YrkesAkademin
First quarter 2017

FINANCIAL OVERVIEW
First quarter, January – March, 2017
- Net sales decreased 19% from last year’s first quarter to SEK 90.6 million (Q1 2016: 112.4)
- EBITDA amounted to SEK 6.1 million (21), reaching an EBITDA-margin of 6.7% (18.7%)
- EBIT amounted to SEK 1.2 million (10.8), reaching an EBIT-margin of 1.3% (9.6%)
- Cash flow amounted to SEK -17.6 million (8.9).
- Net debt amounted to SEK 383.0 million (380.8)

CEO COMMENT
In a comment to the report, CEO Jan Larsson says:
- As expected, the subdued results continued as a result of startup-costs in Construction and Vehicle Mechanics, relatively low number of course participants in Industry and continued adaptation costs in Transport.
- In the other challenging areas plans are launched to turn results around, partly by cost adjustments but primarily by efforts to increase the number of participants, especially among newly arrived immigrants.
- To ensure that the substantial start-up of new educations in the coming quarters will be efficient and deliver positive contribution to YrkesAkademin’s results without unnecessary delay, a special organization unit has been established, reporting to me. The unit will have focus solely on efficient start-ups. By reducing the time from contract to full courses and reducing other costs in the start-up phase, the unit has a great potential to contribute substantially to YA’s results going forward.
MARKET DEVELOPMENT

In a recent report, The National Institute of Economic Research (Konjunkturinstitutet), shows that the deficit of skilled labor is the highest in 10 years. Close to 40 percent of the Swedish companies experience a lack of skilled labor. Within construction and transport, half of the companies’ state lack of labor to be the primary reason not to grow.

Consequently, the number of vacant positions on the labor market has increased by 7 percent from March 2016 to 137,000 at the end of the quarter. The number of unemployed has stabilized at a level around 370,000 people (7.7%) according to official statistics from the Employment Service (Arbetsförmedlingen, AF).

The division in the labor market continues. Unemployment is 4.1% among people born in Sweden, whereas it is 22.2% among those born in other countries. Youth unemployment continues down, from 12.2% in March 2016 to 10.5% in March 2017.

Despite the lack of skilled labor and high unemployment, not least among newly arrived refugees with work permits, the volumes of people in employment training (arbetsmarknadsutbildning, AUB) continues to decrease compared to earlier years.

Number of people in employment training
Total AUB, YA courses and change compared to March 2016 to March 2017.

In the quarter
In the first quarter, YrkesAkademin continued to execute on its profitable growth strategy.

- **Support and Matching.** YrkesAkademin was accredited to conduct labour programmes within the Support and Matching program (Stöd och matchning, STOM), in the regions of Dalarna and Örebro.
• **Taxi education.** YrkesAkademin won contracts for taxi driver education for the Employment Service in 15 districts, including the large urban areas of Stockholm, Göteborg and Malmö.

• **Vocational university.** YrkesAkademin doubled its win rate of new courses within the national program for higher vocational training (Yrkeshögskolan, YH). In total five renewed educations and 10 new courses were approved to start in the second half of 2017.

• **Truck and bus driver education.** The appeal court ruled in favor of YrkesAkademin in the appeal of the tender process for truck and bus drivers.

In addition, an efficiency program was initiated to increase efficiency and quality in operations. One visible part of the program is that YrkesAkademin has launched a new webshop that adds an additional revenue stream which facilitates sales to small and medium sized enterprises.

The restructuring of Truck and Bus Driver training to smaller volumes and a more diversified customer base continues to burden the result also in the first quarter. Despite new courses and a growing number of participants in the municipality based vocational training, the business area delivered a negative result.

Start-up costs from low participant rates in Construction and Vehicle Mechanics courses are gradually reduced as the number of pupils increase. However, the challenges will be somewhat prolonged by the three new education sites opening in Q2 and Q3. Despite the positive development in the new areas, the number of participants attending courses within industrial skills – basic competence, welders and CNC operators – continues to be subdued. Together with the Employment Service, YrkesAkademin tries to develop courses within the so called “establishment program” (etableringsuppdraget) specially designed for newly arrived refugees. So far very few newly arrived immigrants have attended the industry courses despite the lack of manufacturing labor.

Within Service and Machine Operator education, the mature courses continue to deliver solid and stable results and good participation rates.

### KEY FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>Quarter (Jan-Mar)</th>
<th>Quarter (Jan-Mar)</th>
<th>Full Year (Jan - Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td>2016</td>
</tr>
<tr>
<td>Net sales</td>
<td>90,6</td>
<td>112,4</td>
<td>358,0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6,1</td>
<td>21,0</td>
<td>40,7</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td>6,7%</td>
<td>18,7%</td>
<td>11,4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,2</td>
<td>10,8</td>
<td>6,6</td>
</tr>
<tr>
<td>EBIT margin, %</td>
<td>1,3%</td>
<td>9,6%</td>
<td>1,8%</td>
</tr>
<tr>
<td>Net debt</td>
<td>383,0</td>
<td>380,4</td>
<td>363,2</td>
</tr>
</tbody>
</table>
KEY RATIOS

Leverage (net debt/EBITDA) 13.2x
Interest coverage (EBITDA/Net finance charges) 1.1x

BUSINESS DEVELOPMENT DURING THE FIRST QUARTER

Revenues
Revenue amounted to SEK 90.6 million (112.4) for the quarter. The average number of students in AUB was 1,433 (1,817) for the period. The decline versus prior year is due to terminated business within truck and bus driver education.

