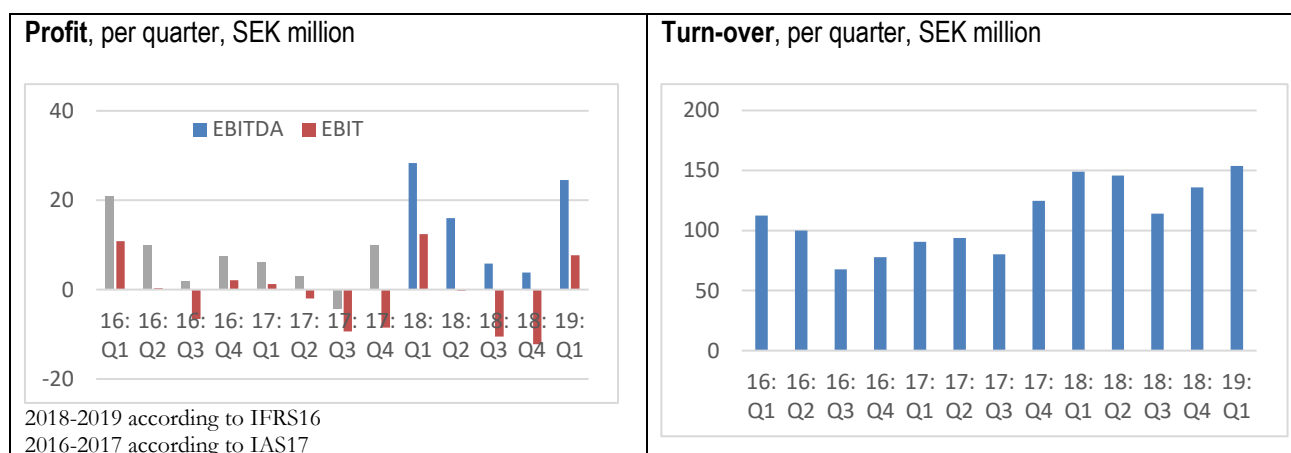


**YrkesAkademin**  
**First Quarter interim report**

<b>FINANCIAL OVERVIEW</b>	<b>Q1 2019</b> SEKm	<b>Q1 2018</b> SEKm	<b>Differ- ence</b>	<b>FY 2018</b> SEKm
Net sales	153.8	149.1	+4.7m	545.0
EBITDA (IFRS16)	24.5	28.3	-3.8m	53.9
EBITDA-margin	15,9%	18,9%		9,9%
EBIT	7.7	12.4	-4.7m	-60.6*
EBIT-margin	5,0%	8,3%		negative
One-time items incl good-will	-2.6	-		56.9
EBIT ex. one-time items and write-off	5.1	12.4	-7.3m	-3.7
Cash flow	-7.4	-1.6	-5.8m	2.8
Share of participants employed**	74%	67%	+7p.u.	75%

\*Including write-down of goodwill by SEK 50m and SEK 6.9m in provisions for one-off effect

\*\*Measured three months after end of course



**CEO COMMENT**

Despite the continued harsh market environment, YrkesAkademin managed to reach an all-time-high turn-over in the first quarter. Increasing volumes in Vocational university (YH) as well as in secondary vocational training (Yrkesvux) and corporate sales counteracted decreasing volumes in Employment training (AUB).

I am glad to see that our cost adaptation program and increased focus on profitability seem to have effect as the poor results of the second half of 2018 have shifted upwards. EBITDA exceeded SEK20m and 15%, but fell short of the record level of last year's first quarter. Last year's two last quarters' negative EBIT were followed by an EBIT-margin of five percent in the first quarter.

We continue to deliver a high share of our participants to employment. In the quarter, an average of 74% of our participants have a job three months after the course. That is 7 percentage points higher than the same quarter in 2018. Seen over the full year, more than three of four participants are employed after an YA-course.

