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 54-59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the consolidated statement of comprehensive income and consolidated statement of financial position for the group and income statement and balance sheet for the parent company.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of intangible assets with indefinite useful lives

The Group's carrying amount for intangible assets with indefinite useful lives including goodwill and brands amounted to SEK 5,267 million as of June 30, 2017, corresponding to 67% of the Company's total assets. The Company test that carrying amounts do not exceed the estimated recoverable amount on an annual basis or on signs of impairment. The recoverable amount is determined for each cash-generating unit by performing a present value calculation of future cash flows. For the cash-generating unit Preschool International Norway (Espira) the discounted value was also adjusted for estimated fair value less sales costs for the units

owned properties. Future cash flows are based on the management's business plan for the next five years and forecasts of cash flows thereafter. The calculations are also based on a number of assumptions, such as earnings trend, growth, investment needs and discount rates. For the unit Espira the calculations also include an assumption about the fair value of the properties.

Changes in assumptions can have a material effect on the calculation of the recoverable amount and determining the assumptions is therefore of great importance for calculating the recoverable amount. We have therefore considered the recognition of goodwill to be a key audit matter in the audit.

A description of the Company's testing of carrying amounts for impairment is presented in Note 1 "General information, accounting and valuation principles" on pages 73 and 76, as well as in Note 16 "Impairment testing" on page 87. As a part of our audit we have evaluated and reviewed the Company's impairment tests, including by evaluating the accuracy of earlier forecasts and assumptions. We have also made comparisons to other companies in order to determine the reasonableness of future cash flows, growth assumptions and assumptions relating to the fair value of the properties held by Espira. In addition, we have with assistance from our valuation experts, tested the applied discount rate and assumptions of terminal growth. We have reviewed the disclosures stated in the annual report.

## Revenue

The Groups net sales for the financial year amounted to SEK 9,520 million, of which SEK 1,576 million related to net sales in the Adult Education segment. Net sales primarily consists of school vouchers associated with municipalities and participant fees attributable to Adult Education, which are recognized in line with the degree of completion over the period during which the instruction is provided, including time for planning and grading of student instruction. Revenue recognition of participant fees requires management to assess the extent to which opportunities for different forms of remuneration will be obtained. Given the element of assumptions related to the revenue recognition for the Adult Education segment, this is also considered an area of higher importance in our audit.

The Company's principles for revenue recognition are presented in Note 1 "General information, accounting and valuation principles" on page 75.

We have assessed the Company's procedures for handling significant revenue streams for revenue in Adult Education we tested the controls established by the Company and took a selection of samples to examine revenue recognition. We have also conducted a detailed analytical review using data-based analytical tools to assess the recognition of revenue. We have reviewed the disclosures stated in the annual report.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-42 and 102-112. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any

form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the board of directors and the chief executive officer*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Academedi AB (publ) for the year financial year 2016-07-01 – 2017-06-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the board of directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54-59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB with Staffan Landén as auditor-in-charge, Box 7850, 103 99 Stockholm, Sweden, and Oskar Wall (Ernst & Young AB), Box 7850, 103 99 Stockholm, were appointed to serve as auditors for AcadeMedia AB by the annual general meeting on November 17, 2016. Staffan Landén have been the Company's auditor since May 16, 2011 (Ernst & Young has served as elected auditors since September 22, 2015 with Staffan Landén as auditor-in-charge). Oskar Wall has been the Company's auditor since April 11, 2016. AcadeMedia AB (publ) has been a company of public interest since June 15, 2016.

Stockholm 24th of October 2017

Ernst & Young AB

Staffan Landén  
Authorized Public Accountant

Oskar Wall  
Authorized Public Accountant



Photo from Karl Johans Skola in Örebro.  
Photo: Linn Malmén

# Board of Directors, executive management and auditors

## Board of Directors

### ULF MATTSSON

Born 1964. Chairman of the Board since 2010. Chairman of the remuneration committee.

**Education:** MBA, Stockholm University and PMD, Harvard Business School.

**Other current appointments:** Chairman of the Board of Crem International, Eltel and itsLearning. Board member for Addtech, ORAS Invest and Priveq Investment V. Senior Advisor PJT Partners.

