

Q1 2020

Financial Overview

YA Holding AB (publ)

First quarter 2020

Interim report



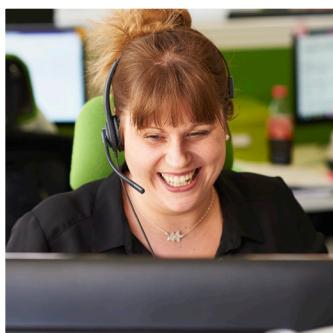
**Yrkes
Akademin**



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.



First Quarter January–March 2020

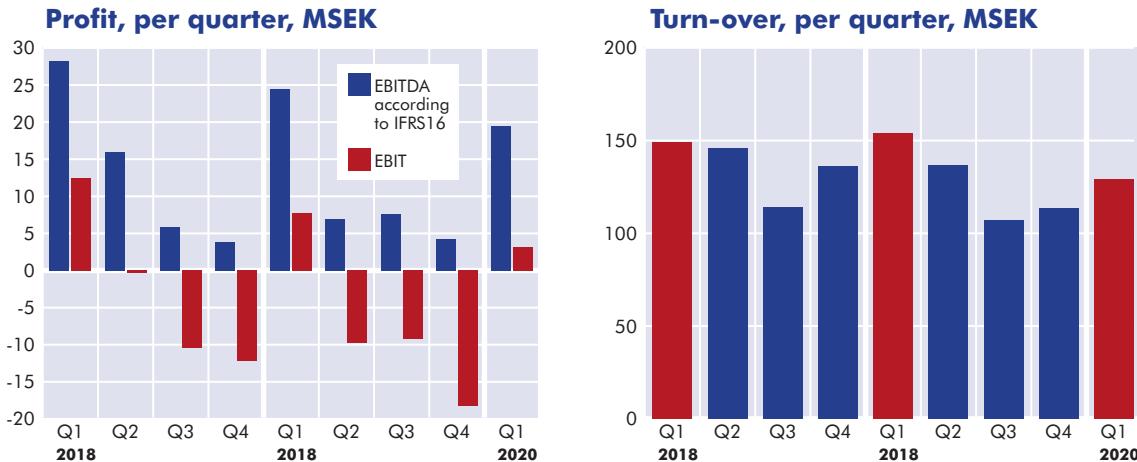
- Net sales decreased by 15.3 % to 130.2 MSEK (153.8).
- EBITDA amounted to 19.5 MSEK (24.5).
- Exceptional items for the quarter amounted to 0.0 MSEK (+1.9).
- EBITDA excluding the exceptional items was 19.5 MSEK (22.6).
- Operating profit (EBIT) for the quarter amounted to 3.2 MSEK (7.7).
- EBIT excluding exceptional items was 3.2 MSEK (5.9).
- Total cash flow for the quarter was to -0.7 MSEK (-7.4).
- The average number of students in employment training, preparatory training, vocational secondary education and vocational university for the quarter was 3919 (4250).
- The share of participants employed three months after the training was 77% (80%) for the quarter.
- The outbreak of virus Covid-19 began to impact YA's business in March.

Financial overview	First quarter		Full year	
	2020	2019	Difference	2019
Net sales	130,2	153,8	-23,6	510,9
EBITDA	19,5	24,5	- 5,1	27,6
EBITDA-margin, %	14,9%	15,9%	-1,0%	5,4%
EBIT	3,2	7,7	- 4,6	-45,4
EBIT-margin, %	2,4%	5,0%	-2,6%	-8,9%
Exceptional items*	-	1,9	- 1,9	-19,4
EBITDA excl. exceptional items	19,5	22,6	- 3,2	47,0
EBITDA-margin excl. exceptional items	14,9%	14,7%	0,2%	9,2%
EBIT excl. exceptional items	3,2	5,9	- 2,7	-26,0
EBIT-margin excl exceptional items	2,4%	3,8%	-1,4%	-5,1%
Cash flow	- 0,7	- 7,4	6,7	6,8
Number of participants avg	3 919	4 250	- 331	3 599
Share of participants employed **	77%	80%	-3%	79%

* Including cost of refinancing and restructuring in 2019

**Measured three months after end of education

IFRS16 for Leases has been applied as from January 2019.



