

Q4

INTERNATIONELLA ENGELSKA SKOLAN

YEAR-END REPORT, 1 JULY-30 JUNE 2018/2019

Fourth quarter (April-June)

- Operating income increased by 23.7% to MSEK 756.5 (611.4), of which organic growth amounted to 14.3%
- The number of students in the Swedish operation at the end of the quarter was 25,536 (23,927)
- The number of registrations in the queue in Sweden at the end of the quarter was about 191,700 (190,000)
- Operating profit (EBIT) rose 155.4% to MSEK 71.0 (27.8)
- The operating margin was 9.4% (4.5)
- Profit for the quarter totalled MSEK 54.3 (19.5)
- Earnings per share were SEK 1.35 (0.49)
- Cash flow for the quarter was MSEK 68.3 (-123.3)
- Anna Sörelius Nordenborg was appointed CEO in June and will assume her position on 25 November 2019. Cecilia Marlow will continue to serve as Interim CEO until then

Full-year (July-June)

- Operating income increased by 18.4% to MSEK 2,781.1 (2,347.9), of which organic growth amounted to 11.1%
- Operating profit (EBIT) rose 36.9% to MSEK 208.6 (152.4)
- The operating margin (EBIT) was 7.5% (6.5)
- Adjusted for items affecting comparability of MSEK 6.4 (2.7), the operating margin was 7.7% (6.6%)
- Profit for the year totalled MSEK 154.6 (116.5) and earnings per share were SEK 3.85 (2.91)
- Cash flow for the year was MSEK 122.8 (-76.5)
- The board of directors proposes a dividend of SEK 1.16 per share (0)

After the end of the year

- On 5 July 2019, IES sold its 50% shareholding in Colegio IALE to the coowner, the Monzonis family, for MEUR 3.9, generating a capital gain of approximately MSEK 25 for IES

Key figures for the Group

MSEK	April-June			July-June		
	2018/2019	2017/2018	+/-	2018/2019	2017/2018	+/-
Operating income	756.5	611.4	23.7%	2 781.1	2 347.9	18.4%
Operating profit - EBIT	71.0	27.8	155.4%	208.6	152.4	36.9%
Operating margin	9.4%	4.5%	4.8%	7.5%	6.5%	1.0%
Adjusted operating profit - EBIT	71.0	27.9	154.5%	215.0	155.1	38.7%
Adjusted EBIT-margin	9.4%	4.6%	4.8%	7.7%	6.6%	1.1%
Profit for the period	54.3	19.5	178.9%	154.6	116.5	32.7%
Earnings per share, SEK	1.35	0.49	0.87	3.85	2.91	0.94
FTE, average in Sweden	2 707	2 496	211	2 669	2 455	214

STRONG FOURTH QUARTER

In the fourth quarter, we continued to show strong growth in both Sweden and Spain, and welcomed more students and acquired more schools. Operating income increased by 23.7% year-on-year, while operating profit rose 155%. The favourable results are due to a better balance between the respective increases in school voucher funding and teacher salaries, solid cost control and a positive trend for the acquired Spanish schools.

Five new schools in Sweden and one in Spain

We are continuing to grow rapidly in both Sweden and Spain and in the fourth quarter, announced no fewer than five new schools in Sweden and two in Spain. We are also continuing to simplify our ownership structure in Spain and after the end of the period, we sold all of our shares in the joint-venture owned Spanish school Colegio IALE in Valencia to the coowner, the Monzonis family. We now own five schools in Spain, of which all are subsidiaries of IES with an approximate total of 2,500 students, and are regularly evaluating new schools. More schools are also under evaluation in Sweden, and the Swedish Schools Inspectorate has approved all new applications submitted by IES in early 2019.

Conditions have steadily improved during the year, with a resulting gradual strengthening of profitability. Operating income for the full-year increased by 18.4% to MSEK 2,781.1, of which organic growth amounted to 11.1%. The operating margin (EBIT) was 7.5% (6.5).

In Sweden, revenues per student rose 4.0% during the year, and personnel costs per student rose 3.9%.

Due to the positive earnings trend for the year, the board of directors proposes a dividend of SEK 1.16 per share, corresponding to 30% of profit for the year in line with the dividend policy. That corresponds to a dividend yield of approximately 2% to shareholders, based on the share price at 30 June 2019.

Annual quality surveys

Since 1993, IES has been running all of its schools according to the same three principles: a safe and orderly environment for students and employees, high academic expectations and that students learn to command the English language. Every year in May, we conduct surveys among all students, parents and employees to determine how well our schools are living up to our objectives. In addition to our surveys, the Swedish Schools Inspectorate also conducts surveys and reviews the results of several national tests.

Maintaining the highest quality in all of the promises we have made is crucial to our future. It is gratifying,



5 new schools

in Sweden were announced in the quarter

therefore, that we once again received positive reviews from our students, parents and employees this year. Nine of ten parents would recommend their IES school, nine of ten employees would recommend IES as a good place to work and nine of ten students feel secure in their school. At the same time, 97% of the students who left our schools in June were eligible for upper secondary school.

Year after year, our students also achieve better results in the national tests than the national average. In 2019, for example, 70% of IES's students achieved grades of A-C in national tests in Swedish. The Swedish National Agency for Education has not yet released the national average for 2019, but in 2016 (the most recent year for which reliable comparable data is available), 72% of our students achieved grades of A-C in Swedish, compared with the national average of 51% for municipal schools.

January Agreement on schools is also needed locally

In January, five political parties reached a 73-point agreement on the Swedish Government's policies until the next election. Many of these points concerned schools and affect all students and all of those involved in education. They are points that must be honoured if all parties are to focus on the real core issue for Swedish schools – how we can improve quality for all schoolchildren. However, school issues are largely determined locally, where there is not usually any equivalent to the January Agreement. We have been building very solid partnerships with a large number of municipalities over a long period of time, but unfortunately, we are sometimes seeing local behaviour at municipal level that is not in line with the principles of the Agreement. One example is whether all operators are able to compete on equal terms. This also applies to transparency in school voucher decisions and in the building permit process. It sometimes means that the uncertainty is simply too great, making such an establishment impossible with the heavy investment and long-term commitment required to open and run a school. As an example,

some municipalities have not raised their school voucher funding for many years, or have even reduced it, despite the significant increase in teacher salaries.

About 1,000 new schools will be needed in Sweden in the coming years. We firmly believe that the state, municipalities and free school organisations need to work together to solve the challenges facing Swedish schools and to improve the quality of all schools, for all children. With our mixed group of students, of whom 38% have a foreign background, we know that the critical factors for improving results are: to have strong leadership that motivates and develops dedicated teachers, to ensure a safe and secure environment and to impose the same high demands on all students regardless of background. Unfortunately, the phenomenon of having lower expectations for students with weaker socio-economic backgrounds is widespread in Sweden. I listened to the former principal of Sjumilaskolan in Biskopsgården, Hamid Zafar, on the radio programme "Summer on P1" who called this phenomenon "the racism of low

expectations." Eliminating low expectations in Swedish schools would be a major step towards ensuring that children leave school with a high level of knowledge and well-equipped for the next phase of their life. Here at IES, we know that it works. We have been working according to the same philosophy for more than 25 years.

Being able to choose a school without having to pay a fee is a fantastic right that parents in Sweden can enjoy. The focus of politicians and school experts must quickly be shifted to improving the quality of those schools with shortcomings. An obvious starting point would be to have the same high expectations for all children, regardless of background, instead of seeking fault with those schools that have succeeded.

Cecilia Marlow
Interim CEO



CONSOLIDATED OPERATING INCOME AND EARNINGS

When comparing fourth-quarter operating income, operating profit (EBIT) and earnings after tax with the year-earlier quarter, it should be noted that due to the application of IFRS 15, a revenue item of MSEK 10.6 in Sweden was recognized in Q4, while the corresponding revenue item of MSEK 10.1 in the preceding year was recognized in Q3. However, for the full-year (July to June), the figures between the years are fully comparable.

OPERATING INCOME

In the fourth quarter, operating income increased by 23.7% year-on-year to MSEK 756.5 (611.4), of which organic growth amounted to 14.3%. The growth was mainly due to a larger student base in Sweden, and to acquisitions in Spain in early July 2018, and in April and June of 2019.

