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Audit Report

To the annual meeting of shareholders of AcadeMedia AB, corporate identity number 556846-0231

Report on the annual accounts and consolidated accounts

OPINIONS

We conducted an audit of annual accounts and consolidated accounts of AcadeMedia AB (publ) for the financial year July 1, 2017 – June 30, 2018 with the exception of the corporate governance report on pages 56-61. The annual accounts and consolidated accounts of the Company are included on pages 44-104 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of June 30, 2018 and of its financial performance and its cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of June 30, 2018 and of their financial performance and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the Consolidated statement of comprehensive income and Consolidated statement of financial position of the Group and the income statement and balance sheet of the Parent Company.

Our statements in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that was submitted to the parent company's audit committee in accordance with Article 11 of the EU audit legislation (Regulation (EU) No 537/2014).

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of Regulation (537/2014 EU Audit Regulation) have been provided to the audited company or, where applicable, its parent company or its controlled company in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OTHER REMARKS

The audit of the annual accounts and consolidated accounts for the financial year July 1, 2016 to June 30, 2017 was carried out by another auditor who submitted an audit report dated October 24, 2017 with unmodified statements in the Report on the annual accounts and consolidated accounts.

OUR AUDIT APPROACH

FOCUS AND SCOPE OF THE AUDIT

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We adapted the focus and scope of our audit, taking into account the structure of the AcadeMedia Group and the internal control

environment, to enable us to provide an audit report on the annual accounts and the consolidated financial statements as a whole.

AcadeMedia is the largest education group in the Nordic region and has operations in Sweden, Norway and Germany. As of June 30, 2018 the operation was run by 150 legal entities. The large number of legal entities is due to the acquisition of the operations by the Group and legal regulations that restrict the possibility of relocating operations. We conduct a statutory audit of all legal entities in Sweden and Norway and for Group purposes, we review the most significant entities in the Group and the Parent Company. The operations in Sweden and Norway account for 98% of the Group's sales and the majority of the Group's total assets. The audit included the following activities:

- Review of internal control of financial reporting, procedures and processes based on assessed risks;
- Limited review of the financial statements as of March 31, 2018 with the aim of issuing a limited review report; and
- Audit of the annual accounts as at June 30, 2018 focusing on valuation of goodwill, recognition of revenue and personnel expenses, acquisition analyses and integration attributable to acquisitions, restructuring reserves and assessment of reporting and disclosure regarding disputes.
- Final audit procedures required to issue this audit report on the annual accounts of the parent company and the Group and, where applicable, other legal entities. In addition, procedures are also carried out to enable us to issue our opinion on compliance with guidelines for senior executives, as well as the corporate governance and sustainability reports of the parent company.

An audit team that belongs to the PwC network conducted the review. The work was performed in accordance with the local audit requirements of each country, as well as specific instructions related to the Group audit. Regarding the operation in Germany, the Group audit team carried out an analytical review and other review procedures. In addition, during the year the principal auditor and assistant auditor visited the operation in Norway to gain an understanding of the operation at the visited units and to understand the procedures and controls in order to evaluate internal control and to conduct a limited review of the financial statements based on the Group's accounting principles.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts for July 1, 2017 to June 30, 2018. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.



KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Valuation of goodwill and other intangible assets</i></p> <p><i>We refer to the notes 1 General information, accounting and valuation principles, which contains information on important estimates and assumptions for accounting purposes, 15 Goodwill, 16 Brands and 17 Impairment testing.</i></p> <p>Goodwill comprises an important component of the AcadeMedia Group's total assets and amounts to SEK 5,933 million as of June 30, 2018 (62% of total assets). The brands, which are considered to have indefinite useful lives, totaled about SEK 234 million at the same point in time. The items are subject to the assessment and assumptions of management, and because of their materiality have been deemed to be a key audit matter in the audit.</p> <p>The management and the board of directors conduct annual impairment testing of the value of goodwill and brands with indefinite useful lives. The purpose of impairment testing is to determine whether an asset is impaired, i.e. that the book value (carrying amount) exceeds the assessed fair value (recoverable amount).</p> <p>The calculated value is based on the budgets and forecasts approved by the board of directors for the next ten years. The cash flows from the years beyond the next five years are extrapolated based on the business plan. Thus the process includes assumptions that gain material significance for impairment testing. These assumptions include sales growth, development of margins and the discount rate (WACC).</p> <p>The value resulting from the test corresponds to the value of discounted cash flows for identified cash-generating units.</p> <p>Even if a unit passes the impairment test, future developments that deviate negatively from the assumptions and assessments on which the review was based may lead to a need for impairment. Valuation of the company's operations is most sensitive regarding future earnings in the newly acquired operations in Norway and Germany.</p> <p>Furthermore, the assumptions are affected by the uncertainty of political decisions that could be made as a result of the review of new legislation on profit in welfare as described in Note 1, which addresses important estimates and assessments for accounting purposes.</p> <p>AcadeMedia's conclusion, based on the best estimate and the information that was available when conducting the annual impairment test, is that there was no impairment of the assets referred to above as of June 30, 2018.</p>	<p>In the impairment test for goodwill and other acquisition-related intangible assets, to ensure the valuation and accuracy we performed the following audit measures:</p> <ul style="list-style-type: none"> • In the assessment of the assumptions, which are presented in Note 16 Impairment assessment, we have used PwC's experts in valuation to test and assess the models and methodology that were used, as well as significant assumptions. • On a random sample basis, tested, evaluated and challenged the information used in the calculations versus AcadeMedia's financial plan and, where possible, external information. We then focused on the assumed growth rates, development of margins and the discount rate for each cash generating unit. We also reviewed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcome. • Checked the sensitivity of the valuation to negative changes in key parameters which, on an individual or aggregate basis, could result in an impairment requirement. • Assessed that the disclosures provided in the annual report to ensure that they are correct, based on the conducted tests of valuation, particularly as regards the information on the sensitivity of the valuations • Compared the disclosures provided in the financial statements with IAS 36 requirements and found that they were fulfilled in all material respects. • Evaluated AcadeMedia's assessment regarding political risk and limitations to profit in welfare as reported in the section Risk and risk management in the Administration Report, as well as Note 1, which addresses important estimates and assessments for accounting purposes. <p>Based on our review, we have not reported any significant observations to the audit committee.</p>