Back to positive results

During the year 2019, the public investment in employment training (AUB) and preparatory training (FUB) was reduced heavily in connection to the ongoing political reform, where private providers will take over the employment service from The Swedish Public Employment Service (AF).

The cost adaptation program that was announced in autumn of 2019 has been fully implemented by the end of the year 2019. The program aimed to counter-balance the decline in revenues from employment training. Operating expenses (OPEX) for the first quarter of 2020 declined by 19.1 MSEK (13%) compared with the first quarter of 2019. During the first quarter of 2020, EBIT recovered to positive despite of the decrease in net revenues by -15% compared with the same period last year.

Strategic direction

YA has continued to diversify the income streams to reduce the risk related to future development of labor market politics. The other market segments than AUB account for 43 % of YA's total turnover in the first quarter of 2020 in comparison to 22% in the same period in 2019.

The investment to develop new education programs for the Vocational University (YH) has started to pay back. YA has also launched several new programs in vocational secondary education (Vux). The revenues and financial performance in both YH and Vux are developing positively compared to 2019. YA is continuing the efforts to respond to the demand for competence development and to further diversify the sources of income.

Covid-19

The outbreak of virus Covid-19 began to impact YA's business in March and the Group has established a crisis management team in response. By the request of the Swedish government and the Swedish Public Employment Service, YA has switched to remote education for employment training and secondary vocational education. Many of YAs corporate clients have cancelled or postponed their planned educations.

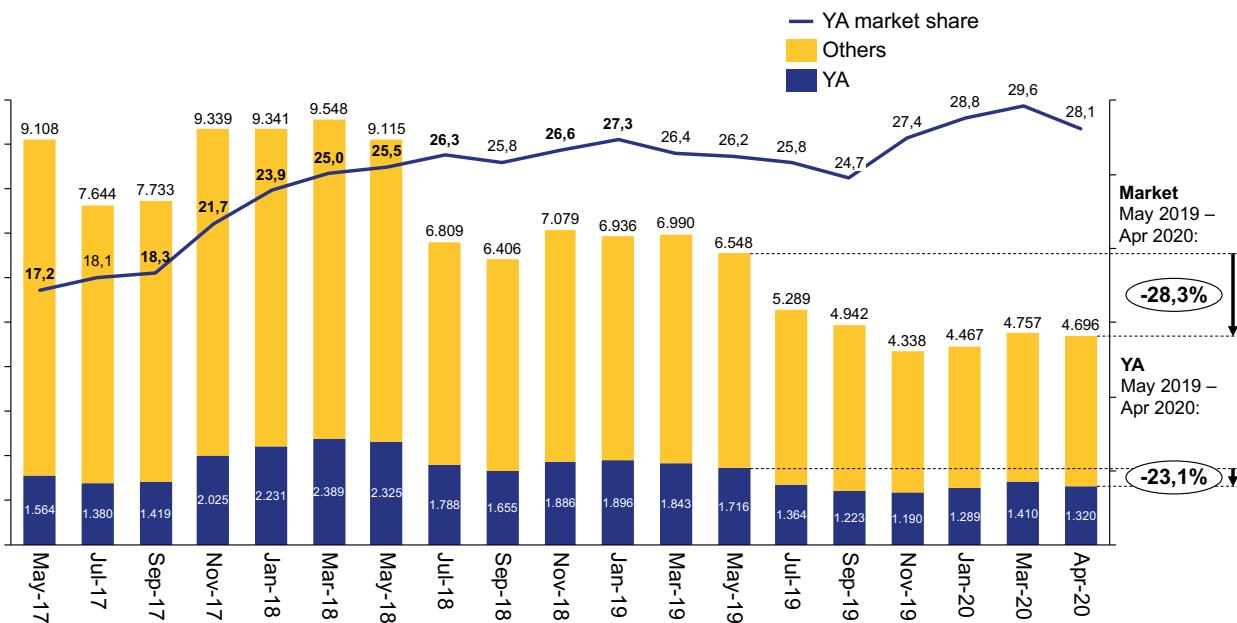
YA has switched to remote work for any services that may be handled remotely, has limited business trips and physical meetings, and is applying digital meeting platforms wherever possible. YA has exercised several of the temporary business support measures announced by the Swedish Government in response to the pandemic, including temporary lay-off of part of the employees. The board and the management team are closely monitoring the situation and are continuously taking measures to limit any impact.