For the full-year of July 2018 to June 2019, operating

income increased by 18.4% to MSEK 2,781.1 (2,347.9), of which organic growth amounted to 11.1%.

EARNINGS

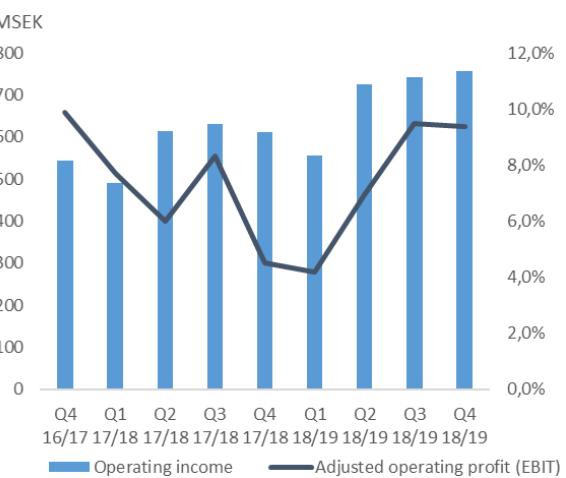
In the fourth quarter, operating profit (EBIT) rose 155.4% to MSEK 71.0 (27.8). The operating margin (EBIT) was therefore 9.4% (4.5). A better balance between the school voucher trend and the increase in teacher salaries in Sweden, combined with the positive effect of acquisitions in Spain during the year, are the main reasons for the earnings improvement. Another reason for the stronger performance is that IES had temporarily higher costs for temporary employees from staffing agencies in the comparative period.

Earnings after tax for the quarter totalled MSEK 54.3 (19.5) and earnings per share were SEK 1.35 (0.49).

For the full-year, operating profit (EBIT) rose 36.9% to MSEK 208.6 (152.4). The operating margin (EBIT) was therefore 7.5% (6.5).

Earnings after tax for the full-year were MSEK 154.6 (116.5) and earnings per share SEK 3.85 (2.91).

Operating income and profit development per quarter



ITEMS AFFECTING COMPARABILITY

In the fourth quarter, IES had no costs affecting comparability (0.1). For the full-year (July to June), items affecting comparability amounted to MSEK 6.4 (2.7), related to costs for the outgoing CEO and the transaction completed in Spain in July 2018. Items affecting comparability in the comparative period were related to costs for terminating the former CEO's employment.

NET FINANCIAL ITEMS

In the fourth quarter, net financial items amounted to MSEK -0.3 (-0.5), of which currency effects accounted for MSEK 0.3.

For the full-year (July to June), net financial items amounted to MSEK -6.2 (1.3), of which currency effects accounted for MSEK -1.4.

TAX

Tax expense for the quarter was MSEK 16.4 (7.8), corresponding to an effective tax rate of 23.2% (28.6).

Tax expense for the year was MSEK 47.8 (37.2), corresponding to an effective tax rate of 23.6% (24.2).

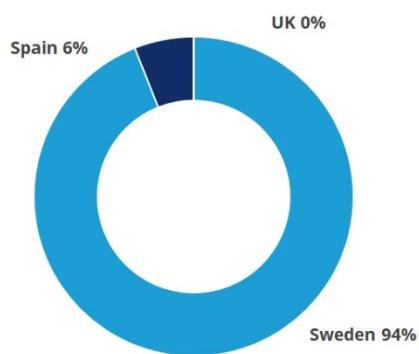
The effect of adopted changes to income tax rates in the coming years is not expected to have any material impact on the Group's tax expense.

EVENTS AFTER THE END OF THE YEAR

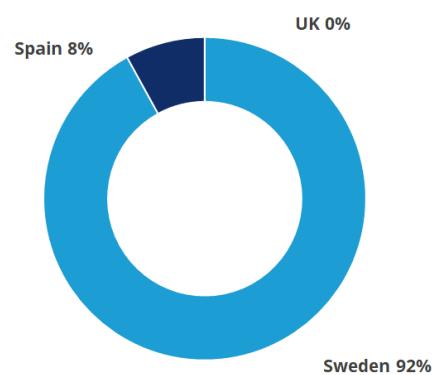
On 5 July 2019, IES sold its 50% shareholding in Colegio IALE to the coowners, the Monzonis family, for MEUR 3.9, generating a capital gain of approximately MSEK 25 for IES. After the sale, the Monzonis family owned 100% of Colegio IALE.

The sale is part of the simplification of ownership of the Spanish operations that began in summer 2018, when IES acquired the Monzonis family's shareholding in three other schools in Spain.

Operating income per segment
2018/2019



EBIT per segment
2018/2019



SEGMENTS

Sweden

- Operating income amounted to MSEK 698.1 (611.4) in the fourth quarter, and to MSEK 2,606.6 (2,346.7) for the full-year (July to June)
- Operating profit (EBIT) totalled MSEK 64.6 (26.1) in the fourth quarter, and MSEK 191.9 (152.8) for the full-year (July to June)
- Earnings before tax (EBT) were MSEK 65.4 (25.6) in the fourth quarter, and MSEK 193.4 (154.0) for the full-year (July to June)
- The number of students at the end of the quarter was 25,536, up 7%
- The number of registrations in the queue at the end of the quarter was approximately 191,700, up +1%

Trend per student

Change in revenues and costs per student (compared with the year-earlier period).

	Q4 18/19	FY 18/19	FY 17/18
Total revenues per student	7.1%	4.0%	2.8%
Personnel costs per student	2.2%	3.9%	7.8%
Total costs per student	1.5%	3.0%	6.1%

Fourth quarter

Total revenues per student rose 7.1% compared with the year-on-year quarter. The sharp increase was attributable to the previously mentioned item of MSEK 10.6 related to the adoption of IFRS 15, and an average increase of just over 3% in municipalities' school vouchers for 2019, which is more than over the past two years. In addition, several municipalities also paid retroactive compensation in this quarter for deficits and other contributions in their own school operations for previous years. As in previous quarters, these were not major amounts.

During the quarter, IES recognized MSEK 10.6 pertaining to the new government subsidy to strengthen equality and skills development. IES was allocated total funding of MSEK 42.4 for 2019. These revenues correspond to IES's costs and investments in these areas during the quarter, in accordance with the plan submitted to the Swedish National Agency for Education in connection with the funding application.

Personnel costs per student rose 2.2% year-on-year. While the supply of qualified teachers in the Swedish

school market remains lower than demand, the wage drift in the market has clearly narrowed compared with both the preceding year and previous quarters during the year.

Total costs per student rose 1.5%. This trend is largely attributable to increased personnel costs, while the increase in other costs per student were kept at a lower level.

The full-year

Total revenues per student rose 4.0% compared with the year-earlier period.

During the period, IES recognised MSEK 32.1 pertaining to the new government subsidy to strengthen equality and skills development. The revenues correspond to IES's costs and investments in these areas during the period, in accordance with the plan submitted to the Swedish National Agency for Education in connection with the funding application. When comparing the period's revenues with the preceding year, it should also be noted that IES did not receive any government contributions for Homework Support during the period, while contributions of MSEK 10.5 were received in the year-on-year period.

Personnel costs per student rose 3.9% year-on-year. In addition to the wage drift for teachers, the increase was due to a structural change, whereby more employees are needed in schools to take care of students with special needs. Only a small proportion of the cost of these resources is covered by additional funding from municipalities.

Total costs per student rose 3.0%. This trend is largely attributable to increased personnel costs, while the increase in other costs per student were kept at a lower level.

Operational changes

During the year, new schools were opened in Länna and Sundbyberg. A contract was signed to open a new school in Skellefteå for the 2019/20 school year. During the period, rental agreements were also signed for new schools in Kungsbacka, Gothenburg, Solna, Upplands Väsby, Vallentuna and Östersund.