The establishment of the new YH-courses that will start in the fall is progressing. Start-up costs have had a slightly negative effect on results in the quarter and a negative effect will continue through 2019. The earth-moving machine tender has been appealed to court and close-down costs will also have a negative impact on results in the coming quarters.



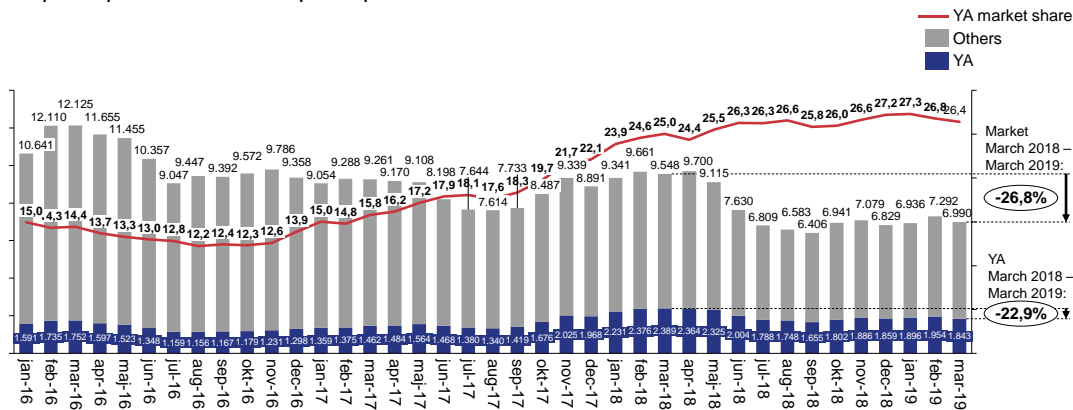
**About YrkesAkademin:** YA Holding, including subsidiaries, is a Sweden based educational company. The business is primarily conducted in YrkesAkademin, the largest subsidiary. YrkesAkademin is one of the leading companies in the vocational education and labour market training industry. YrkesAkademin conducts training in several areas, including professional drivers, machine operators, industry, restaurant, real estate maintenance, construction and vehicle mechanics as well as higher vocational Education.

## RECENT DEVELOPMENT AND FORECAST

After the reduction of volumes in AUB last summer, the market volumes have been relatively stable on levels around 7.000 participants. Since March 2018, the total market volumes were reduced by 27 percent and YA volumes declined by 23 percent leading to a slight increase in market shares over the year. In the quarter, the slow start of new janitor courses and reduction of volumes in earth-moving machine operator courses have had a negative impact on YA's market share, from 27.3% to 26.4 through the quarter.

