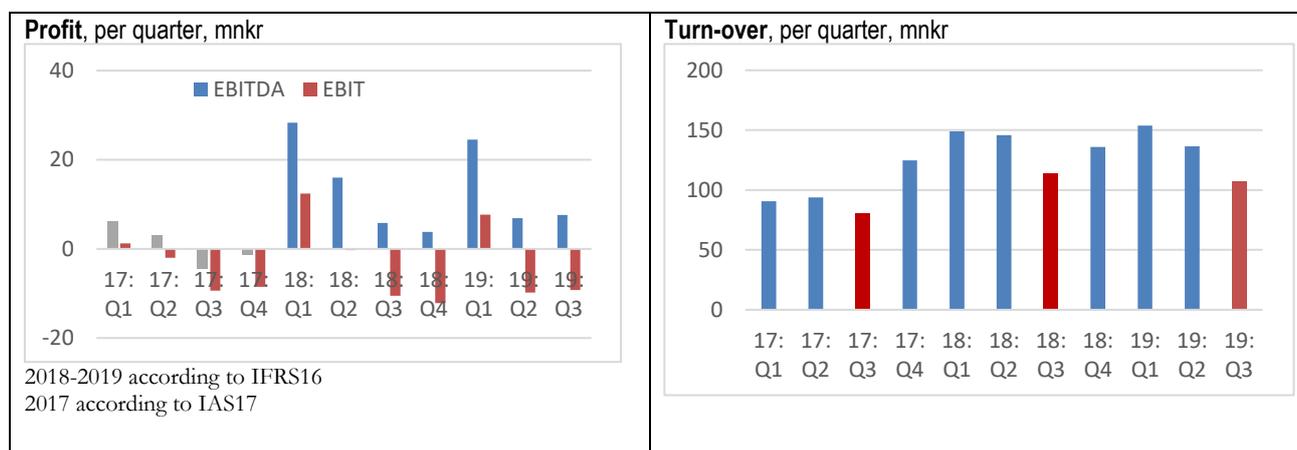


YA Holding AB (publ)
Third Quarter interim report

FINANCIAL OVERVIEW	Q3 2019	Q3 2018	Differ- ence	ytd 2019	ytd 2018	Differ- ence
	mnkr	mnkr		mnkr	mnkr	
Net sales,	107.1	114.1	-7.0m	397.3	409.1	-11.8m
EBITDA*	7.6	5.8	+1.8m	39.0	50.1	-11.1m
EBITDA-margin	7.1%	5.1%	-2.0pp	9.8%	12.2%	-2.4pp
EBIT*	-9.2	-10.5	+1.3m	-11.2	1.6	-12.8m
EBIT-margin	-8.6%	-9.2%	+0.6pp	-2.8%	0.4%	-3.2pp
One-off items*	-1.8	-	-1.8m	-8.6	-	-8.6m
EBITDA excl. one-off items	9.4	5.8	+3.6m	47.7	50.1	-2.4m
EBITDA-margin excl. one-off items	8.8%	5.1%	+3.7pp	12.0%	12.2%	-0.2pp
EBIT excl. one-off items	-7.3	-10.5	+3.2m	-2.6	1.6	-3.2m
EBIT-margin excl. one-off items	-6.9%	-9.2%	+2.3pp	-0.7%	0.4%	-1.1pp
Cashflow	4.0	-3.0	+7.0m	-1.7	-4.0	+2.3m
Share of participants employed**	77%	78%	-1pp	78%	71%	+7pp

*Including cost of refinancing and restructuring

**Measured three months after end of course



CEO COMMENT

The Q3 results were affected by the sharp and unexpected decline of employment training (AUB) courses after the summer. In contrast to the demand of AUB forecasted by the Swedish Public Employment Service (AF) in July, the volumes went down by some 30% from the second to the third quarter, leading to reduced participant numbers also in YA's courses. Still, EBIT, EBITDA and cash-flow in the third quarter were all somewhat better than in the same quarter 2018.

The recently published October forecast from AF confirms the reduction in AUB and foresees a subdued level of participants in AUB through 2019 and 2020 despite the 281 mnkr that the Government pinpointed as increased funding for AUB in its budget for 2020. YA has implemented a cost adaptation program to counterbalance the negative income effect.