	End of Q4 18/19	End of Q4 17/18
No. of employees (FTE)	2,600	2,383
No. of students	25,536	23,927
No. of schools	36	34

Spain

- Operating income amounted to MSEK 58.3 (-) in the fourth quarter, and to MSEK 174.3 (-) for the full-year (July to June)
- Operating profit (EBIT) totalled MSEK 6.8 (-) in the fourth quarter, and MSEK 17.7 (-) for the full-year (July to June)
- Earnings before tax (EBT) were MSEK 5.8 (-) in the fourth quarter, and MSEK 9.9 (-) for the full-year (July to June)
- Full-year EBIT and EBT include amortization of customer relationships identified in connection with the year's acquisitions of MSEK 3.9
- At the end of the period, the number of students in the five Spanish schools consolidated into the IES Group was 2,506 (-)

United Kingdom

- Operating income amounted to MSEK 0.4 (0.4) in the fourth quarter, and to MSEK 1.4 (1.2) for the full-year (July to June)
- Operating profit (EBIT) and earnings before tax (EBT) amounted to MSEK -0.5 (0.4) in the fourth quarter, and to MSEK -0.8 (-0.5) for the full-year (July to June)
- At the end of the full-year, the number of students in the school managed by IES was 497 (480)

Comments on the trend

In IES's operations in Spain, operating income and earnings vary considerably between the first and following three quarters. For 2018/19, operating income in the first quarter was expected to be about half of the operating income in each of the next three quarters. Operating profit (EBIT) was expected to be clearly negative in the first quarter, and thereafter positive and relatively evenly distributed over the next three quarters. The outcome for the fourth quarter and the full-year (July to June) was in line with the plan.

In 2017/18, Spain was not a separate segment because all schools were only 50% owned at the time. The profit contribution then amounted to MSEK 1.3 in the fourth quarter, and to MSEK 0.1 for the full-year (July to June).

Operational changes

Several transactions were completed in Spain during the year. For more information, refer to *Acquisitions* on page 8.

	End of Q4 18/19	End of Q4 17/18
No. of employees (FTE)*	359	-
No. of students*	2,506	-
No. of wholly owned schools*	5	0

* Pertains to wholly owned schools. Up until 5 July 2019, IES owned 50% of another school.

Comments on the trend

In the UK, IES provides management services to an educational trust that operates a school in Breckland. Under the agreement with the trust, IES is paid some fees and is accountable for some of the costs related to its managerial responsibilities.

For both the fourth quarter and the full-year (July to June), the operations managed by IES continued to show a positive trend and at the end of the full-year, the number of students was 497 (480).

Operational changes

In early 2019, the previous Principal of IES Breckland left her role and was replaced by the former Assistant Principal. There were no other significant operational changes during the 2018/19 financial year.

CASH FLOW AND FINANCIAL POSITION

CASH FLOW

In the fourth quarter, cash flow from operating activities was MSEK 104.4 (23.8). The stronger year-on-year cash flow was largely due to improved operating profit and that some government subsidies and municipal compensation related to the third quarter of this year were paid in April instead of March.

Cash flow for the full-year, July-June, was MSEK 122.8 (-76.5). In addition to the difference attributable to cash flow from operating activities before changes in working capital, the year-on-year difference was mainly due to effects of the acquisitions in Spain (refer to acquisition analyses in Note 8 on page 22), the raising of an acquisition loan in Spain in July 2018 – which amounted to MEUR 7.2 at the end of the period – and that no dividends were paid for the 2017/18 financial year.

Investments

In the fourth quarter, investments totalled MSEK 8.0 (6.4). Investments in Sweden amounted to MSEK 7.6 (6.4), and to MSEK 0.4 (-) in Spain. Total investments during the full-year (July to June) amounted to MSEK 76.7 (88.6). Investments in Sweden amounted to MSEK 71.9 (88.6), and to MSEK 4.8 (-) in Spain. The year-on-year decrease in investments was mainly attributable to the opening of two new schools in Sweden during the period, compared with four new schools in the comparative period.

Acquisitions

On 9 July 2018, IES acquired the remaining 50% of shares in the Spanish holding company, International Education Partnership, S.L. (IEP) for a maximum and expected purchase price of MEUR 12, of which MEUR 9.5 was paid on 9 July (see the acquisition analysis in Note 8 on page 22). IEP owns 99.55% of the shares in English School of Asturias, and 100% of the shares in two of Grupo Educativo Elians' three school companies in Spain, located in Castellon and La Nucia. The operations in IEP will thus be included in IES's consolidated accounts from July 2018/19. IES had a participating interest in the fourth Spanish school, Colegio IALE, up until 5 July 2019. Both IES and the Monzonis family owned 50% of the school. This

operation is not consolidated, but recognized in the financial statements using the equity method.

On 1 April 2019, through its wholly owned Spanish subsidiary IEP, IES acquired 99.4% of the shares in Colegio Internacional de Valladolid, a fee-based bilingual private school in Valladolid, Spain, with 294 students aged 3-18 years on the acquisition date. The enterprise value of the operations was approximately KEUR 800. The acquisition was financed by a shareholder contribution of KEUR 280 from IEP and the assumption of liabilities. The building is rented and not included in the acquisition, unlike IEP's previously acquired schools.

On 7 June 2019, through its wholly owned Spanish subsidiary IEP, IES acquired 100% of the shares in Engage Independent School, a fee-based private school in Majadahonda (Madrid), Spain, with 400 students aged 3-18 years on the acquisition date. The enterprise value of the operations was approximately MEUR 2.4. The acquisition was financed in its entirety by a shareholder contribution of MEUR 2.4 from IES. The building is rented and not included in the acquisition.

After the end of the year, on 5 July 2019, IES sold its 50% holding in Colegio IALE to the coowner, the Monzonis family. After the sale, the Monzonis family owned 100% of Colegio IALE. The enterprise value of IES's holding was MEUR 3.9, entailing a capital gain of approximately MSEK 25 for IES. The sale is part of the simplification of the ownership of the Spanish operations that began on 9 July 2018, when IES acquired the Monzonis family's shareholding in three other schools in Spain.

FINANCIAL POSITION

In the first and fourth quarters, the acquisitions in Spain had a significant impact on the Group's total assets.

At year-end, equity amounted to MSEK 1,113.9 (953.3) and the Group's total assets to MSEK 1,800.9 (1,306.8). The equity/assets ratio was 61.9% (72.9).

At year-end, non-current interest-bearing liabilities amounted to MSEK 171.3 (-), pertaining to property

loans and acquisition loans from financial institutions in Spain. Current interest-bearing liabilities comprised the current portion of the above loans and amounted to MSEK 24.4 (-).

At year-end, cash and cash equivalents amounted to MSEK 245.0 (121.9).

Tangible assets amounted to MSEK 475.8 (169.1) at year-end. The increase was mainly attributable to acquired school buildings in Spain.

At year-end, intangible assets amounted to MSEK 893.2 (661.0), of which goodwill accounted for MSEK 824.8 (661.0).

Financial assets amounted to MSEK 15.8 (76.1) at year-end, comprising IES's shareholding (50%) in Colegio IALE.

Financing

At 30 June 2019, the Group's outstanding loans from financial institutions totalled MSEK 195.7 (MEUR 18.5). All these loans were raised in Spain. In Sweden, the Parent Company had an overdraft facility of MSEK 100. At the end of the year, the facility was undrawn. For more information, refer to Note 5 on page 21.

OTHER INFORMATION

EMPLOYEES

The average number of full-time employees (FTE) in the Swedish operations was 2,707 (2,496) for the quarter, and 2,669 (2,455) for the full-year (July to June). At year-end, the number of employees (heads) was 2,697 (2,465).

SHARES

At 30 June 2019, the number of registered shares totalled 40,130,000, including 80,000 treasury shares (Class C). MSEK 0.002 was contributed as equity in July 2018 due to the current share-matching programme.

RELATED-PARTY TRANSACTIONS

At 30 June 2019, through the Parent Company, the Group had a related-party relationship with Colegio IALE through its 50% ownership of Colegio IALE. A management fee of MSEK 0.3 was charged to the Spanish company during the full-year (July to June). In addition, the Parent Company had previously issued a loan of MEUR 0.8 to the company. During the July-June period, accrued but undue interest on this loan corresponded to MSEK 0.5.

During the period, the Group also had a related-party relationship with a party related to a board member through its subsidiary Internationella Engelska Skolan i Sverige AB. Consulting fees and the reimbursement of costs for school market and business intelligence amounted to MSEK 0.2 for the July-June period. The amount is considered market-based.