**Previous appointments:** Chairman of the Board of Securitas Direct, Evidensia Djursjukvård, Musti ja Mirri, Granngården, Mackmyra Svensk Whisky, Pahlén Intressenter, and Flextrus Group. CEO of Gambro, Capiro, Mölnlycke Health Care and Domco Tarkett Inc. Board member for Sanitec, Pelly Intressenter, NSS Group and StormGeo.

**Shareholding in the Company:** 116,522 shares held through company.

**Independent in relation to the company and its major shareholders:** No.



### HARRY KLAGSBRUN

Born 1954. Board member since 2010. Member of the remuneration committee.

**Education:** MBA, New York University, M.Sc. in Business, Stockholm School of Economics and B.A. in journalism, Stockholm University.

**Other current appointments:** Board member for PIAB.

**Previous appointments:** Board member for Gambro AB, Securitas Direct AB, ISS A/S, PressGaney Inc, Dometic Group AB and Duni AB.

**Shareholding in the Company:** None.

**Independent in relation to the company and its major shareholders:** No.



### HELEN FASTH GILLSTEDT

Born 1962. Board member since 2009. Chairman of the audit committee.

**Education:** M.Sc. in Business, Stockholm School of Economics and studies in Sustainable Community Development, Stockholm University and the Royal Institute of Technology, Stockholm.

**Other current appointments:** Board member for Munters AB, Samhall AB, Handelsbanken Fonder AB and Humana AB. Board member and CEO for Blong AB and member of Advisory board for Save the Children Sweden.

**Previous appointments:** Executive positions in the SAS Group and the Statoil Group

**Shareholding in the Company:** 29,702 shares.

**Independent in relation to the company and its major shareholders:** Yes.



### ERIKA HENRIKSSON

Born 1981. Board member since 2012. Member of the audit committee.

**Education:** M.Sc. in Business, Stockholm School of Economics.

**Other current appointments:** Director of EQT Partners AB. Board member for Eton Group AB.

**Previous appointments:** Board member for Scandic Hotels Group.

**Shareholding in the Company:** None.

**Independent in relation to the company and its major shareholders:** No.





### SILVIJA SERES

Born 1970. Board member since 2015. Member of the remuneration committee.

**Education:** PhD mathematics, Oxford University, M.Sc. computer science, University of Oslo and MBA, INSEAD.

**Other current appointments:** Partner at Technorocks AS. Board member for Nordea Bank AB, Synchron International AB, Norsk Ringringkasting AS (NRK), Stiftelsen Det Norske Veritas og Oslo Børs ASA, as well as member of the nomination committee for Telenor ASA.

**Previous appointments:** Board member for Norsk Tipping AS, Statkraft AS, Aschehoug AS, Data Respons ASA, Dagbladet Medialab AS, Norman ASA.

**Shareholding in the Company:** None.

**Independent in relation to the company and its major shareholders:** Yes.



### ANDERS BÜLOW

Born 1953. Board member since 2016.

**Education:** M.Sc. in Business, Stockholm University.

**Other current appointments:** Chairman of the board of KappAhl AB (publ) and chairman of Feralco Holding AB. Board member of Mellby Gård AB, StudentConsulting Holding AB, as well as Roxtec AB and Älvsbyhus Intressenter AB.

**Previous appointments:** Chairman of the board of Duni AB (publ), Bearsoft AB, S & H Teknik AB and CusCus AB. Board member for Meaning Green AB.

**Shareholding in the Company:** 750 shares held through company.

**Independent in relation to the company and its major shareholders:** No.



### ANDERS LÖVGREN

Born 1967. Employee representative since 2016, Swedish Teachers' Union.

**Education:** Enrolled in vocational teacher training program, Stockholm University.

**Other current appointments:** None.

**Previous appointments:** None.

**Shareholding in the Company:** 100 shares.



### PETER MILTON

Born 1965. Employee representative since 2016, National Union of Teachers in Sweden.

**Education:** Bachelor of Education, Stockholm Institute of Education.

**Other current appointments:** None.

**Previous appointments:** None.

**Shareholding in the Company:** 10 shares.



### FREDRIK ASTIN

Born 1967. Deputy employee representative since 2016, National Union of Teachers in Sweden.

**Education:** Bachelor of Education and enrolled in Masters in Education Leadership program, University of Gothenburg.

**Other current appointments:** None.

**Previous appointments:** None.

**Shareholding in the Company:** 500 shares.



### PERNILLA LARSSON

Born 1976. Deputy employee representative since 2016, Swedish Teachers' Union.