In parallel, the authority is preparing for a reform, where private providers will take over the matching activities in 2021. A pilot is announced to start in the spring of 2020. In a recent report, AF estimates the market size of these activities to be between 6 bnkr and 15 bnkr, depending on the number of participants and price levels.

Both vocational secondary education (VUX) and vocational university (YH) are growing in income and profitability. Together with corporate sales and Finland, they now account for some 40% of YA's total turnover.



About YrkesAkademin: YA Holding, including subsidiaries, is a Sweden based educational company holding a leading position in the vocational education and labour market training industry. The business is primarily conducted in YrkesAkademin and YrkesAkademin YH. YrkesAkademin conducts labour policy and secondary vocational education in several areas, including professional drivers, earth moving machine operators, industry, restaurant, real estate maintenance, construction and vehicle mechanics. YrkesAkademin YH is specialised on vocational university education.

RECENT DEVELOPMENT

Third Quarter

The third quarter results are affected by low volumes during the vacation period, with lower income from AUB, VUX and corporate training compared with the second quarter. The investment in starting up new vocational university courses earlier this year has started to pay back. The new courses are generating incremental incomes during the autumn and onwards.

The negative impact on turn-over and results from closing down the earth-moving machine operator courses continued in the quarter. Still, YA has maintained its market share at 25% in AUB.

The negative effect on income was further strengthened by AF's transformation. AF is preparing to close-down 132 out of their 242 local offices. As a deliberate consequence, the number of participants in AUB dropped significantly in the summer and has continued to be at an all-time-low level in the autumn despite the announcement of higher levels of funding in the state budget. The AUB volume in September was 23% lower than in September last year and 36% lower than in September 2017. According to the latest forecast by AF in October the volume of AUB is declining by 25% in 2019 compared to last year and is forecasted to stay at subdued level in 2020.

YA was affected by the decline in total number of participants in AUB as well as in preparatory courses (FUB) and by the close-down of earth-moving machine operator courses. The growth in Vocational secondary education and vocational university partially compensated the decline of 660 participants in AUB and FUB compared with the same period last year.

The reported EBIT for the quarter excluding one-off items, although negative, is showing an improvement of 3.2 mnkr compared with last year despite of the declined volumes. This is reflecting the cost adaptation actions and structural changes initiated earlier this year and last year.

The need for competence development in the Swedish labor market is increasing. YA is continuing the initiated efforts to respond to the demand for competence development through further diversifying the income streams and through preparing for the possible privatization of the employment service in co-operation with AF.

Market development

In its last forecast from October, AF is expecting the number of participants in AUB, FUB and support and matching (STOM) to remain at historical low levels. This is in clear contradiction with the earlier forecast in Q2 and affects the whole education industry negatively. The number of participants in AUB has not been this low since the 1950's and according to AF's forecast these low levels will be maintained in the coming year. The decisions not to continue with earth-moving machine operator courses is affecting YAs annual turnover by -40 mnkr, and a new tendering process is foreseen during the last quarter of 2019.

A new reform of AF would open new market opportunities for private corporations. In its recent report to the Government, AF calculated on scenarios ranging from a market size of 6 bnkr to 15 bnkr annually. This should be compared to the total market size of AUB that is approximately 1 bn and YH that is approximately 2 bnkr.

Annual operating expenses

A cost adaptation program was implemented during the quarter to balance the decline in employment training volumes. The implemented cost adaptation corresponds to 30 mnkr annually and the program is affecting about 10% of the YAs personnel. The program aims to optimize the whole organization

including support functions and management. The negotiations were completed in agreement with the Union in September in accordance with the Swedish Employment Act. The concerned employees have been officially informed in October and the affected people shall leave the company according to the individual notice periods. The material share of the savings in annual operating expenses is reached by the first quarter of 2020.