Finally, during the July-June period, the Group had a related-party relationship through the Parent Company with a company wholly owned by a board member. During the year, consulting fees paid and the reimbursement of costs related to an Interim CEO position amounted to MSEK 1.4. The amount is considered market-based.

RISKS AND UNCERTAINTIES

Significant operating, external and financial risks and uncertainties are described in the 2017/18 Annual Report for Internationella Engelska Skolan i Sverige Holdings II AB (publ) in the Directors' Report on page 74, and in Note 20 on page 97. In addition to the risks described in the Annual Report, no other significant risks have arisen.

Operational risks include fluctuations in demand and student numbers, risks related to supply of employees and salary expenses, risks related to quality shortcomings, IES's reputation and brand, license, and liability and property risk. External risks include risks

related to school voucher funding and economic cycles, policy risks, changes to legislation and regulatory frameworks and dependence on national authorities in the education sector. Policy risks include the introduction of changes to standard VAT rates in school voucher funding or any form of restrictions on profit and dividends. The various policy proposals share the common feature that processes are often lengthy and that the proposals need to be formulated in legally feasible bills that must be passed by parliament.

OUTLOOK

IES does not issue forecasts.

SEASONALITY

IES's operating income and profitability are affected by the nature of operations, and accordingly, its cycle. Operating income and profitability in Sweden are usually somewhat lower in the first quarter than in other quarters due to schools' summer break.

For IES's operations in Spain, operating income and earnings vary considerably between the first and following three quarters because of the later summer break. Operating income in the first quarter is normally about half of operating income in each of the next three quarters. Operating profit (EBIT) is normally clearly negative in the first quarter, and thereafter positive and evenly distributed over the next three quarters.

PARENT COMPANY

The Parent Company, Internationella Engelska Skolan i Sverige Holdings II AB (publ), invoices management fees to subsidiaries and joint ventures, and where necessary, arranges loans from financial institutions and prepares internal loans.

The board of directors proposes that the Annual General Meeting adopts a dividend of SEK 1.16/share (-) for the 2018/19 financial year. No dividends will be paid to the company's 80,000 Class C treasury shares. The proposed dividend amounts to a total of MSEK 46.5 (-) which, in line with the dividend policy adopted by the board, amounts to 30% of net profit after tax for the financial year.

INTERNATIONELLA ENGELSKA SKOLAN

Internationella Engelska Skolan i Sverige Holdings II AB (publ) is sometimes referred to as Internationella Engelska Skolan or IES. All such references in this Report refer to the Group's consolidated financial statements, unless clearly indicated otherwise.

The undersigned certify that this Year-end Report gives a true and fair view of the Parent Company and the Group's operations, financial position and earnings, and describes the material risks and uncertainties facing the Parent Company and companies within the Group.

Stockholm, 30 August 2019

Internationella Engelska Skolan i Sverige Holdings II AB (publ)

Birker Bahnsen,
Chairman

Brian Hatch

Cecilia Marlow

Maria Rankka

Lars Strannegård

Peter Wikström

Employee representatives

Albert Lauschus

Jessica Fryksten

Cecilia Marlow,
Interim CEO and President

This report has not been audited.

**We prepare our
students for
success by
providing a safe and
orderly school
environment where
teachers can teach
and students learn.**



CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Operating income				
Revenue	728.8	594.8	2 663.8	2 243.1
Other operating income	27.7	16.6	117.3	104.8
Operating income	756.5	611.4	2 781.1	2 347.9
Operating expenses				
Teaching and meal expenses	-70.8	-70.5	-303.2	-293.3
Other external expenses	-157.7	-127.0	-593.4	-489.0
Personnel expenses	-435.2	-370.9	-1 593.9	-1 348.2
Depreciation and amortization	-21.2	-16.5	-80.3	-65.2
Amortization intangible assets	-1.1	-	-3.9	-
Earnings from Joint Venture	0.5	1.3	2.2	0.1
Operating profit	71.0	27.8	208.6	152.4
Profit from financial items				
Net financial items	-0.3	-0.5	-6.2	1.3
Pre-tax profit	70.7	27.3	202.4	153.7
Tax	-16.4	-7.8	-47.8	-37.2
PROFIT FOR THE PERIOD	54.3	19.5	154.6	116.5
Attributable to:				
Owners of the parent company	54.3	19.5	154.6	116.5
Non-controlling interest	0.0	-	0.0	-
<i>Earnings per share</i>	1.35	0.49	3.85	2.91
<i>Number of shares</i>	40 130 000	40 050 000	40 130 000	40 050 000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Profit for the period	54.3	19.5	154.6	116.5
Other comprehensive income				
Items that may be reclassified to profit or loss				
Translation difference for the year	0.4	-0.3	5.8	0.0
Other comprehensive income, net of tax	0.4	-0.3	5.8	0.0
COMPREHENSIVE INCOME FOR THE PERIOD	54.7	19.2	160.4	116.5
Attributable to:				
Owners of the parent company	54.7	19.2	160.4	116.5
Non-controlling interest	0.0	-	0.0	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

MSEK	June 30, 2019	June 30, 2018
Non-current assets		
Intangible assets	893.2	661.0
Property, plant and equipment	475.8	169.1
Financial assets	15.8	76.1
Total non-current assets	1 384.8	906.2
Current assets		
Trade accounts receivable	21.6	12.9
Other receivables	23.7	20.2
Prepaid expenses and accrued income	117.0	104.9
Receivables from Joint Venture	8.9	140.7
Cash and cash equivalents	245.0	121.9
Total current assets	416.1	400.6
TOTAL ASSETS	1 800.9	1 306.8
 Equity	1 113.6	953.3
Shareholders' equity attributable to non-controlling interests	0.3	-
TOTAL EQUITY	1 113.9	953.3
 Non-current liabilities		
Liabilities to credit institutions	171.3	-
Deferred tax liabilities	76.8	54.1
Total non-current liabilities	248.1	54.1
 Current liabilities		
Liabilities to credit institutions	24.4	0.0
Liabilities to Joint Venture	9.7	0.0
Trade accounts payable	109.2	77.2
Current tax liabilities	16.1	6.8
Other current liabilities	111.7	72.2
Accrued expenses and prepaid income	167.9	143.2
Total current liabilities	438.9	299.4
TOTAL EQUITY AND LIABILITIES	1 800.9	1 306.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

MSEK	Share capital	Other capital contributed	Translation reserve	Reserves & retained earnings incl. profit for the period	Total
Opening balance, July 1, 2017	1.0	360.9	0.1	520.3	882.3
Profit for the period				116.5	116.5
Other comprehensive income for the period			0.4	-0.3	0.1
Total comprehensive income for the period	0.0	0.0	0.4	116.3	116.6
<i>Other</i>					
Dividend paid				-45.7	-45.7
Total	0.0	0.0	0.0	-45.7	-45.7
Closing balance, June 30, 2018	1.0	360.9	0.5	590.9	953.3

MSEK	Share capital	Other capital contributed	Translation reserve	Reserves & retained earnings incl. profit for the period	Total
Opening balance, July 1, 2018	1.0	360.9	0.5	590.9	953.3
Changed accounting principle, IFRS 9				-0.4	-0.4
Revised equity, July 1, 2018					952.9
Profit for the period				154.6	154.6
Other comprehensive income for the period			5.8		5.8
Total comprehensive income for the period	0.0	0.0	5.8	154.6	160.4
<i>Other</i>					
Share matching programme			0.4		0.4
Minority shareholding				0.3	0.3
Total	0.0	0.4	0.0	0.3	0.7
Closing balance, June 30, 2019 ²⁾	1.0	361.3	6.3	745.3	1 113.9