**Education:** Bachelor of Education, Kristianstad University, as well as studies at Lund University.

### AUDITORS

The Company's auditors are Ernst & Young AB, with Staffan Landén as auditor-in-charge, and Oskar Wall as principal auditor. Staffan Landén and Oskar Wall were elected at the 2016 annual general meeting for the period up and until the end of the annual general meeting. Staffan Landén (born 1963) is an authorized public accountant and member of FAR (professional association for authorized public accountants). Oskar Wall (born 1975) is an authorized public accountant and member of FAR (professional association for authorized public accountants).

## Senior executives

### MARCUS STRÖMBERG

Born 1967. Chief Executive Officer of the Group since 2005.

**Education:** M.Sc., Engineering Physics and Electrical Engineering, Linköping University.

**Other current appointments:** Board member for SIQ – Board member Ifous – innovation, research and development in schools and preschools. Board member OnepartnerGroup

**Previous appointments:** Board member for Friskolornas Riksförbund and numerous assignments within Lernia.

**Shareholding in the Company:** 228,704 shares and 176,000 warrants.



### EOLA ÄNGGÅRD RUNSTEN

Born 1965. CFO since 2013.

**Education:** M.Sc. in Business, Stockholm School of Economics.

**Previous appointments:** CFO at EQT Management S.a.r.l., HR director at EQT Partners AB, CFO at SEB Wealth Management and assignments for Alfred Berg and Handelsbanken.

**Shareholding in the Company:** 23,990 shares and 52,000 warrants.



### PAULA HAMMERSKOG

Born 1962. Head of communications and public affairs since 2012. Communication manager on a consultancy basis since 2009.

**Education:** Journalism degree, Department of Media Studies, Stockholm University.

**Previous appointments:** Chair of the board of World Imagine AB. PR consultant at GCI and Kreativa as well as interim Director of Communications at Fastighetsägarna Stockholm.

**Shareholding in the Company:** 7,083 shares and 52,000 warrants.



### LISE-LOTTE OLDMARK

Born 1964. Human Resources Director since 2014 and Head of AcadeMedia Academy since 2012.

**Education:** A number of different management training programs held by the City of Stockholm, tutor training and trained Organization Consultant, Humanova.

**Previous appointments:** Several management assignments within Pyslingen Förskolor and Pyslingen Skolor.

**Shareholding in the Company:** 31,595 shares and 52,000 warrants.



### MARIT LAMBRECHTS

Born 1957. Head of the Preschool Norway business segment since 2014 when AcadeMedia acquired Espira.

**Education:** D. Sc., Oslo University.

**Other current appointments:** Board member for PBL (Norwegian trade association for preschools), Mybank AS and Helsetelefonen AS, as well as representative of Oslo and Akershus University College.

**Previous appointments:** Induct Software AS, Norchip AS, YA bank AS, Intempo AS, Plantasjen AS

**Shareholding in the Company:** 48,665 shares held through company.



### CHRISTER HAMMAR

Born 1969. Head of the Adult Education business segment since 2015.

**Education:** Leadership and business education programs, IHM and RMI-Bergs and leadership education programs, Manpower.

**Previous appointments:** CEO of Manpower A/S and Profice Care AB, as well as deputy CEO and regional manager of Humana Assistans.

**Shareholding in the Company:** 20,201 shares and 52,000 warrants.



### KRISTOFER HAMMAR

Born 1978. Director of business development at AcadeMedia since 2017. Worked at AcadeMedia since 2009.