Martin Modig, CEO, YA Holding AB (publ)

Segment information

Number of people in Employment Training (AUB)

Total participants in AUB, YA participants and YA's market share during 2017 – 2020



Source: Public Employment Service, Monthly Statistics

Due to AF's reform, the number of participants in employment training (AUB) has dropped significantly during the past year and remains at an all-time-lowest level in the first quarter of 2020. Number of attendants in employment training decreased by 32 % from 7 000 students in March 2019 to 4 700 students in March 2020. The number of students attending to AUB has stabilized to a low level in the first quarter of 2020. YAs market share in AUB has reached all-time-highest level of 29.6% in March 2020.

The number of participants in YAs labor market training and preparatory training fell by 58% from 2891 students in the first quarter of 2019 to 1676 students in the first quarter of 2020. The corresponding revenues from AUB and FUB declined by 38% to 73.0 MSEK compared with the first quarter last year (119.5). 7

In Vocational University (YH) the average number of students was 1439 in the quarter, which is 53% higher than last year (937). Revenues from YH grew by 43% to 23.3 MSEK compared with last year (16.2).

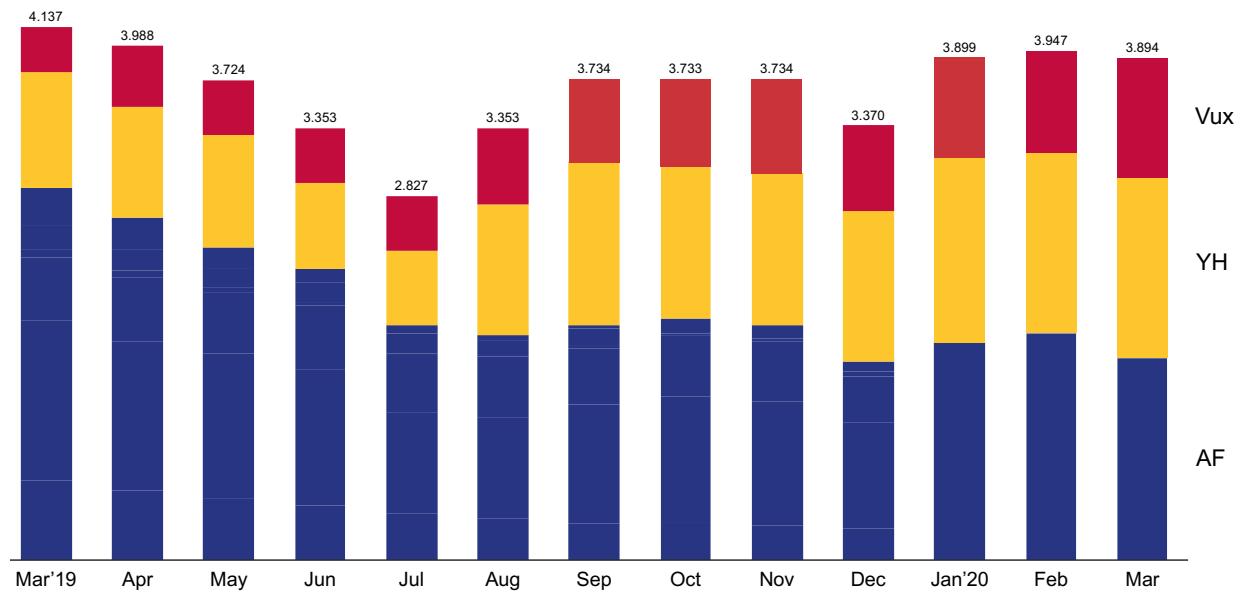
In vocational secondary education (Vux), YA reached an average number of 804 participants in the quarter, which is 90% higher than last year (422). The revenues from Vux increased to 25.0 MSEK or by 160% compared with the first quarter last year (9.6).

Corporate sales and other income amounted to 8.9 MSEK (8.5).