Forecast

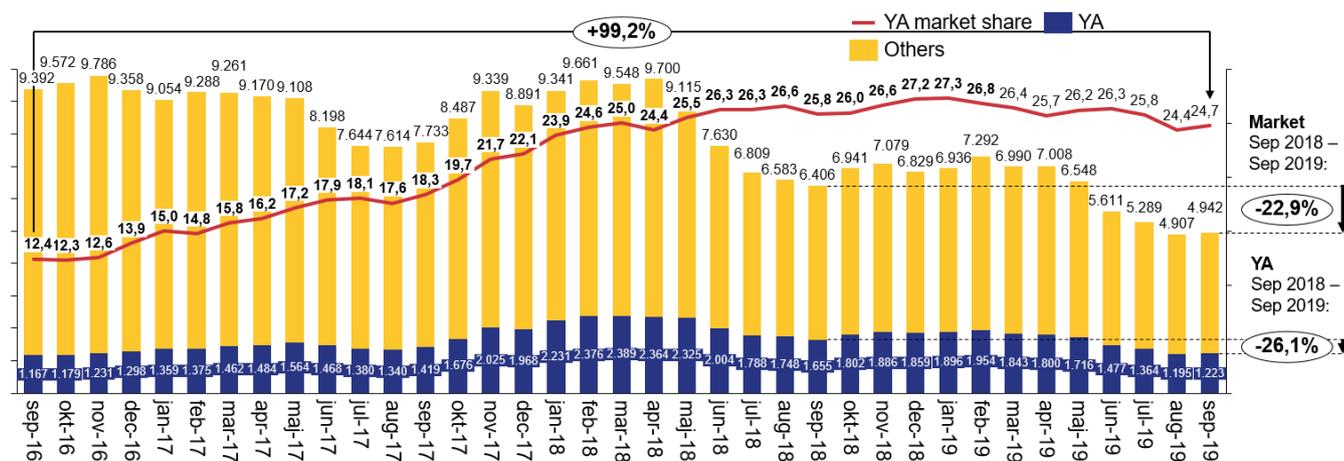
The Swedish Government has in September addressed an incremental budget of 281 mnkr to employment education for 2020. The said budget increase is, however, not at all reflected in AFs forecast. The prevailing uncertainty and the large reduction of employees in the AF make the market prospects difficult to assess.

In April 30, YA published a forecast for the coming five years. Since then, the Swedish Employment Service (AF) has revised its forecast three times. In May, it reduced its forecast for 2019 by 124 mnkr, in July by 264 mnkr and in October further by 153 mnkr. In total, the expected spend has thus been reduced by 17% since the forecast was made.

The political uncertainty is negatively affecting YA's ability to forecast the future development. A substantially better visibility is required before YA is able to release a new forecast for the coming years.

Number of people in Employment Training

Total participants in AUB, YA participants and YA's market share September 2016 – September 2019



Source: Public Employment Service, Monthly statistics

The revenues from employment training (AUB) declined by 23% from 89.5 mnkr to 68.5 mnkr compared with Q3 last year.

In secondary vocational training (VUX), YA has had a growing level of participants, reaching an average number of 550 participants through the quarter. This is 38% higher than last year and increased income by 7 mnkr or more than 50% compared with Q3 2018.