¹⁾ Attributable to: Parent company shareholders 154.6

Non-controlling interests 0.0

²⁾ Attributable to: Parent company shareholders 1113.5

Non-controlling interests 0.3

CONSOLIDATED CASH FLOW STATEMENT

MSEK

	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Operating activities				
Operating profit	70.9	27.7	208.6	152.4
Interest received	4.2	2.2	8.3	5.4
Interest paid	-0.7	-4.7	-10.8	-5.0
Adjustment for items not including in the cash flow *)	-5.9	17.0	64.1	64.3
Income tax paid	31.2	-21.5	-15.6	-24.9
Cash flow from operating activities before changes in working capital	99.7	20.7	254.6	192.2
 <i>Cash flow from changes in working capital</i>				
Change in operating receivables	22.3	39.4	-20.0	-29.2
Change in operating liabilities	-17.7	-36.3	69.7	34.2
Cash flow from changes in working capital	4.7	3.1	49.8	5.0
 Cash flow from operating activities	104.4	23.8	304.4	197.2
 Investing activities				
Acquisition of daughter companies in Q1 and Q4	-16.4	-	-309.3	-
Acquisition of property, plant and equipment in Spain	-0.4	-	-4.8	-
Acquisition of property, plant and equipment in Sweden	-7.6	-6.4	-71.9	-88.6
Change in financial assets	0.0	0.0	8.7	1.2
Cash flow from investing activities	-24.4	-6.4	-377.3	-87.4
 Financing activities				
Bank loan	2.1	0.0	215.4	0.0
Amortization of loans, credit institutions	-13.7	0.0	-19.7	0.0
Short-term receivables from Joint Venture	0.0	-140.7	0.0	-140.7
Liquid funds in acquired operations	0.0	0.0		0.0
Dividend to shareholders	0.0	0.0	0.0	-45.7
Cash flow from financing activities	-11.6	-140.7	195.7	-186.4
 Cash flow for the period	68.3	-123.3	122.8	-76.5
Cash and cash equivalents at beginning of period	176.9	245.2	121.9	198.3
Effect of translation differences on cash and cash equivalents	-0.2	0.0	0.3	0.1
Cash and cash equivalents at end of period	245.0	121.9	245.0	121.9

*) Items that are not included in the cash flow are subject to depreciation, disposals, currency changes and items in operating income that do not have a cash flow impact as a result of a joint venture.

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Operating income				
Revenue	4.3	2.5	4.5	3.2
Other operating income	-3.2	2.2	0.5	4.6
Operating income	1.0	4.7	5.0	7.8
Operating expenses				
Teaching and meal expenses	-0.2	-0.1	-0.6	-0.4
Other external expenses	-2.6	-2.6	-9.8	-11.3
Personnel expenses	-0.4	-1.6	-10.5	-5.9
Operating profit	-2.1	0.4	-15.9	-9.9
Profit from financial items				
Net financial items	-1.2	-0.6	-4.5	-1.1
Pre-tax profit	-3.4	-0.2	-20.4	-11.0
Year end appropriations	182.0	40.2	182.0	40.2
Current tax	-35.7	-7	-35.7	-7
PROFIT FOR THE PERIOD	142.8	32.7	125.8	21.9

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

The Parent Company does not have any items recognised as other comprehensive income, and accordingly, total comprehensive income is equal to profit for the period.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION IN SUMMARY

MSEK	30 June 2019	30 June 2018
<i>Non-current assets</i>		
Financial assets	635.1	437.1
Total Non-current assets	635.1	437.1
<i>Current assets</i>		
Receivables from associated companies	8.9	-
Other receivables	0.3	19.1
Prepaid expenses and accrued income	0.4	1.5
Cash and cash equivalents	16.6	8.1
Total current assets	26.2	28.6
TOTAL ASSETS	661.3	465.7
Equity	525.2	399.1
TOTAL EQUITY	525.2	399.1
Untaxed reserves	90.2	37.2
<i>Non-current liabilities</i>		
Trade accounts payable	0.9	0.7
Current tax liabilities	16.6	25.3
Other current liabilities	27.5	1.5
Accrued expenses and prepaid income	1.0	1.9
Total current liabilities	45.9	29.4
TOTAL EQUITY AND LIABILITIES	661.3	465.7

NOTES

1

Accounting policies

IES's consolidated financial statement are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, which are described in the 2017/2018 Annual Report. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with Chapter 9, Interim Reports, of the Swedish Annual Accounts Act.

The Group's main revenues consist of school voucher funding, which is allocated to the period education is conducted, including prospective and retrospective education work. The related personnel costs are allocated according to the same principle. For more information about revenue recognition, refer to the 2017/2018 Annual Report, Note 1 on page 88.

NEW AND REVISED IFRS STANDARDS

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard includes requirements for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. This standard applies for financial periods beginning on or after 1 January 2018, which for the company, is the current financial year. The Group has not restated comparative figures for previous financial years, in accordance with the standard's transitional rules. The provisions of IFRS 9 regarding classification and measurement of the Group's financial instruments did not have any material impact on the Group's financial position at the time of transition, because the rules did not involve any significant change regarding measurement of the financial instruments in the consolidated balance sheet at the time.

IFRS 9 introduces a new impairment model for expected credit losses, which also accounts for relevant forward-looking information. The new impairment model did not have any material impact on the Group's financial position. The expected credit loss reserve had an impact of MSEK 0.4 on equity in the opening balance sheet for the financial year. The Group does not apply hedge accounting.

IFRS 15 Revenue from Contracts with Customers replaces all previously issued standards and interpretations related to revenue. IFRS 15 contains a

single model for all revenue recognition. The idea behind the standard is that everything proceeds from an agreement to sell a good or service between two parties. A customer contract is initially identified, that generates an economic benefit for the seller (rights, a promise to receive compensation) and a liability (undertaking, a promise to transfer goods/services). Under the model, a revenue is then recognised and thereby demonstrates that the commitment to deliver the promised goods or services to the customer has been satisfied. The financial statements will be impacted by significantly expanded disclosure requirements. The standard has been approved by the EU and became effective for financial periods beginning on or after 1 January 2018, which for the company, is the current financial year. IFRS 15 will not have any material impact on the Group's earnings and financial position on an annual basis but brings some changes in relation to the allocation of revenues between quarters. The company has decided not to restate the preceding year, and no restatement of the opening balance on 1 July 2018 is required.

IFRS 16

The International Accounting Standards Board has adopted a new accounting standard for the recognition of leases, IFRS 16 Leases. IFRS 16 has been approved by the EU and came into effect for financial periods beginning on or after 1 January 2019, which for the company means the financial year starting on 1 July 2019.

Under the previous rules, lease payments were recognised as an operating expense under external costs. In summary, IFRS 16 implies that operating leases with terms longer than one year must be reported as an asset in the balance sheet on the basis of the discounted present value of future payments. A corresponding amount is recognised as a liability. The income statement will be charged with depreciation over the useful life of the asset, which normally corresponds to the term of the lease, plus interest expenses. Furthermore, it can be confirmed that the transition to IFRS 16 did not impact cash flow.

Election of method

IES has selected the simplified approach for its transition method, entailing restatement on the transition date by adjusting the opening balance on 1 July 2019. Information about the transition effects, including any impact on equity, is thereby included on the balance sheet at 1 July 2019. The transition to IFRS

16 offers optional transition relief, which IES has decided to take.

Properties/premises

IES has identified two main classes of assets, properties/premises and vehicles. Rental contracts for properties and premises with a remaining term of more than 12 months from 1 January 2019 have been identified and recognised. A number of small storage rooms, parking spaces and offices were excluded. Agreements related to long-term contracts for rental apartments with a short notice period were also excluded. At 30 June 2019, the total number of rental contracts was approximately 100. Of these, about 100 pertain to the Sweden segment and one to the Spain segment.

To calculate the lease liability attributable to properties, the liability was discounted with IES's estimated incremental borrowing rate. Market rates and external comparative figures for yields on public and school properties, among other data, have been used to calculate the incremental borrowing and discount rate. The incremental borrowing rate is considered to differ between geographic areas, which is why IES's rental contracts have been classified according to their geographic location. In 2019, a rate of 2.9-4.5% was used for rental contracts in Sweden, and 4.5% for rental contracts in Spain. The average discount rate for the Group's lease liability is 4.0%.

Extension options and indexation

IES makes case-by-case assessments of extensions for each individual contract. The actual contract term is normally used for contracts of more than two years, while contracts that are due to expire within two years are expected to be extended under the extension clause contained in the agreements. IES's rental contracts are normally long-term and the average remaining contract term in IES's rental portfolio is approximately 10 years.

In regard to indexation, the commencement date of the contract is used as the base date, with increases according to the actual indexation clause in the agreement.

