

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.

The Group operated 178 kindergartens as of 30 June 2017 with approximately 15 000 children. This is an increase with 18 kindergartens and 1 500 children compared to year-end 2016. The average number of children in first half of 2017 is almost the double of first half 2016.

Material events in the period

As of 30th June 2017 the Group has acquired 18 kindergartens in 2017. One 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 is planned to open in October. Three rehabilitation and expansion projects have also started in the period.

On 11 May, the Group announced an agreement to acquire the Swedish kindergarten/school group Inspira. The acquisition was completed on 1 August 2017. An advanced payment of 3 million SEK was made in May 2017, and this payment is included as acquisition of Subsidiaries in the cash flow statement.

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 will before 1 December 2017 be listed on Oslo ABM. 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.

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. Non variable cost such as depreciation, finance cost and rent is fully included in June. June has therefor weaker results than other months.

Total revenue has increased with over 75% 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 11.3% (10% in 2016). One reason is that the new entities has slightly higher average size and is also geographically located in a manner that secures efficient operations.

The Groups equity ratio is stable on approximately 5.0%. Total assets has increase with almost 900 million, due to acquisitions made and net proceeds from the bond loan.

Læringsverkstedet Gruppen AS –Financial report 30.06.2017

Cash flow from operations in the period is very strong. Timing of payment of subsidies from the municipalities highly effects our cash flow during the year. At the end of June 2017 we have received considerably more advance payment than we did at year end 2016. This gives a positive effect on the cash flow for first half of 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, 25 August 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

Læringsverkstedet Gruppen AS - Group

Income statement

Numbers in NOK 1 000	Unaudited	Unaudited	Audited
	1.1.-30.6.2017	1.1.-30.6.2016	Full year 2016
Total revenue	1 108 228	623 211	1 742 891
Cost of goods sold	87	5 040	6 028
Employee benefits expense	731 706	422 652	1 234 184
Depriciation	85 195	40 292	121 586
Other operating expenses	165 800	92 300	205 156
Total operating expenses	982 788	561 284	1 566 954
Operating profit	125 440	61 929	175 937
Net finance	-65 734	-23 589	-81 071
Profit before income tax	59 706	38 338	94 865
Income tax expense	16 153	9 584	25 475
Net profit	43 553	28 754	69 391

Læringsverkstedet Gruppen AS - Group

Balance sheet

Numbers in NOK 1 000	Unaudited 30.06.2017	Unaudited 30.06.2016	Audited 31.12.2016
Assets			
Non current assets			
Total intangible assets	449 405	254 552	402 809
Total fixed assets	3 707 962	2 684 884	3 325 898
Financial assets			
Loan to group companies	60 893	48 216	50 423
Investment in shares and units	1 458	1 404	1 406
Long term receivables	29 403	0	30 485
Total financial assets	91 754	49 620	82 314
Total non current assets	4 249 121	2 989 056	3 811 022
Current assets			
Inventories	934	951	628
Receivables			
Accounts receivables	6 110	24 915	12 396
Other receivables	104 083	41 915	69 447
Total receivables	110 193	66 830	81 843
Cash and cash equivalents	564 645	312 715	162 856
Total assets	4 924 894	3 369 552	4 056 349

Læringsverkstedet Gruppen AS - Group

Balance sheet

Numbers in NOK 1 000	Unaudited 30.06.2017	Unaudited 30.06.2016	Audited 31.12.2016
Equity and liabilities			
Equity			
Owners equity			
Share capital	100	100	100
Total paid inn equity	100	100	100
Retained earnings			
Other equity	244 833	164 835	201 279
Total accumulated profits	244 833	164 835	201 279
Total equity	244 933	164 935	201 379
Liabilities			
Provisions			
Pensjon obligations	29 366	23 589	47 258
Deferred tax	265 321	133 133	199 024
Total provisions	294 687	246 282	246 282
Other non current liabilities			
Bond loans	1 200 000		
Liabilities to financial institutions	2 636 173	2 658 583	3 208 360
Other non current liability	6 718	1 736	6 636
Total other non current liabilities	3 842 891	2 660 319	3 214 995
Current liability			
Accounts payable	32 958	63 216	42 437
Income tax payable	6 633	2 915	27 669
Public duties payable	85 414	49 345	97 855
Other current liabilities	411 786	272 100	220 139
Dividend/group contribution	5 592	0	5 592
Total current liability	542 383	387 576	393 692
Total liabilities	4 679 961	3 204 617	3 854 970
Total equity and liabilities	4 924 894	3 369 552	4 056 349

Læringsverkstedet Gruppen AS - Group

Cash Flow statement - Indirect method

Numbers in NOK 1 000	Unaudited 1.1-30.6.2017	Unaudited 1.1-30.6.2016	Audited Full year 2016
Cash flow from operating activities			
Profit before income tax	59 706		94 865
Income tax payable	-23 618		-20 077
Loss/gain on sale of fixed assets			186
Depreciation	85 195		121 586
Difference on pension expense and paid pension premium	-17 733		-20 036
Change in inventory, accounts receivable and accounts payable	-9 029		1 985
Change in other accruals	132 948		-19 019
Net cash flow from operating activities	227 469	99 200	159 490
Cash flow from investing activities			
Proceeds from disposal of fixed assets			2 198
Purchase of fixed assets	-154 931		-226 119
Net payment in acquisition of subsidiaries	-180 235		-668 675
Purchase of intangible assets			-4 000
Proceeds from disposal of other shares)			
Net effect other shares and loans	-10 470		-5 008
Net cash flow from other investments			-13
Net cash flow from investing activities	-345 636	-550 500	-901 616
Cash flow from financing activities			
Proceeds from recent borrowings	1 513 802		1 231 627
Full down payment of borrowings	-934 159		-352 733
Repayment (ordinary amortization) of borrowings	-59 687		-105 628
Net change participants deposit in group accounts			
Net payment (-), proceeds (+) group companies			
Payment of group contribution			-6 727
Net cash flow financing activities	519 956	625 500	766 539
Net change in cash and cash equivalents	401 789	174 200	24 412
Cash and cash equivalent at the beginning of the period	162 856	138 515	138 443
Cash and cash equivalent at the end of the period	564 645	312 715	162 856

NOTES TO THE FINANCIAL REPORT 30.6.2017 (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. Revenue is distributed on 11 months during the year. For accounting purposes, June is treated as the holiday month. Hence, very limited revenue is allocated to June. Similarly, June is also regarded as the holiday month for the employees and very limited salary expenses is included in June. For a full year report, this allocation method has no effect.
2. 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.
3. Purchase price allocations of acquisitions of companies is preliminary and might be subject to change in the annual statement.

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

Equity

	Share capital	Other equity	Total
Equity 01.01.	100	201 279	201 379
Net profit	-	43 554	43 554
Distributions	-	-	-
As of 30.06	100	244 833	244 933

Financial covenants

All figures in NOK 1 000

Covenant 1; Minimum liquidity of NOK 100 million

	30.6.2017
Booked value cash and cash equivalents	564 645
-less restricted cash	-41 500
Undrawn credit facilities	<u>300 000</u>
Total liquidity according to loan terms definition	<u>823 145</u>

Covenant 2; Interest cover ration > 2,75

	30.6.2017
Operating profit	125 441
+ Depreciation	<u>85 195</u>
= EBITDA	210 636
Net finance	65 734
EBITDA / Net finance (Interest cover ratio)	3,20