**Education:** M.Sc. in Business, Lund University.

**Previous appointments:** Analyst at Bure Equity, Board member for Textilia AB.

**Shareholding in the Company:** 16,059 shares.



### JENS ERIKSSON

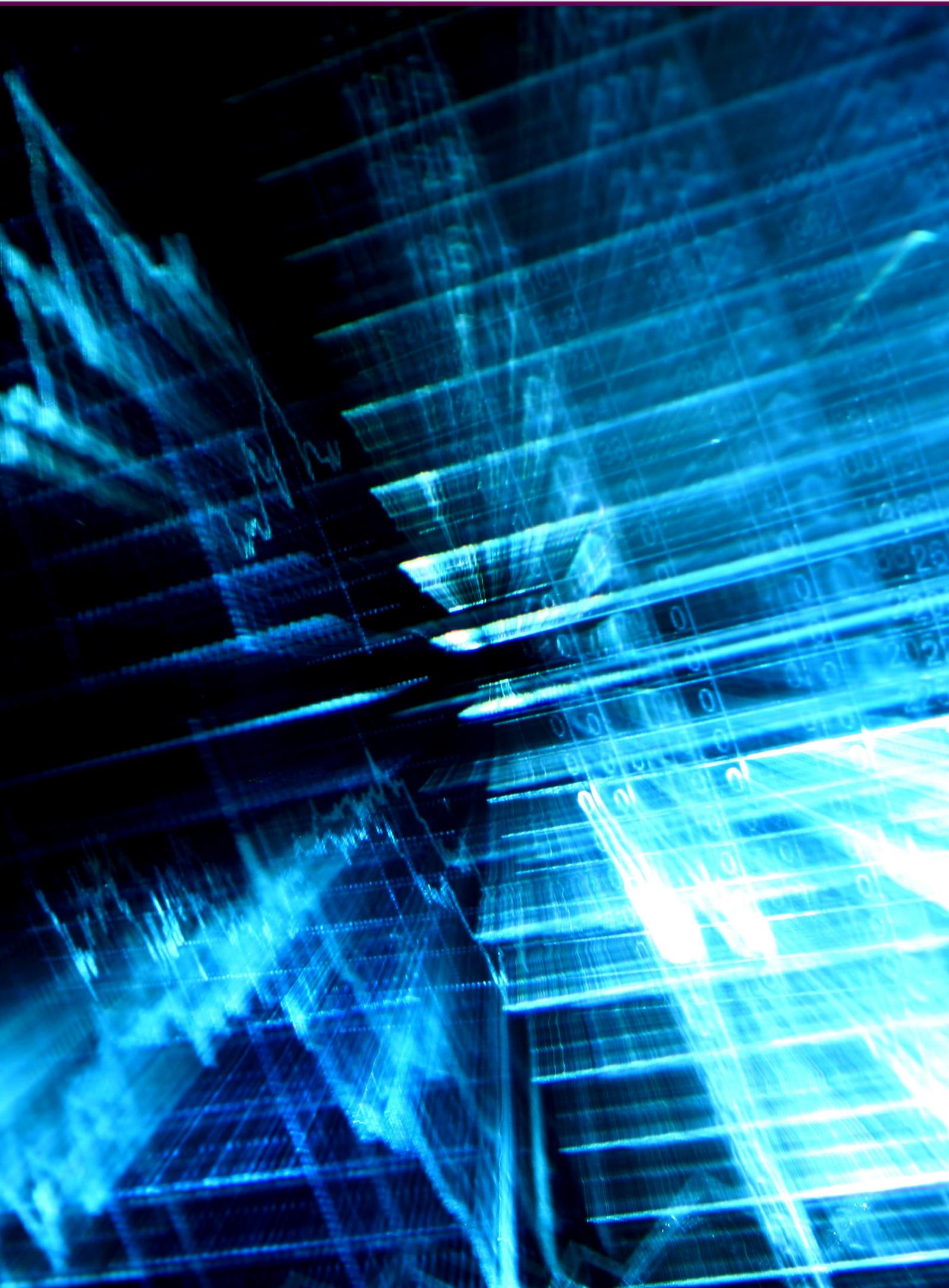
Born 1977. Head of the Upper Secondary Schools business segment since 2016.

**Education:** M.Sc. in Business, Stockholm School of Economics.

**Previous appointments:** COO & CFO Nice Entertainment Group, President & COO MTG Studios

**Shareholding in the Company:** 17,616 shares and 52,000 warrants.





# The AcadeMedia share

AcadeMedia shares have been listed on Nasdaq Stockholm in the Mid Cap segment under the ticker symbol ACAD since June 15, 2016.

## Shareholder structure

The total number of shares in the Company as of June 30, 2017 was 94,789,997 and the ten largest shareholders accounted for around 63 percent.

In connection with the listing on the stock exchange the family-owned company Mellby Gård acquired just under 10 percent of the total shares in the Company. Mellby Gård acquired an additional approximately 10 percent of the total number of shares in early February 2017 and as of June 30 owned 20.06% of the total number of shares.