Other asset classes

In addition to rental contracts, IES also leases 13 vehicles. Since the total value is considered insignificant, IFRS 16 is not applied to these leases. Nor is IFRS 16 applied to agreements for other small asset classes, such as coffee machines or similar.

Transition effects

Transition to the new IFRS 16 standard on 1 July 2019 had a material effect on IES's accounting. Total assets rose sharply, while EBITDA and EBIT will be higher and

net financial items more negative in coming quarters due to the change. The tables below show a reconciliation between the operating lease commitments at 30 June 2019 and the lease liability at the beginning of the new financial year on 1 July 2019 and a pro forma comparison of earnings and key figures in the 2018/19 financial year if IFRS 16 had already been applied.

Reconciliation capitalization of right of use assets		Group
Commitments for operating lease agreements on properties by June 30, 2019		6 177
Of which lease agreements on properties signed but not yet started by June 30, 2019		1 679
Discounted with the imputed rate of interest for each lease agreement		-1 073
Right of use assets by July 1, 2019		3 425

Statement of financial position, Income statement and Key figures for IES by June 30 2019 and proforma including effect IFRS 16

MSEK	Proforma 1/7		
	1/7 2018 - 30/6 2019	Variance IFRS 16	2018 - 30/6 2019
INCOME STATEMENT			
Revenue	2 781	0	2 781
Operating expenses	-2 488	382	-2 107
Depreciation, amortization and impairment of tangible and intangible assets	-84	-308	-392
Operating profit	209	74	283
Financial income	6		6
Financial expenses	-12	-130	-142
Pre-tax profit	202	-56	147
Tax	-48	11	-36
PROFIT FOR THE YEAR	155	-44	110
STATEMENT OF FINANCIAL POSITION			
ASSETS			Proforma 30/6 2019
Goodwill and intangible assets	893		893
Property, plant and equipment	476		476
Right of use assets	0	3 425	3 425
Deferred tax assets	0	11	11
Participations in associated companies	16		16
Total non-current assets	1 385	3 436	4 821
Total current assets	416		416
TOTAL ASSETS	1 801	3 436	5 237
TOTAL EQUITY			1 114
			-44
			1 070
LIABILITIES			
Non-current interest-bearing liabilities	171		171
Non-current financial lease liability		3 203	3 203
Other long-term liabilities	77		77
Total non-current liabilities	248	3 203	3 451
Current interest-bearing liabilities	24		24
Current financial lease liability		277	277
Current liabilities / Accrued expenses and deferred income	415		415
Total current liabilities	439	277	716
TOTAL EQUITY AND LIABILITIES	1 801	3 436	5 237

MSEK	Proforma 1/7		
	1/7 2018 - 30/6 2019	Variance IFRS 16	2018 - 30/6 2019
KEY FIGURES			
EBITDA	293	382	675
Adjusted EBITDA	299	382	681
Operating margin, adjusted EBITDA (%)	11%		24%
EBITA	212	74	287
Adjusted EBITA	223	74	297
Operating margin, adjusted EBITA (%)	8%		11%
EBIT	209	74	283
Adjusted EBIT	215	74	289
Operating margin, adjusted EBIT (%)	8%		10%
Non-current interest-bearing liabilities	171	3 203	3 374
Current interest-bearing liabilities	24	277	302
Less cash and cash equivalents	-245		-245
Net debt (+) / Net cash (-)	-49	3 480	3 431
Net debt / Adjusted EBITDA (ratio)	-0.2		5.0
Equity / assets ratio	62%		20%

Segments are defined on the basis of the monitoring and reporting structure to the board of directors and CEO. The Group's net operating income, operating,

profit (EBIT), earnings before tax (EBT), tangible assets and non-current liabilities are allocated between segments as follows:

Operating segment	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Operating income				
Sweden	670.3	594.4	2 489.0	2 241.9
Spain	58.4	-	174.5	-
United Kingdom	0.4	0.4	1.4	1.2
Group adjustments / eliminations	-0.3	-	-1.2	-
Other income				
Sweden	27.8	16.6	117.5	104.8
Spain	-0.1	-	-0.2	-
United Kingdom	0.0	-	0.0	-
Group adjustments / eliminations	0.1	-	0.0	-
Group total	756.5	611.4	2 781.1	2 347.9
Operating profit EBIT (MSEK)				
Sweden	64.6	26.1	191.9	152.8
Spain	6.8	-	17.7	-
United Kingdom	-0.5	0.4	-0.8	-0.5
Group adjustments / eliminations	0.1	1.3	-0.2	0.1
Group total	71.0	27.8	208.6	152.4
Profit before tax EBT (MSEK)				
Sweden	65.4	25.6	193.4	154.0
Spain	5.8	-	9.9	-
United Kingdom	-0.5	0.4	-0.8	-0.5
Group adjustments / eliminations	0.1	1.3	-0.1	0.2
Group total	70.7	27.3	202.4	153.7
Tangible fixed assets	June 30, 2019	June 30, 2018		
Sweden	170.8	169.1		
Spain	305.1	-		
United Kingdom	-	-		
Group total	475.8	169.1		
Long-term liabilities				
Sweden	-	-		
Spain	171.3	-		
United Kingdom	-	-		
Group total	171.3	0.0		

3**Intangible assets**

At the end of the period, intangible assets totalling MSEK 893.2 (661.0) comprised goodwill of MSEK 824.8 (661.0), customer relationships of MSEK 43.6 (-), land concession of MSEK 24.6 (-) and other items of MSEK 0.2 (-). See also Note 8 on page 22.

4**Financial instruments**

There is no significant differences between the carrying amounts and fair values of the financial instruments.

5**Financing**

In September 2016, Internationella Engelska Skolan i Sverige Holdings II AB (publ) raised an amortizing loan from a financial institution and an overdraft facility of MSEK 100. The amortizing loan was fully repaid in March 2017 and at the end of the period, on 30 June 2019, the overdraft facility was undrawn. The overdraft facility is subject to annual contractual interest rate on the credit amount plus an arrangement rate on amounts outstanding from time to time. The overdraft facility matures on 31 December 2019.

As collateral for the above loan, Internationella Engelska Skolan i Sverige AB holds a floating charge of MSEK 62.5.

Alongside of the general terms of the credit facilities described above, Internationella Engelska Skolan i Sverige Holdings II AB's (publ) obligations to the relevant financial institutions are regulated in a

covenant agreement contract from 29 June 2018. The contract includes customary commitments for Internationella Engelska Skolan i Sverige Holdings II AB (publ) and its subsidiaries, such as restrictions on the provision of security and the raising of financial indebtedness. The credit facilities also include financial covenants stipulating that the Group's net debt/EBITDA ratio must not exceed certain levels.

When the remaining 50% of shares in IEP were acquired in Spain, the operation was consolidated into the IES group. At the end of the period, the Group had outstanding acquisition loans of MEUR 7.1, or MSEK 75, and property loans and other loans totalling MEUR 11.4, or MSEK 121, through IEP.

Security was obtained for the above loans by pledging collateral in properties and Parent Company guarantees.

6**Pledged assets**

In the full-year July 2018-June 2019, most of the operations in Spain become part of the IES Group. The Parent Company guarantees 100% of the property loans in Elians Boston and Elians Londres, amounting to a combined total of MEUR 10.4. In addition, the Parent Company issued a guarantee for the acquisition loan, which amounted to MEUR 7.1 at the end of the period. The Parent Company's guarantee for 50% of

the property loan in Colegio IALE remains. At the end of the period, the property loan amounted to MEUR 1.1.

For other pledged assets, refer to the 2017/2018 Annual Report for Internationella Engelska Skolan i Sverige Holdings II AB (publ), Note 26 on page 99.

7**Group companies**

Refer to the 2017/2018 Annual Report for Internationella Engelska Skolan i Sverige Holdings II AB (publ), Note 16 on page 96. In addition to the companies referred to in the Note, since the acquisition on 9 July 2018, International Education Partnership, S.L. (100%), Elians Boston S.A. (100%),

Elians Londres S.A. (100%) and English School of Asturias, S.A. (99.55%) Group companies in the IES Group, as well as Colegio Internacional de Valladolid S.L. since the acquisitions on 1 April 2019 and 7 June 2019. (99.4%) and Engage Independent School (100%).