Earnings
EBITDA amounted to SEK 6.1 million (21.0) for the quarter.
The result compared to prior year has been effected by terminated business within truck and bus driver education.

Cash flow and financial position
In the quarter, cash flow from operating activities amounted to SEK -24.0 million (10.5).
Cash flow from investing activities amounted to SEK -4.0 million (1.1) during the quarter.
Cash flow from financing activities amounted to SEK 10.4 million (-2.7) during the quarter.

Total cash flow amounted to SEK-17.6 million (8.9)

OTHER DISCLOSURES

Events after the first quarter
Following the first quarter, a few major events have affected YrkesAkademin:

- **Win in the Transport tender.** The new tenders have resulted in YA winning 21 education sites (out of 23) on Bus Driver education and 13 sites in Truck Driver education. The total turnover from the courses are expected to be approximately SEK 200m. YA’s ambition is to start a number of education sites already before the summer, but that is dependent on AF’s ambition level ability to attract applicants for the education.

- **Restructuring of rest of Transport initialized.** With the establishment of education sites all over Sweden, an adaptation process is initialized to ensure that the existing private and VUX courses will benefit from scale and synergies with Bus, Truck and Taxi Driver education for AF, and contribute positively going forward.

- **Win of Insulation Fitter (isoleringsmontör) for AF.** Yet another new profession is thus added to YA’s course portfolio. YA will have the only employment training within this profession, located to Gävle. Start-up will be as soon as possible.

- **The previously appealed contracts in Construction are now signed.** After a long time, the legal processes on the tenders for construction worker courses in Umeå and
Borlänge have ended and YA have signed contracts and will open the sites as soon as possible.

**Average number of employees in the Group**

For the period the average number of employees (FTE) in the Group was 288 (355).

**Reporting dates**

<table>
<thead>
<tr>
<th>Interim report Q2, 2017</th>
<th>August 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim report Q3, 2017</td>
<td>November 30, 2017</td>
</tr>
<tr>
<td>Interim report Q4, 2017</td>
<td>February 28, 2018</td>
</tr>
</tbody>
</table>

**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 for 2016. 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 for 2016.

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

Falun, May 26, 2017

The Board of Directors

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+43 23 585 00
FINANCIAL REPORTS

Income statement and other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>2017-01-01</th>
<th>2016-01-01</th>
<th>2016-01-01</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2017-03-31</td>
<td>2016-03-31</td>
<td>2016-12-31</td>
</tr>
<tr>
<td>Net sales</td>
<td>90 581</td>
<td>112 407</td>
<td>358 034</td>
</tr>
<tr>
<td>Other operating income</td>
<td>482</td>
<td>930</td>
<td>17 508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>91 063</strong></td>
<td><strong>113 337</strong></td>
<td><strong>375 542</strong></td>
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</tbody>
</table>

Operating expenses

<table>
<thead>
<tr>
<th></th>
<th>2017-01-01</th>
<th>2016-01-01</th>
<th>2016-01-01</th>
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<tbody>
<tr>
<td></td>
<td>2017-03-31</td>
<td>2016-03-31</td>
<td>2016-12-31</td>
</tr>
<tr>
<td>Other external costs</td>
<td>-45 310</td>
<td>-48 930</td>
<td>-170 697</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>-39 529</td>
<td>-43 413</td>
<td>-161 010</td>
</tr>
<tr>
<td>Amortisation and depreciation of intangible and tangible fixed assets</td>
<td>-4 945</td>
<td>-10 197</td>
<td>-34 133</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-117</td>
<td>-3 149</td>
<td></td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td><strong>1 162</strong></td>
<td><strong>10 797</strong></td>
<td><strong>6 553</strong></td>
</tr>
</tbody>
</table>

Profit/loss from financial items

<table>
<thead>
<tr>
<th></th>
<th>2017-01-01</th>
<th>2016-01-01</th>
<th>2016-01-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from participations in group companies</td>
<td>2 950</td>
<td>3 529</td>
<td></td>
</tr>
<tr>
<td>Other interest income and similar profit items</td>
<td>14</td>
<td>23</td>
<td>101</td>
</tr>
<tr>
<td>Interest expense and similar loss items</td>
<td>-7 308</td>
<td>-7 057</td>
<td>-28 351</td>
</tr>
<tr>
<td><strong>Result after financial items</strong></td>
<td><strong>-6 132</strong></td>
<td><strong>6 713</strong></td>
<td><strong>-18 168</strong></td>
</tr>
</tbody>
</table>