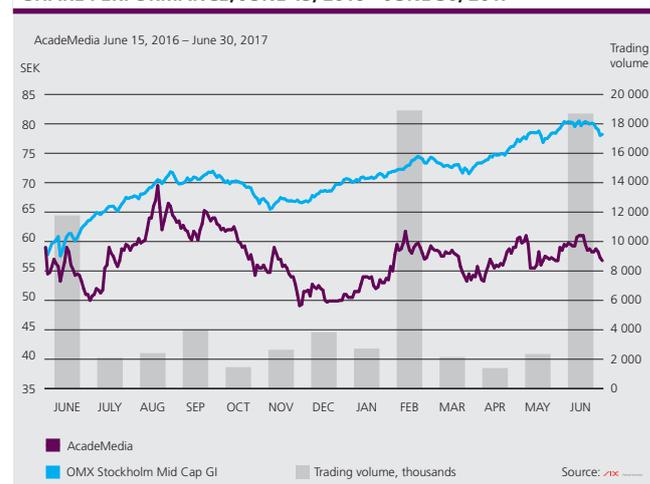
The EQT fund reduced its holdings during the year and as of June 30, 2017 indirectly owned 22.3 percent of AcadeMedia via the holding company Marvin Holding Ltd., which held 25.4 percent of the shares at the same point in time. EQT V owns 87.6 percent of Marvin Holding Ltd. In addition to the two largest shareholders, Nordea Funds, the Third National Swedish Pension Fund and Fidelity were also among the five largest shareholders.

### ACADEMEDIA'S 10 LARGEST SHAREHOLDERS AS OF JUNE 30, 2017

Name	Number of shares	Percentage of capital and votes, %
MARVIN HOLDING LIMITED	24,098,326	25.42
MELLBY GÅRD AB	19,012,427	20.06
NORDEA FUNDS LTD	5,219,272	5.51
Third National Swedish Pension Fund	2,266,920	2.39
FIDELITY FUNDS - NORDIC FUND	1,948,893	2.06
SECOND SWEDISH NATIONAL PENSION FUND	1,772,532	1.87
SWEDBANK ROBUR SMÅBOLAGSFOND SVERIGE	1,584,000	1.67
FÖRSÄKRINGSBOLAGET PRI	1,512,799	1.6
ILMARINEN MUTUAL PENSION INSURANCE CO	1,276,000	1.35
LÄNSFÖRSÄKRINGAR SMÅBOLAG SVERIGE	1,024,820	1.08

Current shareholder information can be found at [www.academedia.se](http://www.academedia.se), search under investors → financial information → the share.

### SHARE PERFORMANCE, JUNE 15, 2016 – JUNE 30, 2017



## Share performance

Between June 30, 2016 and June 30, 2017 the AcadeMedia share declined by 4 percent. During the same period, the Nasdaq Stockholm Mid Cap index rose 28 percent. The highest price paid for the shares during the period was SEK 74.00 and the lowest was SEK 49.10. As of June 30, the AcadeMedia share price was SEK 56.75, corresponding to a market capitalization of about SEK 5,379 million.

From June 30, 2016 through June 30, 2017 a total of 61,516,056 shares were traded, representing 65 percent of the outstanding shares. The average daily trading volume during the same period was 243,146 shares.

## Dividend policy

AcadeMedia's main responsibility is primarily to provide a good education for the reimbursement received. AcadeMedia's unrestricted cash flow will be reinvested in the operation in order to maintain high quality and to finance future growth. The surplus may be distributed to the shareholders, provided that AcadeMedia meets its targets relating to quality and financial position.