### Number of people in Employment Training

Total participants in AUB, YA participants and market share 2016-2018

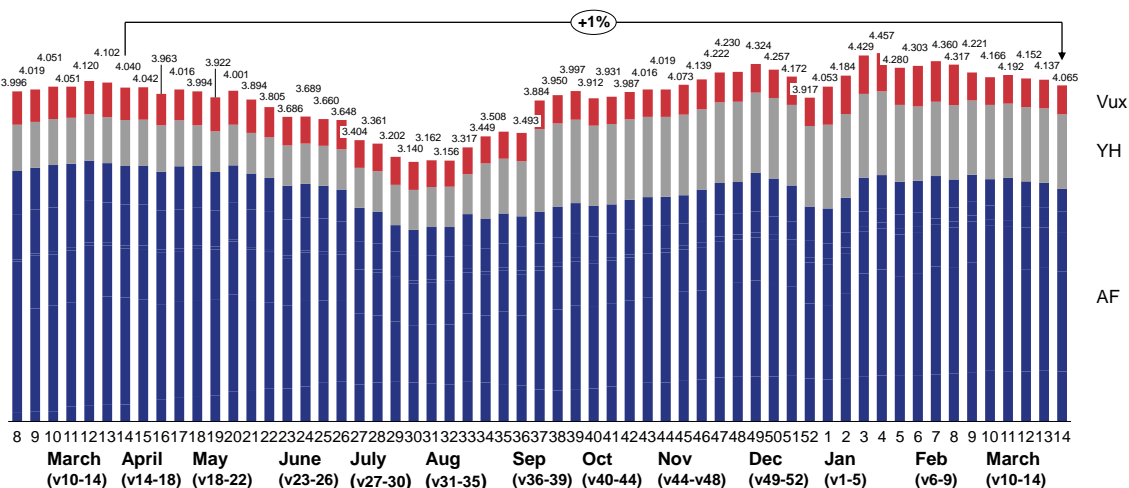


Source: Public Employment Service, Monthly statistics

In addition, YA had some 500 participants in preparatory courses (Förberedande utbildning, FUB) for The Employment Service. In secondary vocational training, YA have had close to 500 participants through the quarter and in Vocational University close to 1000 students. In all, more than 4000 people have in average been enrolled in different courses in the first quarter, which is in line with the levels one year ago.

### Number of participants in YA-courses

Total participants in AUB, FUB, YH and Vux



## **Tenders and establishment**

Out of the six won contracts of real estate maintenance/janitor courses, only one has started due to delays in the demand from the Employment Service.

In the quarter, YA was awarded 28 YH-courses to start in the autumn of 2019 and spring of 2020. The planning and establishment of those courses have been initiated and will impose a start-up investment of approximately SEK 5m, which will lead to significantly higher return from 2020.

In the quarter, we have won smaller contracts within transport education for Region Gotland and Region Örebro, and tin smith courses for AF in Mjölby.

In addition, sales to corporate customers increased by more than SEK2m from last year's first quarter to SEK8m in the first quarter 2019.

## **Events after the first quarter**

In the end of the first quarter, YA was awarded four contracts to conduct earth-moving machine operator education for The Employment Service. Later, those four contracts were appealed by a competitor that had been disqualified due to unreasonably low prices in their bids on those four locations. YA has appealed the five locations where the contracts were won by the same competitor since the prices offered on those locations were as unreasonably low as in the four locations where AF disqualified the bids. It is unclear if the court will have a decision before summer.

As announced in the Fourth Quarter and Full Year report, YA's management, the majority owner – funds managed by CapMan – and a bondholder committee are engaged in a discussion on how to refinance the company after the maturity of the outstanding bond.

Since the outcome of those discussions are vital to YAs financial situation, YA will not publish its Annual Report on previously announced date, but postpone the publishing to May 20 the latest.

## *Forecast*

As an input to the ongoing discussions on capitalization, a long term forecast has been produced, as an exception to YA's policy on not making public forecasts and guidance.

The market situation is very uncertain. The political discussion on the future employment policy makes the situation for YA's largest customer, The Employment Service (AF), very unclear. It is thus even more difficult than normal to make a long term forecast.

In the forecast, YA made eight key assumptions:

1. A refinancing outcome leading to solid possibilities for YA to capture and deliver continued growth.
2. AF budget forecasts on AUB and FUB published February 19, 2019.
3. Lower growth ambitions and higher focus on profitability leads to maintained market shares of AUB and FUB and thus lower revenue from AF as its demand of vocational training is forecasted to fall.
4. Reduced growth ambitions in YH, leading to levelling out of revenue and increased operational efficiency/margins.
5. Continued growth in vux-volumes and in share of vux courses operated by private companies.

6. Continued competence deficit on labor market, leading to corporate sales growth. Should that be changed, the negative impact will be counter-balanced by increase in AUB.
7. Continued but relatively slow growth in Finland due to a larger profitability focus, leading to lower growth ambitions.
8. The growth budget (that was announced in the Q4 report 2018) for 2019 will be materialized.