YA has strengthened its position as the leading provider of employment training, has become one of the leading operators in vocational university and has a growing market share in vocational secondary education.

Number of participants in YA-courses

Total participants in AF, YH and Vux



2020 First quarter by segment

	Avg n:o of students		Sales mnkr		EBIT by segment		EBIT in %	
	2020	2019	2020	2019	2020	2019	2020	2019
Labor market training	1 676	2 891	73,0	119,5	-3,8	3,5	-5,1%	3,0%
Vocational University	1 439	937	23,3	16,2	2,5	-0,0	10,5%	-0,3%
Vocational secondary educ.	804	422	25,0	9,6	3,2	0,5	12,9%	5,4%
Other training			8,9	8,5	1,3	1,6	14,3%	18,8%
Totalt	3 919	4 250	130,2	153,8	3,2	5,6	2,5%	3,6%

Tenders and contracts during the quarter

AF has completed a procurement process for industrial technicians (CNC-operator and welder) in all 35 different locations. YA gained three new contracts and renewed three contracts for its existing locations.

YA has been granted eight new vocational university education programs and prolongations to nine existing programs in January. The granted programs cover between one and two and a half years of study time. These programs are scheduled to start in the autumn of 2020 and in the spring of 2021, and they will create over 500 education places. The granted courses are expected to generate over 30 MSEK in annual revenues. When the business is fully expanded, the vocational university courses will comprise 2000-2400 training places, which makes YA one of the leading suppliers of vocational university programs.

YA has gained seven new contracts in secondary vocational educations; transport education in Växjö and Kalmar, construction technician, electric technician, property maintenance and industrial technicians programs in Borlänge. YA has also renewed a frame agreement in Stockholm North-region regarding construction technician, property maintenance, vehicle mechanics and transport education.

Events after the first quarter

YrkesAkademin launches new matching services

YrkesAkademin has been approved by the Swedish Employment Service as a supplier of a new concept for the privatized employment service called Kundval Rusta och Matcha (KROM). The program aims to tailor efforts for job seekers to support their return to work or further education. Given the rising unemployment and an expected recession, the need for effective matching service in the Swedish labor market is obvious.

YA will start operations during the commencing year and the service will be developed in co-operation with the Swedish Employment Service.

KROM will be piloted on a limited scale starting from the summer of 2020.

Future outlook

The demand of employment service and labor market training is expected to increase together with the growing unemployment after the restrictions related to outbreak of Covid-19 have expired. The Swedish Employment Service is, upon the request by the Swedish Government, continuing its efforts to secure a nation-wide availability of employment services. Incremental public funding has been addressed to respond to the growing demand of employment service and employment training. The growth in demand together with the ongoing reform of labor market politics is expected to open further business opportunities to YrkesAkademin in the future.

Key financial information

(MSEK)	Quarter		Full Year
	(Jan - Mar) 2020	(Jan - Mar) 2019	(Jan - Dec) 2019
Net sales	130,2	153,8	510,9
EBITDA	19,5	24,5	27,6
EBITDA margin, %	14,9%	15,9%	5,4%
EBIT	3,2	7,7	-45,4
EBIT margin, %	2,4%	5,0%	-8,9%
Net debt	506,9	551,9	524,4
Exceptional items and impairment loss	0,0	1,9	-19,4
EBITDA excl exceptional items	19,5	22,6	47,0
EBITDA margin, %	14,9%	14,7%	9,2%
EBIT excl exceptional items and impairment loss	3,2	5,9	-26,0
EBIT margin, %	2,4%	3,8%	-5,1%

Key ratios

Leverage (net debt/EBITDA excl exceptional items for the past 12 months)	11.3x
Interest coverage (EBITDA excl exceptional items /Net finance charges for 12 months)	2.4x

Financial performance

Revenues

First quarter January – March 2020

Revenue amounted to 130.2 MSEK for the quarter, which corresponds to a decline of 15% compared with the first quarter of 2019 (153.8). The reform of the Swedish Public Employment Service has led to a sharp decrease in employment training (AUB) and preparatory training (FUB) and it is affecting the revenues during the commencing year.