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p data-bbox="178 241 1038 271"><i>Procedures and processes as well as revenue recognition in the Adult Education segment</i></p> <p data-bbox="178 280 780 360"><i>We refer to Note 1 General information, accounting and valuation principles, the Administration Report and Note 9 Items affecting comparability</i></p> <p data-bbox="178 369 805 741">Total consolidated net sales for the financial year amounted to SEK 10,810 million, of which SEK 1,760 million related to net sales in the Adult Education segment. Overall, AcadeMedia's main revenue recognition is not complex since AcadeMedia usually receives payment per completed service, school vouchers from municipalities and fees for preschool places. Participant fees attributable to Adult Education, which are recognized in line with the degree of completion and other terms and conditions, see below, over the period during which the instruction is provided. Revenue recognition of participant fees requires management to assess the extent to which opportunities for different forms of remuneration will be obtained. In light of this aspect of assessments, revenue in Adult Education is considered to be a key audit matter in the audit.</p> <p data-bbox="178 750 790 913">Nevertheless, a large portion of AcadeMedia's billing occurs locally at each operation and one operation can have different contracts with customer-specific components. Moreover, because of manual elements in the billing procedures and a large number of transactions, there is an elevated risk of misstatements.</p> <p data-bbox="178 922 775 1037">Controls are carried out at each operation as well as centrally to ensure that revenue recognition is correct. Moreover, each operation carries out analyses and follow-ups to ensure that revenue recognition and financial statements are correct.</p> <p data-bbox="178 1046 790 1209">In addition, as described in the Administration Report and Notes 1 and 9, companies within the Group are occasionally involved in various types of disputes. The most significant disputes involve billing by the subsidiary Hermods in the Adult Education segment where a settlement has been reached with the City of Malmö regarding breach of contract.</p> <p data-bbox="178 1218 805 1332">Revenue recognition in Adult Education is thus often complex and affected by assessments. Revenue recognition and associated procedures as well as the settlement with the City of Malmö are thus a key audit matter.</p>	<p data-bbox="817 369 1439 533">Our audit is based both on the evaluation of internal controls and system support associated with revenue recognition, as well as on substantive testing of revenues in material units and other analysis measures, including systems-based transaction analyses of certain balance sheet and income statement items, on a random sample basis of selected subsidiaries.</p> <p data-bbox="817 542 1098 571">Completed activities include:</p> <ul data-bbox="817 582 1439 952" style="list-style-type: none"> <li data-bbox="817 582 1439 645">• We have, on a random sample basis, reviewed key controls carried out to ensure that revenue recognition is correct <li data-bbox="817 654 1439 790">• We have, on a random sample basis, for randomly selected customers, tested the reported revenues against contracts with regards to the correct amount being recognized in the correct time period. This testing has also included accrued income. <li data-bbox="817 799 1439 862">• We have also assessed the provision for risk for customer losses based on the entire aged accounts receivable structure. <li data-bbox="817 871 1439 952">• For a selection of accounts receivable and related revenue as of June 30, 2018 we followed up in relation to payment documents. <p data-bbox="817 960 1439 1041">Regarding ongoing disputes, and the specific dispute involving billing of the City of Malmö in the subsidiary Hermods, measures we have carried out as part of the review include:</p> <ul data-bbox="817 1052 1439 1377" style="list-style-type: none"> <li data-bbox="817 1052 1439 1133">• Reviewed correspondence between company and counterparty. <li data-bbox="817 1142 1439 1205">• Obtained statements from the company's legal advisers and other advisers regarding these matters. <li data-bbox="817 1214 1439 1317">• Evaluated assessments and assumptions made by company management regarding these cases and their current and potential future impact. <li data-bbox="817 1326 1439 1377">• Reviewed reporting of the consensus solution with the City of Malmö <p data-bbox="817 1388 1439 1532">Based on our review, we have not reported any significant observations to the audit committee. We note, however, that outcomes of ongoing disputes, which affect revenue recognition, depend on future outcomes and are therefore associated with inherent uncertainty.</p>

