

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 operates more than 200 kindergartens as of 31 March 2018 with approximately 16 500 children. In Sweden, the Group operates 74 kindergartens and schools, with capacity for approximately 750 students (schools) and 3 700 kindergarten children.

### **Material events in 2018**

As of 31 March 2018 the Group has acquired 5 kindergartens in Norway. One of these is by acquiring the operations directly, the others is acquisitions of shares.

The construction of two new preschools in Norway is ongoing. Both are planned to open in August 2018. One rehabilitation and expansion project in Norway is also ongoing.

Owner, Hans Jacob Sundby, has been the CEO of Læringsverkstedet since the start of the company in 2003. On 1th February 2018 Kjetil Ørbeck took on the role of CEO. Hans Jacob will continue to work with strategy and expansion of Læringsverkstedet. Hans Jacob and Kjetil will work closely together to secure the further development and expansion of Læringsverkstedet, while maintaining and further professionalize the operations.

The regulatory framework in the countries the Group operate in has a significant influence on the operations. There is at the moment political discussions in Norway regarding implementing a minimum staffing norm. Such a norm will regulate the maximum number of children per employee in each kindergarten and will apply to both private and public kindergartens. The new staffing norm is expected to be announced and approved by the Parliament before summer 2018. There is still discussions regarding when the norm will be effective, to what extent and potential transition arrangements. In the long-term run we expect to be able to maintain the necessary operating margin also after the implementation of such a norm.

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

Total revenue has increased with approximately 40% compared to same period in 2017. This is mainly due to full period effect of the acquisitions made in 2017.

Operating profit margin is 9,5% compared to 11,1% per Q1 2017 and 9,3% full year 2017. The Group acquired the Swedish entities in Q3 2017. 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 operating margin in the Norwegian entities in Q1 2018 is slightly better than Q1 2017. The reduction in the Groups operating margin is related to the lower margin level in Sweden.

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## Læringsverkstedet Gruppen AS –Financial report 31.03.2018

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The Groups equity ratio is stable on approximately 6.5%. Relatively few acquisitions has been completed in the period and total assets is approximately the same as at year end. The number of acquisition processes ongoing is higher and we expect to complete more acquisitions in the second quarter.

Cash flow from operations in the period is strong. Timing of payment of subsidies from the municipalities highly effects our cash flow during the year. This has given a positive effect for Q1 2018.

Investments in fixed assets is mainly related to construction activity. Cash flow from financing activity is primarily construction loans and conversion of construction loans to Husbank loans.

Jessheim, 24 May 2018

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

Kjetil Ørbeck  
CEO

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# Læringsverkstedet Gruppen AS - Group

## Income statement

Numbers in NOK 1 000	Unaudited Q1 2018	Unaudited Q1 2017	Audited Full year 2017
<b>Total revenue</b>	<b>895 645</b>	<b>644 895</b>	<b>2 718 976</b>
Cost of goods sold	0	4	1 164
Employee benefits expense	630 451	450 104	1 869 870
Depreciation	51 163	42 557	186 708
Other operating expenses	128 674	80 735	408 112
<b>Total operating expenses</b>	<b>810 288</b>	<b>573 400</b>	<b>2 465 854</b>
<b>Operating profit</b>	<b>85 357</b>	<b>71 495</b>	<b>253 122</b>
<b>Net finance</b>	<b>-36 423</b>	<b>-31 195</b>	<b>-131 208</b>
<b>Profit before income tax</b>	<b>48 934</b>	<b>40 300</b>	<b>121 914</b>
Income tax expense	12 233	10 280	22 995
<b>Net profit</b>	<b>36 701</b>	<b>30 020</b>	<b>98 919</b>