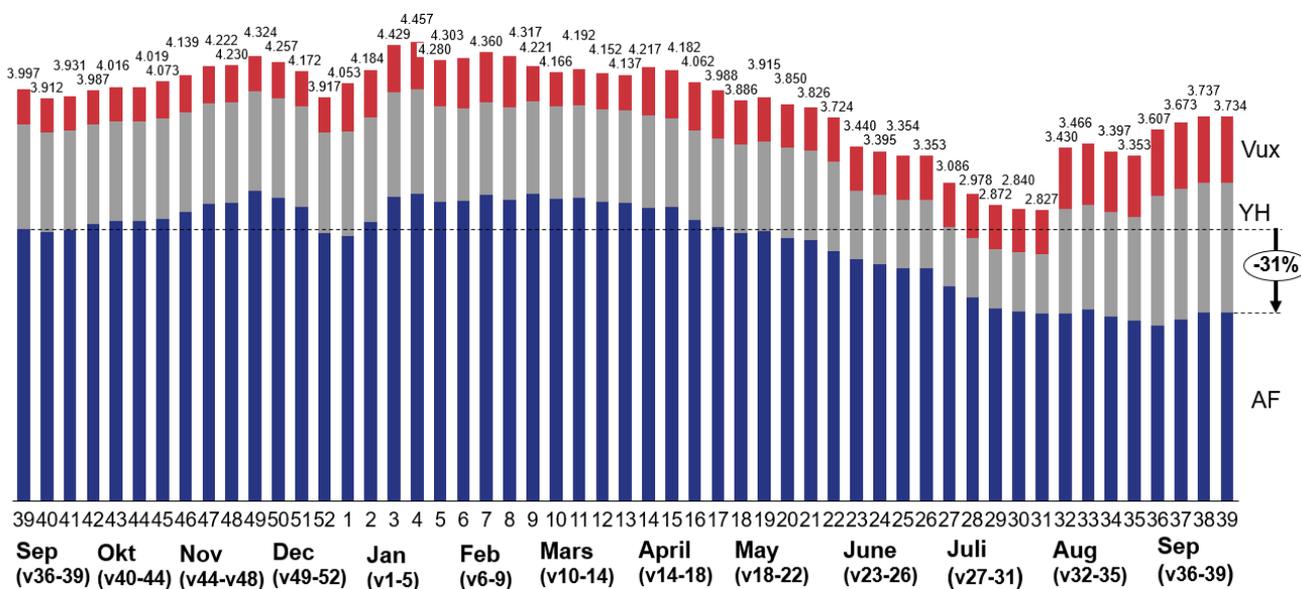
In vocational university (YH) the number of students exceeded 1200 in September compared with 900 last year. Vocational University income also grew by 5 mnkr or 46% compared to Q2 last year.

Corporate sales increased by 1.6 mnkr since last Q3 but remains on low level at 4.9 mnkr.

Due to the declining revenues from employment training, YAs total income was declining by 7 mnkr or 6.1% compared with third quarter last year.

Number of participants in YA-courses

Total participants in AUB, FUB, YH and Vux



Tenders and contracts

Out of the contracts won earlier YA has started three new courses at three locations; electrician, construction plater and vehicle plater. The education of electricians also represents further expansion of our competence in construction branch.

The close-down of the earth-moving machine operator courses has been completed by the end of September. AF has not yet initiated a new tender process.

In the quarter, YA is pursuing secondary vocational courses in three municipalities; ambulance driver in Stockholm and transport education in Kalmar and Kristianstad

AF has in October initiated a new procurement process for industrial technicians. This tender process will cover 36 different locations in several steps during the 4th quarter.

Events after the third quarter

Jan Larsson, CEO at YrkesAkademin since January 2016, has taken the decision to pursue career opportunities outside YA. He will stay in YA until December 31, 2019 to support the management and to prepare YA for the coming privatization of the employment service.

The Board of Directors of YA Holding AB has nominated YA's CFO Mr. Antti Rokala as acting CEO effective from October 3. The search for new CEO is in progress.

AF has in October initiated a procurement process for AUB Industrial technicians' training (CNC-operator and welder). Out of the 19 locations where results had been published by Friday November 22, YA has won 5, already reaching a higher contract value at higher prices than present contracts.

Vocational University (YH) has, in October, been granted a public funding of 960 tkr to year 2020 for development of distance learning methods as part of the pedagogic development initiative, which was initiated in 2016. YA was selected for the funding as one of ten out of nearly 75 applicants, universities included. This is a major acknowledgement to YAs approach to develop advanced distance education.

KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Ackumulated	
	(July - Sep) 2019	(July - Sep) 2018	(Jan - Sep) 2019	(Jan - Sep) 2018
Net sales	107,1	114,1	397,3	409,1
EBITDA IFRS16	7,6	5,8	39,0	50,1
EBITDA margin, %	7,1%	5,1%	9,8%	12,2%
EBIT	-9,2	-10,5	-11,2	1,6
EBIT margin, %	-8,6%	-9,2%	-2,8%	0,4%
Net debt	518,5	564,7	518,5	564,7
One-off items	-1,8	0,0	-8,6	0,0
EBITDA IFRS16 excl one-off items	9,4	5,8	47,7	50,1
EBITDA margin, %	8,8%	5,1%	12,0%	12,2%
EBIT excl one-off items	-7,3	-10,5	-2,6	1,6
EBIT margin, %	-6,9%	-9,2%	-0,7%	0,4%