Tax on profit for the period 1 943 -1 544  5 638

Net result for the period -4 190 5 169 -12 530
**BALANCE SHEET**

(SEK thousands) 2017-03-31 2016-03-31 2016-12-31

**Non-current assets**

- **Intangible assets**
  - 2017-03-31: 489,969
  - 2016-03-31: 490,647
  - 2016-12-31: 490,233

- **Tangible fixed assets**
  - 2017-03-31: 78,057
  - 2016-03-31: 107,011
  - 2016-12-31: 78,780

- **Financial assets**
  - 2017-03-31: 63
  - 2016-03-31: 38
  - 2016-12-31: 60

**Current assets**

- **Inventories etc.**
  - 2017-03-31: -
  - 2016-03-31: 664
  - 2016-12-31: -

- **Current receivables**
  - 2017-03-31: 54,943
  - 2016-03-31: 61,387
  - 2016-12-31: 40,590

- **Cash and bank balances**
  - 2017-03-31: 4,833
  - 2016-03-31: 20,799
  - 2016-12-31: 22,399

**Total assets**

- 2017-03-31: 627,865
- 2016-03-31: 680,546
- 2016-12-31: 632,062

**Equity**

- 2017-03-31: 178,661
- 2016-03-31: 201,161
- 2016-12-31: 182,850

**Liabilities**

- **Deferred tax**
  - 2017-03-31: 7,722
  - 2016-03-31: 13,398
  - 2016-12-31: 8,537

- **Other provisions**
  - 2017-03-31: 263
  - 2016-03-31: 344
  - 2016-12-31: 653

- **Long-term interest-bearing debt**
  - 2017-03-31: 387,829
  - 2016-03-31: 401,231
  - 2016-12-31: 370,541

- **Bond loans**
  - 2017-03-31: 335,000
  - 2016-03-31: 335,000
  - 2016-12-31: 335,000

- **Other non-current liabilities**
  - 2017-03-31: 52,829
  - 2016-03-31: 66,231
  - 2016-12-31: 35,541

- **Short-term interest-bearing debt**
  - 2017-03-31: 8,648
  - 2016-03-31: 11,669
  - 2016-12-31: 15,100

- **Current liabilities**
  - 2017-03-31: 44,743
  - 2016-03-31: 52,743
  - 2016-12-31: 54,381

**Total equity and liabilities**

- 2017-03-31: 627,865
- 2016-03-31: 680,546
- 2016-12-31: 632,062

**STATEMENT OF CHANGES IN EQUITY**

(SEK thousands)

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Other paid in capital</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as of January 1, 2016</td>
<td>500</td>
<td>241,700</td>
<td>-46,208</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td>-4,190</td>
<td>-4,190</td>
</tr>
<tr>
<td>Closing balance as of December 31, 2016</td>
<td>500</td>
<td>241,700</td>
<td>-50,398</td>
</tr>
</tbody>
</table>
# CASH-FLOW STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2017-01-01</th>
<th>2016-01-01</th>
<th>2016-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit (EBIT) for the period</strong></td>
<td>1 162</td>
<td>10 797</td>
<td>6 553</td>
</tr>
<tr>
<td><strong>Depreciation/amortization</strong></td>
<td>4 945</td>
<td>10 196</td>
<td>34 133</td>
</tr>
<tr>
<td><strong>Interest paid/received</strong></td>
<td>-7 294</td>
<td>-6 700</td>
<td>-28 250</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>-428</td>
<td>-1 397</td>
<td>4 728</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before change in operating capital</strong></td>
<td>-1 615</td>
<td>12 896</td>
<td>17 164</td>
</tr>
<tr>
<td><strong>Change in operating working capital</strong></td>
<td>-22 372</td>
<td>-2 388</td>
<td>5 033</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>-23 987</td>
<td>10 508</td>
<td>22 197</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-3 959</td>
<td>1 083</td>
<td>6 792</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>10 380</td>
<td>-2 733</td>
<td>-18 531</td>
</tr>
<tr>
<td><strong>Cash flow for the period</strong></td>
<td>-17 566</td>
<td>8 858</td>
<td>10 458</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, opening balance</strong></td>
<td>22 399</td>
<td>11 941</td>
<td>11 941</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, closing balance</strong></td>
<td>4 833</td>
<td>20 799</td>
<td>22 399</td>
</tr>
</tbody>
</table>
DEFINITIONS

EBIT  
Earnings before interest and tax.

EBITDA  
Earnings before interest, tax, depreciation and amortization.

EBIT-margin  
EBIT 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 annual employees  
The total number of hours of attendance divided by the normal working hours.

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

Yrkeshögskola  
Vocational university

Arbetsmarknadsutbildning, AUB  
Employment training

Kunskapslyftet  
Adult education initiative

Komvux  
Vocational secondary school education