

The group's focus area is the operation of preschools. The goal is to develop a quality concept in the field of child development and learning to create market demand.

In Norway, the Group operated 190 kindergartens as of 30 September 2017 with approximately 16 000 children. This is an increase with 31 kindergartens and 2 500 children compared to year-end 2016.

In August the Group also entered the Swedish market and now operates 74 kindergartens and schools there, with capacity for approximately 750 students (schools) and 3 700 kindergarten children.

### **Material events in 2017**

On 1 August, the Group completed the acquisition of the Swedish kindergarten/school group Inspira. Two additional Swedish groups, Palmlunds and Helianthus, was acquired 1 September 2017.

As of 30<sup>th</sup> September 2017 the Group has acquired 28 kindergartens in Norway. Three of these is by acquiring the operations directly, the others is acquisitions of shares.

The construction of five new preschools is ongoing. Two opened in August 2017 and three opened in October. Three rehabilitation and expansion projects have also started in the period.

A refinancing of the company was completed during the first half of 2017. A bond loan of NOK 1,2 billion was issued on 1 June. The bonds were listed on the Oslo ABM on 17 October. Approximately 800 million of the proceeds from the bond were used to repay existing DnB loans. The remaining net proceeds is for general corporate purposes, primarily acquisitions. As part of the refinancing a revolving credit facility of NOK 300 million is also made available.

The Group has for the period of 1 September 2017 to 1 June 2022 (due date of the bond) entered into an interest swap agreement, swapping 3 month NOK Nibor for a fixed interest rate of 1,36% on an amount of 800 million. This secures the floating part of the interest on 800 million of the bond loan. For this part of the loan, the interest will therefore be fixed at 5,36%.

### **Overview of development and profits**

A bit simplified the children attends kindergarten in 11 months during the year. Revenue is therefore distributed over 11 months. The main cost is employee benefits that is also mainly distributed over 11 months. For practical reasons the Group considers June as the holiday month in the financial statements. This means that June each year contains very limited revenue and operation expenses.

In August all 6 year olds start school and the available positions is filled up again during the autumn. This creates an excess capacity compared to employees, which reduces the margins in this period. The margins is weakest in August and increases some in September/October before they reaches normal level towards the end of the year.

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Total revenue has increased with over 60% compared to same period in 2016. This is due to full period effect of the acquisitions made in 2016 and the acquisitions made in 2017. Operating profit margin is 10,0% (8,5% per Q3 2016). All the entities in Sweden is in rented locations, while most of the locations in Norway is owned. This means that the EBITDA and operating margins in Sweden is lower than in Norway.

The Groups equity ratio is stable on approximately 5.0%. Total assets has increase with approximately 1 billion, due to acquisitions made and the new build activity.

Cash flow from operations in the period is quite strong. Timing of payment of subsidies from the municipalities highly effects our cash flow during the year. At the end of September 2017 we have received more advance payment than we did at year end 2016. This gives a positive effect on the cash flow so far in 2017.

Investments in fixed assets is mainly related to construction activity. Cash flow from financing activity is materially affected by the refinancing made in the period. Ordinary amortization on loans also includes down payment on loans that later has been repaid in the refinancing.

Jessheim, 22 November 2017

Gunnar Johansson  
Board Chairman

Torill Eskeland  
Board Member

Charlotte Wego  
Board Member

Linn Christensen  
Board Member

Hilde Martinsen  
Board Member

Hans Jacob Sundby  
Board Member/CEO

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# Læringsverkstedet Gruppen AS - Group

## Income statement

Numbers in NOK 1 000	Unaudited 1.1.-30.9.2017	Unaudited 1.1.-30.9.2016	Audited Full year 2016
<b>Total revenue</b>	<b>1 881 518</b>	<b>1 156 194</b>	<b>1 742 891</b>
Cost of goods sold	382	6 197	6 028
Employee benefits expense	1 294 085	839 881	1 234 184
Depriciation	129 414	74 482	110 586
Other operating expenses	269 906	136 911	221 156
<b>Total operating expenses</b>	<b>1 693 787</b>	<b>1 057 471</b>	<b>1 566 954</b>
<b>Operating profit</b>	<b>187 731</b>	<b>98 723</b>	<b>175 937</b>
<b>Net finance</b>	<b>-106 451</b>	<b>-45 613</b>	<b>-76 071</b>
<b>Profit before income tax</b>	<b>81 280</b>	<b>53 110</b>	<b>94 865</b>
Income tax expense	19 633	16 834	25 475
<b>Net profit</b>	<b>61 647</b>	<b>36 276</b>	<b>69 391</b>

# Læringsverkstedet Gruppen AS - Group

## Balance sheet

Numbers in NOK 1 000	Unaudited 30.09.2017	Unaudited 30.09.2016	Audited 31.12.2016
<b>Assets</b>			
<b>Non current assets</b>			
<b>Total intangible assets</b>	<b>677 557</b>	<b>333 110</b>	<b>402 809</b>
<b>Total fixed assets</b>	<b>3 878 705</b>	<b>3 305 180</b>	<b>3 325 898</b>
<b>Financial assets</b>			
Loan to group companies	60 916	49 463	50 423
Investment in associated companies	24		
Investment in shares and units	1 458	1 404	1 406
Long term receivables	29 075	0	30 485
<b>Total financial assets</b>	<b>91 473</b>	<b>50 867</b>	<b>82 314</b>
<b>Total non current assets</b>	<b>4 647 735</b>	<b>3 689 157</b>	<b>3 811 022</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>1026</b>	<b>1134</b>	<b>628</b>
<b>Receivables</b>			
Accounts receivables	10 279	23 915	12 396
Other receivables	113 782	78 689	69 447
<b>Total receivables</b>	<b>124 061</b>	<b>102 604</b>	<b>81 843</b>
<b>Cash and cash equivalents</b>	<b>254 351</b>	<b>215 748</b>	<b>162 856</b>
<b>Total assets</b>	<b>5 027 173</b>	<b>4 008 643</b>	<b>4 056 349</b>