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Procedures and processes as well as recognition of personnel-related expenses</i></p> <p>We refer to Notes 1 General information, accounting and valuation principles, 5 Personnel expenses, 6 Pensions and 32 Accrued expenses and deferred income.</p> <p>AcadeMedia has around 11,860 employees in its subsidiaries. Personnel expenses total just over 65% of AcadeMedia's operating expenses. Consequently it is the most significant expense item in AcadeMedia's consolidated income statement. Personnel costs consist of both wages and other remuneration, including variable remuneration, as well as directly attributable taxes and social security contributions. The risk in these items relates to their completeness, as well as being correctly calculated, properly accrued and properly measured. There is also an inherent complexity in payroll management, since the various personnel groups are covered by different employment contracts and collective agreements, which in turn give rise to differences in how salaries, other remuneration and benefits are to be calculated.</p>	<p>In order to pay salaries to 11,860 employees each month, or in some cases more frequently, there must be efficient procedures and processes to calculate and check the salaries and remuneration to be paid.</p> <p>Our audit is based both on the evaluation of internal controls and on substantive testing of revenues and other analysis measures, including systems-based transaction analyses of certain balance sheet and income statement items in key subsidiaries.</p> <p>The review of key controls of financial reporting and income statement and balance sheet items was carried out on a random sample basis. Completed activities include:</p> <ul style="list-style-type: none"> • Checked significant accrued expenses and/or reserves relating to vacation pay liability, payroll liability, taxes, social security contributions against information from the payroll system and management's calculations and assessments. • Reviewed personnel expenses through analytical review measures including changes in expenses in the income statement, accrued expenses and reserves based on our knowledge, as well as through the use of database-related transaction analyses. <p>Based on this review, nothing has been identified that would require a report to the Audit Committee. Our overall conclusion is that, in all material respects, AcadeMedia has efficient processes for payroll management and reporting of personnel expenses.</p>
<p><i>Acquisition analysis attributable to the acquisition of Vindora Holding AB ("Vindora"), as well as subsequent consolidation in AcadeMedia</i></p> <p>We refer to Note 1 General information, accounting and valuation principles, and Note 14 Business combinations.</p> <p>The most important event that affected goodwill in 2017 is the acquisition of Vindora. This is the largest acquisition that AcadeMedia has made in several years, and consequently the acquisition analysis comprised a separate area of focus in the audit.</p> <p>The acquisition analysis that was prepared contains significant values regarding goodwill of SEK 630 million and other intangible assets of SEK 41 million. There is a risk that the assets and liabilities included in the analysis are not correctly measured at fair value as of the acquisition date.</p>	<p>Regarding the acquisition of Vindora, in addition to the specified review measures attributable to valuation of goodwill and other acquisition-related assets, we also carried out the following measures as part of the review:</p> <ul style="list-style-type: none"> • The Group audit team, accompanied by the local audit team, visited Vindora, in part to review the financial statements including opening balances as of the acquisition date, in order to test the acquisition analysis. • Based on the review of the Company's year-end report of June 30, 2018, as well as the review of opening balances, we have assessed whether the accounts were included in AcadeMedia's consolidation in a correct manner in accordance with IFRS. Specific focus has been placed on provisions and accounting of accrued expenses, as well as on management of repayment claim from the National Agency for Education regarding the acquired operation. • We have also assessed whether the model that AcadeMedia used to measure assets is compliant with IFRS. We have used PwC's valuation specialists for this purpose. We have also tested the significant assumptions made in the acquisition analysis. In addition, we examined significant elements in the acquisition analysis against documentation and based on the reasonableness of the assumptions. This mainly includes assumptions regarding sales growth, development of margins and the discount rate (WACC). <p>The assumptions used to value depreciable intangible assets in the acquisition analysis are deemed to be within an acceptable interval. The acquisition analysis is preliminary until one year from the acquisition date and may therefore be further adjusted.</p> <p>Based on our audit, we have not otherwise reported any significant observations to the audit committee.</p>

INFORMATION OTHER THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and the consolidated financial accounts and can be found on pages 1-26 and 111-116. The board of directors and the chief executive officer are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not cover this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed on this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with IFRS, as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the ability of the Company to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the Company, cease operations or have no realistic alternative but to do so.

The Board's Audit Committee shall, without prejudice to the board's responsibilities and duties, in particular monitor the Company's financial reporting.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Supervisory Board of Public Accountants (Revisorsnamnden) website (www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration of the board of directors and the Chief Executive Officer of AcadeMedia AB (publ) for the financial year July 1, 2017 – June 30, 2018 and the proposed appropriations of the Company's profit or loss.

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Supervisory Board of Public Accountants (Revisorsnamnden) website (www.revisorsinspektionen.se).

se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the corporate governance report on pages 56–61 and that it has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's RevU 16 Auditor's review of the Corporate Governance Report. This implies that our review of the Corporate Governance Report has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures in accordance with chapter 31, section 6(2), items 2-6, and chapter 7,

section 31 (2) of the Annual Accounts Act are consistent with the annual accounts and the consolidated annual accounts as well as the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed to serve as auditor by AcadeMedia ABs (publ) at the Annual General Meeting held on November 24, 2017 and has been the company's auditor since then.

Stockholm October 25, 2018
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Principal auditor

Eva Medbrant
Authorized Public Accountant