Key ratios

Leverage (net debt/EBITDA excl one-offs for the past 12 months)	10x
Interest coverage (EBITDA excl one-offs /Net finance charges – 12 months)	2,3x

BUSINESS DEVELOPMENT DURING THE THIRD QUARTER

Revenues

Third quarter July - September 2019

Revenue amounted to 107.1 mnkr (114.1) for the quarter. The saving program of the Swedish Public Employment Service has led to decrease in employment training and affecting the revenues in addition to the traditionally low revenues during the vacation months

January – September 2019

Revenue amounted to 397.3 mnkr (409.1) for the period. Revenue includes 8.0 mnkr previously not accounted training days from year 2018 and 2017.

Earnings

Third quarter July – September 2019

EBITDA (IFRS16) amounted to 7.6 mnkr (5.8) for the quarter. This includes a one-time cost of 1.8 mnkr related to refinancing and restructuring.

January – September 2019

EBITDA (IFRS16) amounted to 39.0 mnkr (50.1) for the period. EBITDA is affected by a negative net impact of 8.6 mnkr deriving from the previously not accounted revenues of 8.0 mnkr and one-time costs of 16.6 mnkr. Out of the 16.6 mnkr 11.1 mnkr is related to refinancing and the remaining 5.5 mnkr is related to other restructuring.

The investment to build-up new education programs for vocational university is affecting the financial performance in 2019 and the payback is realized during third quarter and onwards. Cost of closing-down the earth-moving machine operator training is also affecting the results. These activities have been mostly completed by the end of September.

Cash flow and financial position

Cash flow from operating activities amounted to 24.6 mnkr (-1.3) during the quarter. For the nine months-period operating cash flow amounted to 37.3 mnkr (23.8). Cash flow from operating activities in Q3 2019 includes a shareholder loan of 40 mnkr which was fully paid in July in accordance with the revised terms and conditions for the bond loan effective June 2019.

Cash flow from investing activities amounted to 1.0 mnkr (2.0) during the quarter and 0.8 mnkr (-24.4) for the nine months-period.

Cash flow from financing activities amounted to -21.6 mnkr (-3.7) during the quarter and -39.7 mnkr (-3.5) for the nine months-period. According to IFRS16 for Leases (refer to the other disclosures below) leasing payments are treated as amortizations of the leasing liability. These payments are treated as financing activities in cash-flow statement.

Total cash flow amounted to 3.9 mnkr (-3.0) during the quarter and -1.6 mnkr (-4.0) for the nine months-period.

OTHER DISCLOSURES

IFRS16

IFRS16 for Leases has been applied as from January 2019. The main impact on the Company's accounts derives from the accounting of leases for premises and vehicles. The effect on the balance sheet as of January 1, 2019 is 164 mnkr to leasing assets (operating lease) and respectively 165 mnkr to the leasing liability. Annual leasing cost of 47 mnkr is re-distributed to depreciations and interest expenses. The opening balance of shareholders equity is adjusted by -1.1 mnkr reflecting the difference in value between leasing assets and the leasing liability.

The balance sheet, income statement and cash-flow statement of 2018 are adjusted respectively reflecting the IFRS16.

Average number of employees in the Group

For the quarter, the average number of employees (FTE) in the Group was 439 (483).

Reporting dates

Interim report Q4

February 18, 2020

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

For a description of the Group's accounting policies, reference is made to the annual report. Goodwill is tested annually for impairment in accordance with IAS 36.

Significant risks and uncertainty factors

Significant risks and uncertainties are described in the annual report.