# Læringsverkstedet Gruppen AS - Group

## Balance sheet

Numbers in NOK 1 000	Unaudited 30.09.2017	Unaudited 30.09.2016	Audited 31.12.2016
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Owners equity</b>			
Share capital	100	100	100
<b>Total paid inn equity</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Retained earnings</b>			
Other equity	261 713	187 308	201 279
<b>Total accumulated profits</b>	<b>261 713</b>	<b>187 308</b>	<b>201 279</b>
<b>Total equity</b>	<b>261 813</b>	<b>187 408</b>	<b>201 379</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Pensjon obligations	54 680	40 315	47 258
Deferred tax	286 552	179 355	199 024
<b>Total provisions</b>	<b>341 232</b>	<b>219 670</b>	<b>246 282</b>
<b>Other non current liabilities</b>			
Bond loans	1 200 000		
Liabilities to financial institutions	2 698 029	3 248 134	3 208 360
Other non current liability	10 484	6 986	6 636
<b>Total other non current liabilities</b>	<b>3 908 513</b>	<b>3 255 120</b>	<b>3 214 995</b>
<b>Current liability</b>			
Accounts payable	47 620	46 318	42 437
Income tax payable	6 395	2 935	27 669
Public duties payable	85 810	46 878	97 855
Other current liabilities	375 790	250 314	220 139
Dividend/group contribution	0	0	5 592
<b>Total current liability</b>	<b>515 615</b>	<b>346 445</b>	<b>393 692</b>
<b>Total liabilities</b>	<b>4 765 360</b>	<b>3 821 235</b>	<b>3 854 970</b>
<b>Total equity and liabilities</b>	<b>5 027 173</b>	<b>4 008 643</b>	<b>4 056 349</b>

# Læringsverkstedet Gruppen AS - Group

## Cash Flow statement - Indirect method

Numbers in NOK 1 000	Unaudited 1.1-30.9.2017	Audited Full year 2016
<b>Cash flow from operating activities</b>		
Profit before income tax	81 280	94 865
Income tax payable	-23 630	-20 077
Loss/gain on sale of fixed assets		186
Depreciation	129 414	121 586
Difference on pension expense and paid pension premium	7 581	-20 036
Change in inventory, accounts receivable and accounts payable	3 894	1 985
Change in other accruals	55 667	-19 019
<b>Net cash flow from operating activities</b>	<b>254 206</b>	<b>159 490</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of fixed assets		2 198
Purchase of fixed assets	-250 121	-226 119
Net payment in acquisition of subsidiaries	-424 300	-668 675
Purchase of intangible assets		-4 000
Proceeds from disposal of other shares)		
Net effect other shares and loans	-10 469	-5 008
Net cash flow from other investments		-13
<b>Net cash flow from investing activities</b>	<b>-684 890</b>	<b>-901 616</b>
<b>Cash flow from financing activities</b>		
Proceeds from recent borrowings	1 602 462	1 231 627
Full down payment of borrowings	-1 004 738	-352 733
Repayment (ordinary amortization) of borrowings	-69 953	-105 628
Net change participants deposit in group accounts		
Net payment (-), proceeds (+) group companies		
Payment of group contribution	-5 592	-6 727
<b>Net cash flow financing activities</b>	<b>522 179</b>	<b>766 539</b>
Net change in cash and cash equivalents	<b>91 495</b>	<b>24 412</b>
Cash and cash equivalent at the beginning of the period	162 856	138 443
<b>Cash and cash equivalent at the end of the period</b>	<b>254 351</b>	<b>162 856</b>

**NOTES TO THE FINANCIAL REPORT 30.9.2017 (Unaudited)**

**Accounting principles**

The financial report have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounting principles described in the Annual report for 2016 has, with the following exceptions, been applied;

1. The income tax expense is based on preliminary tax calculation for the year. At year end a full tax calculation will be made and income tax expense might be subject to change in the annual statement.
2. Purchase price allocations of acquisitions of companies is preliminary and might be subject to change in the annual statement.
3. Provision for pension cost is based on the estimates made in the actuarial calculation for 2016. At year end an actuarial calculation for 2017 will be made and pension cost might be subject to change in the annual statement.

See the annual report for 2016 for a full description of the account principles.

A reclassification in the two 2016 columns in the Income statement has been made. Net finance has been reduced with 5 million, depreciation has been reduced with 11 million and other operating expenses has been increased with 16 million. The reclassification has been made in order for the classification in 2016 to be the same as in 2017. The reclassification has no effect on profit before income tax.

**Equity**

	<b>Share capital</b>	<b>Other equity</b>	<b>Total</b>
Equity 01.01.	100	201 279	201 379
Net profit	-	61 647	61 647
Currency translation effect		-1 213	-1 213
Distributions	-		-
As of 30.09	100	261 713	261 813

**Financial covenants**

All figures in NOK 1 000

***Covenant 1; Minimum liquidity of NOK 100 million***

	<b>30.9.2017</b>
Booked value cash and cash equivalents	254 351
-less restricted cash	-40 000
Undrawn credit facilities	300 000
Total liquidity according to loan terms definition	514 351

***Covenant 2; Interest cover ration > 2,75***

	<b>30.9.2017</b>
Operating profit	187 731
+ Depreciation	129 414
= EBITDA	317 145
Net finance	106 451
EBITDA / Net finance (Interest cover ratio)	2,98