Acquisition of the remaining 50% of International Education Partnership, Spain

On 9 July 2018, IES acquired the remaining 50% of the former joint venture, International Education Partnership, S.L. (IEP) in Spain. This acquisition means that most of the operations in Spain, three of four schools, are now part of the IES Group, making IES one of the largest players in Spain in the market for private bilingual (English and Spanish) quality schools.

The final acquisition balance sheet is shown on the right. During the quarter, the amounts on the acquisition balance sheet were adjusted for *Tangible assets, Intangible assets, Goodwill and Deferred tax*.

The fair value of previous holdings has been estimated at KEUR 3,760. This amount consists of the original purchase price of KEUR 3,433 for the two Elians companies included in IEP at November 2016, and the total profit contribution of KEUR 327 from joint ventures previously included in IEP. The difference between the carrying amount and fair value was not considered material. The purchase price of KEUR 12,000 for the remaining portion of IEP, of which an estimated additional consideration of KEUR 2,500 is due for payment by December 2019, is impacted by IEP's acquisition of English School of Asturias, S.A. in May 2018 before IES acquired the remaining 50% of IEP.

Through the acquisition, IES's Parent Company assumed 100% of the guarantees for the property loans in the two Elians companies that are now subsidiaries. For Elians IALE, which is still 50% owned by IES, the guarantee for 50% of the property loan remains and amounted to MEUR 1.1 at the end of the period.

The operations in IEP have been included in the IES Group's consolidated accounts since July 2018. The Group's financial statements for the July 2018-June 2019 period include revenues of MSEK 174.3 and operating profit of MSEK 17.7 for the Spain segment.

Final purchase price allocation IEP	KEUR	KSEK
Tangible fixed assets	28 923	295 890
Intangible fixed assets	2 431	24 871
Current receivables	1 048	10 721
Cash and cash equivalents	996	10 189
Provisions and liabilities	-30 768	-314 760
Other liabilities	-3 786	-38 731
Customer relations	2 873	29 391
Deferred tax Customer relations	-718	-7 348
Net identifiable assets and liabilities	999	10 224
Fair value of previous holdings	3 760	38 465
Purchase price remaining part of IEP	12 000	122 761
Total purchase price	15 760	161 226
Acquired net assets	999	10 224
Goodwill	14 761	151 002
Total acquired assets	15 760	161 226
Total renumeration for the acquisition	15 760	161 226
- Where of fair value of previous holdings	3 760	38 465
- Where of unpaid additional consideration	2 500	25 575
Liquid funds in acquired operations	996	10 189
Impact on the Group's liquid funds	8 504	86 997

Acquisition of Colegio Internacional de Valladolid, Spain

On 1 April 2019, through its wholly owned Spanish subsidiary IEP, IES acquired 99.4% of the shares in Colegio Internacional de Valladolid (CIV), a fee-based bilingual private school in Valladolid, Spain, with 294 students aged 3-18 years on the acquisition date. The enterprise value of the operations was approximately KEUR 800. The acquisition was financed by a shareholder contribution of KEUR 280 from IEP and the assumption of liabilities. The building is rented and not included in the acquisition, unlike IEP's previously acquired schools.

The preliminary acquisition balance sheet is as follows:

Preliminary purchase price allocation CIV	KEUR	KSEK
Tangible fixed assets	488	5 071
Intangible fixed assets	0	0
Current receivables	63	653
Cash and cash equivalents	316	3 284
Provisions and liabilities	-365	-3 793
Other liabilities	-525	-5 454
Customer relations	401	4 170
Deferred tax Customer relations	-100	-1 043
Net identifiable assets and liabilities	278	2 889
Total purchase price	278	2 889
Acquired net assets	278	2 889
Goodwill	0	0
Total acquired assets	278	2 889
Total renumeration for the acquisition	278	2 889
- Where of fair value of previous holdings	0	0
- Where of unpaid additional consideration	0	0
Liquid funds in acquired operations	316	3 284
Impact on the Group's liquid funds	-38	-394

Acquisition of Engage Independent School, Spain

On 7 June 2019, through its wholly owned Spanish subsidiary IEP, IES acquired 100% of the shares in Engage Independent School (EIS), a fee-based private school in Majadahonda (Madrid), Spain, with 400 students aged 3-18 years on the acquisition date. The enterprise value of the operations was approximately MEUR 2.4. The acquisition was financed in its entirety by a shareholder contribution of MEUR 2.4 from IES. The building is rented and not included in the acquisition.

The preliminary acquisition balance sheet is as follows:

Preliminary purchase price allocation EIS	KEUR	KSEK
Tangible fixed assets	235	2 500
Intangible fixed assets	0	0
Current receivables	9	95
Cash and cash equivalents	856	9 105
Provisions and liabilities	-14	-154
Other liabilities	-355	-3 779
Customer relations	1 221	12 987
Deferred tax Customer relations	-305	-3 247
Net identifiable assets and liabilities	1 646	17 507
Total purchase price	2 400	25 528
Acquired net assets	1 646	17 507
Goodwill	754	8 021
Total acquired assets	2 400	25 528
Total renumeration for the acquisition	2 400	25 528
- Where of fair value of previous holdings	0	0
- Where of unpaid additional consideration	0	0
Liquid funds in acquired operations	856	9 105
Impact on the Group's liquid funds	1 544	16 423

At an Extraordinary General Meeting of Internationella Engelska Skolan i Sverige Holdings II AB (publ) on 13 June 2018, the shareholders resolved to introduce two long-term incentive programmes in the form of a share matching program for a maximum of 50 principals and other key individuals within the Group, and a warrants program for a maximum of ten senior executives. For more information about these programmes, refer to the 2017/2018 Annual Report for Internationella Engelska Skolan i Sverige Holdings II AB (publ), Note 7 on page 94.

There were no changes to the share-matching programme in the fourth quarter.

During the year, 111,000 warrants were repurchased from the outgoing CEO at the subscription price. At the end of the quarter, the total number of outstanding warrants was 173,000.

Our mission is to give children and young people an opportunity to realise their full potential, whatever their background.



KEY FIGURES FOR THE GROUP

MSEK

	April-June		July-June	
	2018/2019	2017/2018	2018/2019	2017/2018
Operating income	756.5	611.4	2 781.1	2 347.9
Operating profit - EBIT	71.0	27.8	208.6	152.4
Operating margin - EBIT	9.4%	4.5%	7.5%	6.5%
Adjusted operating profit - EBIT	71.0	27.9	215.0	155.1
Adjusted EBIT-margin	9.4%	4.6%	7.7%	6.6%
Profit for the period	54.3	19.5	154.6	116.5
Net Margin	7.2%	3.2%	5.6%	5.0%
Operating capital	-242.6	-161.4	-242.6	-161.4
Return on equity	5.0%	2.1%	15.0%	12.7%
Net debt (+) / Net cash (-)	-49.3	-121.9	-49.3	-121.9
Equity/assets ratio	61.9%	72.9%	61.9%	72.9%
Cash flow from operating activities	104.4	24.0	304.4	197.2
Investments	-8.0	-6.4	-76.7	-88.6
FTE, average in Sweden	2 707	2 496	2 669	2 455