## Forecast

### Expected revenue development and profit levels 2018-2023

SEKm	2018	2019E	2020E	2021E	2022E	2023E
<b>Revenue</b>	<b>545.0</b>	<b>594.0</b>	<b>632.1</b>	<b>667.0</b>	<b>681.7</b>	<b>705.5</b>
Revenue growth	40.0%	9.0%	6,7%	5.5%	2.2%	3.5%
<b>EBITDA (by IFRS16**)</b>	<b>67.7*</b>	<b>102.9</b>	<b>107.6</b>	<b>119.2</b>	<b>127.6</b>	<b>138.1</b>
EBITDA-margin**	3%*	17%	17%	18%	19%	20%
<b>EBIT</b>	<b>-3.7*</b>	<b>36.6</b>	<b>41.3</b>	<b>53.2</b>	<b>61.6</b>	<b>72.1</b>
EBIT-margin	-0%	6%	6%	8%	9%	10%
<b>Cash flow</b>	<b>2.8</b>	<b>29.4</b>	<b>20.0</b>	<b>26.9</b>	<b>31.8</b>	<b>40.3</b>

\* Excluding one-off provisions and write-downs to be comparable with rest of years

\*\* Calculated according to new accounting standard IFRS16. Will be used from 2019 and on in reports

The halt in the earth-moving machine operator procurement process and the slow demand for janitor/real estate maintenance courses as well as the disputes reported between AF on the one hand and the coalition of parties behind the state's spring budget on the other hand have made the market uncertainty even larger since the forecast was made.

## KEY FINANCIAL INFORMATION

(MSEK)	Quarter		Full Year
	(Jan - Mar)	(Jan - Mar)	(Jan - Dec)
	2019	2018	2018
Net sales	153,8	149,1	545,0
EBITDA IFRS16	24,5	28,3	53,9
EBITDA margin, %	15,9%	19,0%	9,9%
EBIT	7,7	12,4	-60,6
EBIT margin, %	5,0%	8,3%	-11,1%
Net debt	551,9	555,0	557,1

### Key ratios

Leverage (net debt/EBITDA)	11x
Interest coverage (EBITDA/Net finance charges)	1,7x

## BUSINESS DEVELOPMENT DURING THE FIRST QUARTER

### Revenues

*First quarter January – Mars 2019*

Revenue amounted to SEK 153.8 million (149.1) for the quarter. Revenue includes 5,6 million retrospectively invoiced education days from prior years.

### Earnings

*First quarter January – Mars 2019*

EBITDA (IFRS16) amounted to SEK 24.5 million (28.3) for the quarter. This includes a positive net impact of 2,6 million deriving from the retrospective revenues and one-time costs of 3.0 million mainly related to refinancing and restructuring.

### Cash flow and financial position

Cash flow from operating activities amounted to SEK -2,4 million (3.4) for the quarter.

Cash flow from investing activities amounted to SEK 7.0 million (-17.3) during the quarter.

Cash flow from financing activities amounted to SEK -12.0 million (12.3) during the quarter.

Total cash flow amounted to SEK -7.4 million (-1.6) during the quarter.

## **OTHER DISCLOSURES**

### **IFRS16**

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

The balance sheet and the income statement of 2018 are adjusted respectively reflecting the IFRS16.

### **Average number of employees in the Group**

For the period, the average number of employees (FTE) in the Group was 445 (451).

### **Reporting dates 2019**

Annual report 2018	May 20, 2019
Interim report Q2	August 31, 2019
Interim report Q3	November 30, 2019

### **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 2017. 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 2017.