# Five-year review

<b>MULTI-YEAR REVIEW</b>					
<b>SEK MILLION, unless otherwise stated</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
<b>PROFIT/LOSS ITEMS, SEK M</b>					
Net sales	9,520	8,611	8,163	6,372	5,125
Items affecting comparability	-23	-32	-79	-35	-14
EBITDA	827	722	720	614	514
Depreciation/amortization	-212	-187	-203	-164	-139
Operating profit/loss (EBIT)	615	535	517	449	376
Net financial items	-80	-127	-269	-209	-255
Profit/loss for the period before tax	535	408	248	240	121
Profit/loss for the period after tax	416	319	222	189	128
<b>BALANCE SHEET ITEMS, SEK M</b>					
Non-current assets	6,574	6,141	5,884	5,945	4,151
Current receivables and inventories	695	697	670	654	537
Cash and cash equivalents	579	331	695	562	338
Non-current interest-bearing liabilities	2,200	2,116	2,609	3,020	2,308
Non-current non-interest bearing liabilities	114	113	197	131	88
Current interest-bearing liabilities	516	568	715	469	207
Current non-interest bearing liabilities	1,577	1,382	1,425	1,352	857
Shareholders' equity	3,443	2,990	2,304	2,189	1,566
Total assets	7,849	7,169	7,250	7,161	5,026
Capital employed	6,158	5,674	5,628	5,679	4,082
Net debt	2,133	2,342	2,629	2,927	2,178
Property-adjusted net debt	1,550	1,866	2,295	2,563	2,178
<b>KEY RATIOS</b>					
Operating margin (EBIT), %	6.5%	6.2%	6.3%	7.1%	7.3%
Adjusted EBIT, SEK m	638	567	596	485	389
Adjusted EBIT margin, %	6.7%	6.6%	7.3%	7.6%	7.6%
Adjusted EBITDA, SEK m	850	754	799	649	528
Adjusted EBIT margin, %	8.9%	8.8%	9.8%	10.2%	10.3%
Net margin, %	4.4%	3.7%	2.7%	3.0%	2.5%
Return on capital employed, % (12 months)	10.9%	10.1%	10.8%	10.0%	9.8%
Return on equity, % (12 months)	12.9%	12.1%	9.9%	10.1%	8.5%
Equity/assets ratio, %	43.9%	41.7%	31.8%	30.6%	31.2%
Interest coverage ratio, times	9.4	4.8	2.8	2.7	1.8
Net debt/Adjusted EBITDA (12 months)	2.5	3.1	3.3	4.5	4.1
Adjusted Net Debt/Adjusted EBITDA (12 months)	1.8	2.5	2.9	3.9	4.1
Cash flow from investing activities	-374	-386	-68	-864	-95
Number of full-time employees	10,564	9,714	9,159	6,997	6,087

Definitions of key ratios can be found on pages 110-111.



*Röda Berget preschool in Vasastan in Stockholm.  
Photo: Rikard Westman*

# Definitions of key ratios

Additional information has been added to accommodate ESMA (European Securities and Markets Authority's) guidelines on alternative key ratios.

KEY RATIOS	DEFINITION	PURPOSE
<b>Absence due to illness</b>	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 period covered by the report.	Absence due to illness is used to measure employee absence and provide indications of employee health.
<b>Adjusted EBIT margin</b>	Adjusted EBIT as a percentage of net sales.	Adjusted EBIT margin sets underlying operating profit in relation to net sales.
<b>Adjusted EBITDA</b>	Operating profit/loss before depreciation/amortization of property, plant and equipment and intangible non-current assets, excluding items affecting comparability.	Adjusted EBITDA is used to measure underlying profit from operating activities, regardless of depreciation/amortization and excluding items affecting comparability.
<b>Adjusted Net Debt</b>	Net debt net of property-related loans, i.e. loans in the Norwegian State Housing Bank, building loans for ongoing construction projects and other property loans in Norway.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated and sold.
<b>Adjusted Net Debt/ Adjusted EBITDA</b>	Adjusted net debt divided by adjusted EBITDA for the last 12-month period.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings excluding items affecting comparability (adjusted EBITDA), to pay off the Company's liabilities, excluding property-related loans
<b>Adjusted operating profit/loss EBIT</b>	Operating profit/loss (EBIT) excluding items affecting comparability.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
<b>Adjusted return on capital employed</b>	Adjusted EBIT + interest income for the most recent 12-month period divided by average capital employed (opening balance + closing balance)/2.	Adjusted return on capital employed is used to set adjusted operating profit/loss in relation to total tied up capital regardless of type of financing.
<b>Capital employed</b>	Total assets less non-interest bearing liabilities and provisions as well as deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity).
<b>Cash flow from investments</b>	Cash flow from investing activities according to the statement of cash flows. This includes acquisitions, investments and divestments of buildings, as well as investments in property, plant and equipment and intangible assets. Investments financed with leases are not included.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
<b>Cash flow from operating activities</b>	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
<b>Earnings per share</b>	Profit/loss for the period in SEK, divided by the average number of shares outstanding, basic/diluted, calculated according to IAS 33.	Earnings per share is used to clarify the amount of profit for the period to which each share is entitled.
<b>EBITDA</b>	Operating profit/loss before depreciation/amortization and impairment of non-current assets.	EBITDA is used to measure profit (loss) from operating activities, regardless of depreciation/amortization.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.	EBITDA margin is used to set EBITDA in relation to net sales.
<b>Employee turnover</b>	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 as the accumulated number for the period the report refers to.	Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year.