The Group has in 2019 made an investment to develop new education programs for the Vocational University and gained several new education programs in the vocational secondary education. The decrease in revenues from AUB and FUB is partly compensated with the growth in Vocational University and the newly gained vocational secondary education programs.

Earnings

First quarter January – March 2019

EBITDA amounted to 19.5 MSEK (24.5) for the quarter. The EBITDA of the first quarter of 2019 recognizes exceptional items of +1.9 MSEK. The comparable EBITDA of the same period last year would be 22.6 MSEK.

EBIT amounted to 3.2 MSEK (7.7) for the quarter. Excluding the exceptional items, the comparable EBIT of the same period last year would be 5.8 MSEK.

The earlier announced cost adaptation program was implemented during the autumn of 2019 to counter-balance the decline in AUB volumes and it was affecting about 10% of YAs personnel. Operating expenses (OPEX) for the first quarter of 2020 declined by 19.1 MSEK or 13.1% from 146.1 MSEK in 2019 to 127.0 MSEK in the first quarter of 2020.

Exceptional items are shown in the table on page 8.

Exceptional items (MSEK)	First Quarter		Full year
	2020	2019	2019
Retrospective revenues (AF)	-	5.6	8.0
Good-will impairment (not affecting EBITDA)	-	-	-
Cost of renewing bond loan	-	-	-11.1
Restructuring personnel	-	-2.4	-5.3
Restructuring premises	-	-	-3.7
Temporary external consultancy	-	-	-2.8
Restructuring leasing fleet	-	-1.3	-1.3
WorkBuster - cleansing open items (2017/2018)	-	-	-2.3
Reconciliation difference, STOM revenues	-	-	-
Inventory cleansing (machine operator training)	-		-0.9
Total exceptional items for the period	0	1.9	-19.4

Cash flow and financial position

- Cash flow from operating activities amounted to 8.2 MSEK (7.5) during the quarter.
- Cash flow from investing activities amounted to -0.7 MSEK (-2.8) during the quarter.
- Cash flow from financing activities amounted to -8.2 MSEK (-12.0) during the quarter.
- 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 -0.7 MSEK (-7.4) during the quarter.

Other disclosures

IFRS16

IFRS16 for Leases has been applied as from January 2019. YA has applied full retrospective approach with recalculation of lease contracts previously recognized as assets and liabilities and with restatement of comparative information. The main impact on the Group's accounts derives from the accounting of leases for premises and vehicles. The effect on the balance as of March 31, 2020 is 122 MSEK to right-of use assets (previously operating leases) and 124 MSEK to the leasing liability.

Deferred tax asset

Due to the expected utilization time of about five years, YA Holding AB (the parent company) has chosen to not recognize any deferred tax asset in balance sheet. That applies also to the holding company YA-bolagen AB. YrkesAkademin AB (operating subsidiary) is recognizing deferred tax asset according to the value of the tax loss carried forward.

Shareholder's contribution

YA Invest AB (shareholder of YA Holding AB) has, in February 2020 subsidized YA Holding by providing a shareholder's contribution of 10 MSEK.

Interest of the renewed bond loan

The interest rate of the renewed bond loan is 0% in 2019, 3 % in 2020, 4% in 2021 and 5% in 2022. The income statement of the fourth quarter recognizes a provision of 5.4 MSEK for the accrued interest between June 18 and December 31, 2019. The average borrowing rate has been deemed at 3.3%.

Financial information of the parent Company

The parent company, YA Holding AB, is by its nature a holding company. YA Holding AB is included in consolidated income statement, balance sheet and cash-flow statement. YA Holding AB does not conduct any operating activities and therefore it is not reflected as a separate entity in this report.

Average number of employees in the Group

For the quarter, the average number of employees counted as Full-Time-Equivalents (FTE) in the Group was 418 (445).

Reporting dates

- Interim report Q2: August 24, 2020
- Interim report Q3: November 23, 2020

Accounting principles

The interim financial statements have 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 financial statement. 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 statement has not been reviewed by the Company's auditors.