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

Falun, April 30, 2019

The Board of Directors

### **For further information, please contact**

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## FINANCIAL STATEMENTS

### Income statement and other comprehensive income

<i>(SEK thousands)</i>	<b>2019-01-01</b>	<b>2018-01-01</b>	<b>2018-01-01</b>
	<b>2019-03-31</b>	<b>2018-03-31</b>	<b>2018-12-31</b>
Net sales	153 811	149 089	545 010
Other operating income	376	650	8 687
<b>Total</b>	<b>154 187</b>	<b>149 739</b>	<b>553 697</b>
<i>Operating expenses</i>			
Other external costs	-64 404	-59 505	-246 662
Employee benefit expenses	-65 109	-61 848	-251 940
Amortisation and depreciation of intangible and tangible fixed assets	-16 792	-15 875	-114 449
Other operating expenses	-142	-88	-1 221
<b>Operating result(*)</b>	<b>7 740</b>	<b>12 423</b>	<b>-60 575</b>
<i>Profit/loss from financial items</i>			
Other interest income and similar profit items	2	13	38
Interest expense and similar loss items	-8 733	-7 188	-28 606
<b>Result after financial items</b>	<b>-991</b>	<b>5 248</b>	<b>-89 143</b>
Tax on profit for the period	88	-1 024	8 146
<b>Net result for the period</b>	<b>-903</b>	<b>4 224</b>	<b>-80 997</b>
<b>(*)Operating Result excl one-off items</b>	<b>5 140</b>	<b>12 423</b>	<b>-3 675</b>

## BALANCE SHEET

(SEK thousands)	2019-03-31	2018-03-31	2018-12-31
<b>Non-current assets</b>			
<i>Intangible assets</i>	438 376	488 914	438 393
<i>Tangible fixed assets</i>	215 233	246 005	227 769
<i>Financial assets</i>	10 788	2 888	10 631
<b>Current assets</b>			
<i>Current receivables</i>	77 737	77 593	62 846
<b>Cash and bank balances</b>	1 367	4 405	8 772
<b>Total assets</b>	<b>743 501</b>	<b>819 805</b>	<b>748 411</b>
<b>Equity</b>	<b>90 353</b>	<b>150 352</b>	<b>91 256</b>
<b>Liabilities</b>			
<i>Deferred tax</i>	-	-	-
<i>Other provisions</i>	4 404	-	-
<i>Long-term interest-bearing debt</i>	192 961	545 075	191 973
Bond loans	-	335 000	-
Other non-current liabilities	192 961	210 075	191 973
Bond loans	335 000		335 000
<i>Other short-term interest-bearing debt</i>	25 338	14 333	38 899
<i>Current liabilities</i>	95 445	110 045	91 283
<b>Total equity and liabilities</b>	<b>743 501</b>	<b>819 805</b>	<b>748 411</b>

## STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Share capital	Other paid in capital	Retained earnings	Total
<b>Opening balance as of January 1, 2019</b>	<b>500</b>	<b>268 952</b>	<b>-</b>	<b>178 196</b>
Net profit				-
Shareholder's contribution				903
<b>Closing balance as of Mars 31, 2019</b>			<b>-</b>	<b>178 196</b>



## CASH-FLOW STATEMENT

	2019-01-01	2018-01-01	2018-01-01
(SEK thousands)	2019-03-31	2018-03-31	2018-12-31
<b>Operating profit (EBIT) for the period</b>	7 739	12 423	-60 575
Depreciation/amortization	16 790	5 352	72 359
Interest paid/received	-8 396	-7 175	-28 568
Other non-cash items	-1 117		5 521
Income tax paid	-776	-776	-117
<b>Cash flow from operating activities before change in operating capital</b>	14 240	9 824	-11 380
Change in operating working capital	-4 238	-6 404	13 136
<b>Cash flow from operating activities</b>	10 002	3 420	1 756
<b>Cash flow from investing activities</b>	-5 356	-17 345	-14 646
<b>Cash flow from financing activities</b>	-12 051	12 335	15 667
<b>Cash flow for the period</b>	-7 405	-1 590	2 777
<b>Cash and cash equivalents, opening balance</b>	8 772	5 995	5 995
<b>Cash and cash equivalents, closing balance</b>	1 367	4 405	8 772

## DEFINITIONS

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

## **TRANSLATION**

Arbetsförmedlingen, AF

The Swedish Public Employment Service

Yrkeshögskola

Vocational University

Arbetsmarknadsutbildning, AUB

Employment Training

Kunskapslyftet

Adult Education Initiative

Yrkesvux

Vocational Secondary School Education

Yrkessvenska

Professional Swedish Education