QUARTERLY OVERVIEW

	Q4 18/19	Q3 18/19	Q2 18/19	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17
Operating income	757	743	726	556	611	632	613	491	543
EBITDA	93	85	71	44	44	69	53	51	67
EBITDA-margin %	12.3%	11.4%	9.8%	7.9%	7.2%	10.9%	8.7%	10.4%	12.4%
Depreciations	-22	-21	-21	-21	-17	-17	-16	-16	-14
Operating profit EBIT	71	64	50	23	28	53	37	35	54
EBIT-margin %	9.4%	8.6%	6.9%	4.2%	4.5%	8.3%	6.0%	7.2%	9.9%
Items affecting comparability	0	-6	0	0	0	0	0	-3	0
Adjusted operating profit EBIT	71	70	50	23	28	53	37	38	54
Adjusted EBIT-margin %	9.4%	9.5%	6.9%	4.2%	4.5%	8.3%	6.0%	7.7%	9.9%
Tax	-16	-15	-10	-6	-8	-11	-9	-9	-13
Net financial items	0	-1	0	-5	-1	1	1	0	2
Profit for the period	54	48	40	12	20	43	28	26	42
Net debt (+) / Net cash (-)	-74	10	24	120	-122	-245	-175	-179	-198
Equity / assets ratio	61.9%	61.2%	60.1%	59.2%	72.9%	69.8%	70.9%	71.1%	74.2%
Cashflow from operating activities	108	7	97	33	24	75	56	44	82
Investments	-8	-10	-9	-50	-6	-3	-12	-67	-5
FTE, average in Sweden	2 707	2 711	2 692	2 554	2 496	2 508	2 508	2 306	2 187
Number of schools in Sweden	36	36	36	36	34	34	34	34	30
Number of students in Sweden	25 536	25 555	25 608	25 582	23 927	23 971	24 000	23 911	21 383
Number of schools in Spain (subsidiaries)	5	3	3	3	-	-	-	-	-
Number of students in Spain (subsidiaries)	2 506	1 832	1 834	1 836	-	-	-	-	-
Number of schools in UK	1	1	1	1	1	1	1	1	1
Number of students in UK	497	497	497	497	480	480	480	480	452

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures to increase the reader's understanding of the progress of operations. We believe that the alternative performance measures make it easier to evaluate and analyse the Group's progress in important areas such as the potential for dividends and execution of future strategic investments, as well as the Group's ability to meet its various financial obligations. Some alternative performance measures, such as adjusted EBIT and adjusted EBIT margin, also enable investors to better judge the earnings growth between years, excluding items affecting comparability.

The IFRS measures are indicated with *.

Number of shares*	Number of shares according to the share register.
Return on equity	Profit for the period divided by average equity (opening equity plus closing equity divided by two).
FTE	Full-time equivalent, average number of full-time employees
Heads	Number of employees at the end of the period disregarding utilisation.
Revenues per student	Total revenues divided by average number of students during the period.
Investments	Net investments and disposals of tangible and intangible assets excluding acquisition-related investments.
Adjusted EBIT	Operating profit refers to profit after amortisation of acquisition-related intangible assets and before financial items and tax, excluding items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of operating income.
Items affecting comparability	Items affecting comparability are reported separately to illustrate the performance of underlying operations. Items affecting comparability are items such as advisory services in connection with acquisitions, costs resulting from strategic decisions and significant restructuring of operations. However, government subsidies such as <i>Läxhjälp</i> , <i>Lärarlönelyftet</i> and <i>Karriärtjänster</i> are not included in items affecting comparability, because they are expected to recur for several years, and are part of operating activities.
Cash and cash equivalents	Cash and bank balances, and short-term investments.
Net margin	Profit for the period divided by total operating income.
Net operating income *	School voucher funding and social subsidies.
Net debt (+)/Net cash (-)	Interest-bearing liabilities less cash and cash equivalents.
Earnings per share*	Profit for the period divided by the number of shares.
Rolling 12 months	n/a
Operating capital	Current assets, excluding current receivables, joint ventures and cash and cash equivalents, less operating liabilities
Operating profit (EBIT)	Operating profit refers to profit before financial items and tax.
Segment	IES reports geographical markets as operating segments.
Equity/assets ratio	Equity divided by total assets.
Total costs per student	Operating expenses including depreciation divided by the average number of students during the period.
Other revenue	Revenues from Junior Club and compensation for <i>Karriärtjänster</i> , <i>Läxhjälp</i> , <i>Lärarlönelyftet</i> and other government subsidies (for government subsidies, refer also to revenue recognition in the 2017/2018 Annual Report, Note 1 on page 88.)



Karin Arnel
Victoria La

ABOUT INTERNATIONELLA ENGELSKA SKOLAN (IES)

Internationella Engelska Skolan (IES) is one of the leading independent school operators in Sweden with some 25,600 students at 36 schools and 2,500 students in the schools in Spain. IES operates schools for students in grades F-12. Its main focus is grades 4-9, internationally referred to as "middle school." In the compulsory school system, IES is the leading individual operator, with nine of the ten largest independent schools in Sweden. IES's results in the national tests for grade 9 are far above the average for schools in Sweden.

Internationella Engelska Skolan was founded in 1993 and is in its 27th year of operation. Throughout this period, its schools have been defined by the three core convictions of its founder, Mrs. Barbara Bergström.:

- ▶ A safe and orderly environment, where teachers can teach and students learn.
- ▶ To command the English language—the key to the world.
- ▶ High academic expectations and ambitions.

Up to half of the teaching in IES schools is in English, by native English-speaking teachers. Over 800 teachers with qualified foreign teaching degrees are currently teaching in IES schools. They are mainly recruited from Canada, the US, the UK and South Africa.

IES's student base is in high growth. Over the past ten years, operating income has increased by an average of 19% per year. In the most recent financial year of 2018/19, which ended on 30 June 2019, operating income amounted to MSEK 2,781.1, an approximate increase of 18% year-on-year. At 30 June 2019, there

were approximately 191,700 applications in the queue to secure a place for current and forthcoming years.

BEST SCHOOL RESULTS IN SWEDEN

In 2016, IES achieved top results in nationwide grade 9 tests in English, as well as results significantly above the Swedish school average in mathematics and Swedish. Because the results of the 2017 and 2018 national tests were leaked prior to the test dates, there are no reliable figures in Sweden for these years. In 2016, our schools performed even better than the average for independent schools.

Share of students who achieved C+ (A, B or C in the six-level grade scale for nationwide grade 9 tests) in 2016.

Subject	Municipal school average	Independent schools	IES
English	69%	83%	97%
Swedish	51%	64%	72%
Mathematics	35%	45%	60%

The average qualification level (an aggregate measure applied by the Swedish National Agency for Education) at the end of grade 9 in spring 2018 was 273 points for IES, compared with the municipal average of 223 points.

IES has a higher share of students with a foreign background than the average for Sweden's municipal schools. In the 2018/2019 academic year, 38% of IES's students in grades 1-9 had a foreign background. The



**273
points**

IES QUALIFICATION
LEVEL

(average for municipal
schools in Sweden was
223)

97%

UPPER SECONDARY
SCHOOL ELIGIBILITY
(average for municipal
schools in Sweden was
83%)

corresponding figure for Sweden's municipal schools
was 24%.

Of all students leaving IES's schools in 2018, 97% were
eligible for upper secondary school. The corresponding
figure for ninth-grade students in municipal schools in
Sweden was 83%.

Internationella Engelska Skolan has been listed on
Nasdaq Stockholm Mid Cap, with the ticker ENG, since

2016. The largest (indirect) shareholders of IES are TA
leading universities and foundations in the US, and
IES's founder Barbara Bergström. At the end of June
2019, the ten largest shareholders also included
Paradigm Capital, Swedbank Robur Funds, the Third
Swedish National Pension Fund and AMF Försäkring &
Fonder (owned jointly by The Swedish Trade Union
Confederation and the Confederation of Swedish
Enterprise).

Long term financial targets

GROWTH

10% annual growth, with potential for further growth through acquisitions.

PROFITABILITY

An operating margin (EBIT) of at least 8%.

CAPITAL STRUCTURE

An equity/assets ratio of at least 40%.

DIVIDEND POLICY

30% of net profit after tax is distributed, with scope for exceptions from the board if, for example, attractive acquisitions can create added shareholder value.

FOR MORE INFORMATION, PLEASE CONTACT:

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TELECONFERENCE IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT:

Interim CEO Cecilia Marlow and CFO Fredrik Åkerman will be holding a teleconference today, Friday 30 August, at 10:00 a.m. in connection with publication of the quarterly report. The teleconference will be held in English. To participate in the teleconference, call the following number: +46 (0)8-566 426 51 and then press 62242392#. The presentation material is available on IES's website: <http://corporate.engelska.se>

FINANCIAL CALENDAR	Date
Annual Report	28 October-3 November
2018/2019 Annual General Meeting	21 November 2019
Q1 interim report 2019/20	21 November 2019
Q2 interim report 2019/20	20 February 2020

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and the English version, the Swedish version shall prevail.

This information is such information that Internationella Engelska Skolan i Sverige Holdings II AB (publ) is obligated to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact people set out above, on 30 August 2019 at 8:00 a.m. CEST.



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