<b>Equity/Assets ratio</b>	Equity as a percentage of total assets.	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.
<b>Interest coverage ratio</b>	Adjusted EBIT for the last 12 months plus financial income in relation to interest expense.	Interest coverage ratio is used to measure the company's ability to pay interest costs.
<b>Items affecting comparability</b>	Items affecting comparability are items related to real estate such as capital gain on sales or major property damage which are not covered by corporate insurance, advisory costs upon acquisition, severance pay to senior executives, Greater integration costs due to acquisitions or reorganization costs, as well as costs that result from strategic decisions and major restructurings that lead to winding up of units.	Items affecting comparability are used to identify the non-recurring profit/loss items that are not included in ongoing operating activities in order to obtain a clearer picture of the underlying profit trend.
<b>Net debt</b>	Interest-bearing debt (current and non-current) net of cash and cash equivalents and non-current interest-bearing receivables (current and non-current).	Net debt is used to clarify the size of the debt less current cash and cash equivalents (which in theory could be used to repay loans).
<b>Net debt/adjusted EBITDA</b>	Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (EBITDA), to pay off the Company's liabilities, including property-related loans.
<b>Net financial items</b>	Financial income less financial expenses.	Used to describe the results of the company's financial activities.
<b>Net margin</b>	Profit/loss for the period as a percentage of net sales.	Net margin is used to measure net earnings in relation to net sales.
<b>Number of children/students</b>	Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students.	Number of children/students is the most important driver for revenue.
<b>Number of education units</b>	Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit.	Number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units.
<b>Number of full-time employees</b>	Average number of employees during the period, full-time equivalents (FTE).	The number of employees is the main cost driver for the Company
<b>Operating margin (EBIT margin)</b>	Operating profit/loss as a percentage of net sales.	The operating margin shows the percentage of net sales remaining after operating expenses, which can be allocated to other purposes.
<b>Operating profit/loss (EBIT)</b>	Operating profit/loss before net financial items and tax.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.
<b>Return on capital employed</b>	Adjusted operating profit/loss (EBIT for the most recent 12-month period plus interest income divided by average capital employed (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to the capital needed to run the business.
<b>Return on equity</b>	Profit/loss for the most recent 12-month period divided by average equity (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to shareholders' paid-in and earned capital.

## GENERAL

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

# Helpful tips

Annual reports are filled with information and few people read them from cover to cover. Our annual report provides a good summary of AcadeMedia's operations and results, even if you only read parts of it.

Here are some helpful tips for people who don't have time to read everything.

## For people who want to know all about our business and financial performance

The Administration Report, which begins on page 43, is a good starting point. It provides a brief summary of information such as major events over the past year, our financial position and our quality management initiatives.

## For people who want to know all about the numbers

The numbers package begins on page 61 and covers 37 pages. That's where you can learn that AcadeMedia's sales for the year totaled SEK 9,520 million and the profit for the period was SEK 416 million.

## For people who want the shortest summary possible

On page 2 we have "The year in brief" – it doesn't get any shorter than that!

## For people who want to gain insight into how we see the future

The two-page message from the CEO on pages 6-7 is a good status update describing both where we are today and how we view the future. Scroll ahead to page 24 where the strategy section starts, which also provides a fair amount of information about the future.

## For people who want to know more about our segments

Our four segments – Pre- and compulsory school, Upper secondary school, Adult education and Preschool international – are described on pages 31-41.

## For people who have a strong interest in quality

Our quality management initiatives are described on pages 10-15. If you would like even more information, we recommend reading AcadeMedia's Group-wide quality report, which is available at [www.academedia.se](http://www.academedia.se)

## For people with a focus on internal control

The Corporate Governance Report, which starts on page 54, describes how we ensure good internal control and governance.

We hope you enjoy reading our report!

# AcadeMedia

ACADEMEDIA AB | Tel. 08 451 54 00 |

Post: Box 213 | 101 24 Stockholm

Besök: Adolf Fredriks Kyrkogata 2 | Stockholm

[www.academedia.se](http://www.academedia.se) | [info@academedia.se](mailto:info@academedia.se)