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

Falun, November 22, 2019

The Board of Directors

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FINANCIAL STATEMENTS

Income statement and other comprehensive income

	2019-07-01	2018-07-01	2019-01-01	2018-01-01
(SEK thousands)	2019-09-30	2018-09-30	2019-09-30	2018-09-30
Net sales	107 070	114 059	397 279	409 079
Other operating income	383	5 834	5 212	6 850
Total	107 452	119 893	402 490	415 929
<i>Operating expenses</i>				
Other external costs	-44 157	-64 292	-174 325	-207 955
Employee benefit expenses	-54 984	-57 294	-187 118	-186 299
Amortisation and depreciation of intangible and tangible fixed assets	-16 760	-5 782	-50 291	-16 870
Other operating expenses	-739	-3 056	-2 004	-3 171
Operating result(*)	-9 189	-10 531	-11 249	1 634
<i>Profit/loss from financial items</i>				
Other interest income and similar profit items	6	12	22	30
Interest expense and similar loss items	-545	-7 367	-15 626	-21 583
Result after financial items	-9 728	-17 886	-26 853	-19 919
Tax on profit for the period	2 744	3 970	4 013	4 559
Net result for the period	-6 984	-13 916	-22 840	-15 360
(*)Operating Result excl one-off items	-7 348	-10 531	-2 636	1 634

BALANCE SHEET

(SEK thousands)	2019-09-30	2018-09-30	2018-12-31
Non-current assets			
<i>Intangible assets</i>	438 342	488 411	438 393
<i>Tangible fixed assets</i>	187 387	232 760	227 769
<i>Financial assets</i>	11 133	4 351	10 631
Current assets			
<i>Current receivables</i>	62 237	74 909	62 846
Cash and bank balances	7 093	1 964	8 772
Total assets	706 192	802 395	748 411
Equity	68 510	130 844	91 256
Liabilities			
<i>Deferred tax</i>		-	-
<i>Other provisions</i>	3 591	-	-
<i>Long-term interest-bearing debt</i>	457 617	500 398	143 973
Bond loans	335 000	335 000	-
Other non-current liabilities	122 617	165 398	143 973
<i>Short-term interest-bearing debt</i>	68 004	66 237	421 899
<i>Current liabilities</i>	108 469	104 916	91 283
Total equity and liabilities	706 192	802 395	748 411

STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
Opening balance as of January 1, 2019	500	268 952	-	178 102
Net profit			-	22 840
Closing balance as of September 30, 2019			-	178 102

CASH-FLOW STATEMENT

	2019-01-07	2018-01-07	2019-01-01	2018-01-01
(SEK thousands)	2019-09-30	2018-09-30	2019-09-30	2018-09-30
Operating profit (EBIT) for the period	-9 093	-10 531	-11 154	1 634
Depreciation/amortization	15 074	16 315	38 550	48 466
Interest paid/received	-634	-7 355	-15 932	-21 553
Other non-cash items	-813		-1 930	
Income tax paid	-856	-847	-2 475	-2 471
Cash flow from operating activities before change in operating capital	3 678	-2 418	7 059	26 076
Change in operating working capital	20 892	1 157	30 225	-2 247
Cash flow from operating activities	24 570	-1 261	37 284	23 829
Cash flow from investing activities	1 019	1 977	764	-24 376
Cash flow from financing activities	-21 624	-3 685	-39 727	-3 484
Cash flow for the period	3 965	-2 969	-1 679	-4 031
Cash and cash equivalents, opening balance	3 128	4 933	8 772	5 995
Cash and cash equivalents, closing balance	7 093	1 964	7 093	1 964

DEFINITIONS

EBIT	Earnings before interest and tax.
EBITDA (IFRS16)	Earnings before interest, tax, depreciation and amortization.
EBIT-margin	EBITA as a percentage of net sales.
EBITDA-margin	EBITDA as a percentage of net sales.
Net debt	Interest-bearing liabilities less cash balances excluding shareholder loans.
Number of employees	Average number of employees for the period
Lease contracts	Finance lease contracts are recorded as asset on the balance sheet and the value of the lease payments as debt. Depreciation is charged on the asset over the useful economic life.

TRANSLATION

Arbetsförmedlingen (AF)	The Swedish Public Employment Service
Yrkehögskola (YH)	Vocational University
Arbetsmarknadsutbildning (AUB)	Employment Training
Förberedande utbildning (FUB)	Preparatory Training
Yrkesvux (VUX)	Vocational Secondary Education
Stöd och matchning (STOM)	Support and Matching
Yrkesvenska	Professional Swedish Education