Stockholm May 29, 2020

The Board of Directors

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Financial Statements

Consolidated income statement			
(SEK thousands)	2020-01-01 2020-03-31	2019-01-01 2019-03-31	2019-01-01 2019-12-31
Net sales	130 193	153 811	510 882
Other operating income	690	376	6 167
Total	130 883	154 187	517 049
Operating expenses			
Other external costs	-48 733	-64 404	-230 391
Employee benefit expenses	-62 571	-65 109	-256 009
Amortisation and depreciation of intangible and tangible fixed assets	-16 275	-16 792	-72 964
Other operating expenses	-123	-142	-3 082
<i>Operating result</i>	<i>3 181</i>	<i>7 740</i>	<i>-45 397</i>
Operating Result excl exceptional items	3 181	5 854	-26 000
Profit/loss from financial items			
Other interest income and similar profit items	25	2	41
Interest expense and similar loss items	-3 726	-8 733	-22 741
Result after financial items	-520	-991	-68 098
Tax on result for the period	110	88	-4 574
Net result for the period	-410	-903	-72 672

Consolidated balance sheet and Consolidated statement of changes in equity			
(SEK thousands)	2020-03-31	2019-03-31	2019-12-31
Assets			
Non-current assets			
Intangible fixed assets	438 308	438 376	438 325
Tangible fixed assets	162 781	215 233	181 222
Financial assets	6 439	10 788	6 293
Current assets			
Current receivables	51 182	77 737	47 090
Cash and bank balances	4 624	1 367	5 345
Total assets	663 334	743 501	678 275
Equity and Liabilities			
Equity	69 852	90 353	60 242
Liabilities			
Deferred tax			
Other provisions	7 868	4 404	9 885
Non-current interest-bearing debt	426 670	144 961	443 350
Bond loans	335 000	-	335 000
Other non-current liabilities	91 670	144 961	108 350
Short-term interest-bearing debt	84 818	408 338	86 410
Current liabilities	74 126	95 445	78 390
Total equity and liabilities	663 334	743 501	678 275

Statement of changes in equity				
(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
Opening balance as of January 1, 2020	500	308 952	- 249 210	60 242
Net profit			-410	-410
Shareholder's contribution		10 000		10 000
Other				20
Closing balance as of March 31, 2019	500	318 952	- 249 620	69 852

Consolidated cash-flow statement			
(SEK thousands)	2020-01-01 2020-03-31	2019-01-01 2019-03-31	2019-01-01 2019-12-31
Operating profit (EBIT) for the period	3 180	7 739	-45 397
Depreciation/amortization	16 154	14 273	47 195
Interest paid/received	-4 090	-8 396	-22 970
Other non-cash items	-2 017	-1 117	4 364
Income tax paid	-651	-776	48
Cash flow from operating activities before change in operating capital	12 576	11 723	-16 760
Change in operating working capital	-4 357	-4 238	9 447
Cash flow from operating activities	8 219	7 485	-7 313
Cash flow from investing activities	-694	-2 839	-565
Cash flow from financing activities	-8 246	-12 051	4 451
Cash flow for the period	-721	-7 405	-3 427
Cash and cash equivalents, opening balance	5 345	8 772	8 772
Cash and cash equivalents, closing balance	4 624	1 367	5 345

Definitions	
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization of intangible and tangible assets
EBIT-margin	EBIT as a percentage of net sales
EBITDA-margin	EBITDA as a percentage of net sales
EBIT excl exceptional items	EBIT excluding items affecting comparability, such as goodwill impairment and restructuring cost
EBITDA excl exceptional items	EBITDA excluding items affecting comparability, such as restructuring cost
Net debt	Interest-bearing liabilities less cash balances excluding shareholder loans
Number of employees	Average number of employees for the period counted as full-time equivalents
Lease contracts	Lease contracts are recorded as right-of-use assets on the balance sheet and the discounted value of the lease payments as liability. Depreciation is charged on the right-of-use asset over the expected useful life.

Translations	
Arbetsförmedlingen (AF)	The Swedish Public Employment Service
Yrkeshögskola (YH)	Vocational University
Arbetsmarknadsutbildning (AUB)	Employment Training
Förberedande utbildning (FUB)	Preparatory Training
Yrkessvux (VUX)	Vocational Secondary Education
Stöd och matchning (STOM)	Support and Matching
Yrkessvenska	Professional Swedish Education
Kundval, Rusta och Matcha (KROM)	Privatized Employment Service



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