# Læringsverkstedet Gruppen AS - Group

## Balance sheet

Numbers in NOK 1 000	Unaudited 31.03.2018	Unaudited 31.03.2017	Audited 31.12.2017
<b>Assets</b>			
<b>Non current assets</b>			
<b>Total intangible assets</b>	<b>673 658</b>	<b>422 580</b>	<b>675 159</b>
<b>Total fixed assets</b>	<b>4 069 202</b>	<b>3 570 505</b>	<b>4 054 609</b>
<b>Financial assets</b>			
Loan to group companies	60 598	59 923	60 598
Investment in associated companies	23	0	25
Investment in shares and units	1 458	1 406	1 458
Long term receivables	32 973	30 042	28 428
Pension asset	0	0	22 853
<b>Total financial assets</b>	<b>95 052</b>	<b>91 371</b>	<b>113 362</b>
<b>Total non current assets</b>	<b>4 837 912</b>	<b>4 084 456</b>	<b>4 843 130</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>498</b>	<b>471</b>	<b>651</b>
<b>Receivables</b>			
Accounts receivables	14 541	3 585	16 748
Other receivables	156 793	125 489	140 379
<b>Total receivables</b>	<b>171 334</b>	<b>129 074</b>	<b>157 127</b>
<b>Cash and cash equivalents</b>	<b>276 495</b>	<b>195 502</b>	<b>196 274</b>
<b>Total assets</b>	<b>5 286 239</b>	<b>4 409 503</b>	<b>5 197 182</b>

# Læringsverkstedet Gruppen AS - Group

## Balance sheet

Numbers in NOK 1 000	Unaudited 31.03.2018	Unaudited 31.03.2017	Audited 31.12.2017
<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	353 678	231 489	331 609
<b>Total accumulated profits</b>	<b>353 678</b>	<b>231 489</b>	<b>331 609</b>
<b>Total equity</b>	<b>353 778</b>	<b>231 589</b>	<b>331 709</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Pensjon obligations	1 125	64 708	0
Deferred tax	284 097	243 928	275 995
<b>Total provisions</b>	<b>285 222</b>	<b>308 636</b>	<b>275 995</b>
<b>Other non current liabilities</b>			
Bond loans	1 200 000	-	1 200 000
Liabilities to financial institutions	2 827 959	3 388 323	2 845 014
Other non current liability	20 130	6 588	26 037
<b>Total other non current liabilities</b>	<b>4 048 089</b>	<b>3 394 911</b>	<b>4 071 051</b>
<b>Current liability</b>			
Accounts payable	64 232	25 352	66 926
Income tax payable	31 063	10 682	42 085
Public duties payable	92 326	79 974	130 958
Other current liabilities	411 529	352 767	269 695
Dividend/group contribution		5 592	8 763
<b>Total current liability</b>	<b>599 150</b>	<b>474 367</b>	<b>518 427</b>
<b>Total liabilities</b>	<b>4 932 461</b>	<b>4 177 914</b>	<b>4 865 473</b>
<b>Total equity and liabilities</b>	<b>5 286 239</b>	<b>4 409 503</b>	<b>5 197 182</b>

# Læringsverkstedet Gruppen AS - Group

## Cash Flow statement - Indirect method

Numbers in NOK 1 000	Unaudited Q1 2018	Unaudited Q1 2017	Audited Full year 2017
<b>Cash flow from operating activities</b>			
Profit before income tax	48 934	40 300	121 914
Income tax payable	-26 248	-19 862	-30 216
Depreciation	51 163	42 557	186 708
Difference on pension expense and paid pension premium	23 978	17 609	-40 317
Change in inventory, accounts receivable and accounts payable	-1 038	-2 523	19 243
Change in other accruals	88 534	64 882	-27 945
<b>Net cash flow from operating activities</b>	<b>185 323</b>	<b>142 963</b>	<b>229 387</b>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets			6 079
Purchase of fixed assets	-31 528	-61 360	-305 807
Net payment in acquisition of subsidiaries	-31 069	-144 392	-486 587
Purchase of intangible assets	-8 475		-1 849
Proceeds from disposal of other shares)			
Net effect other shares and loans		-9 500	-10 175
Net cash flow from other investments			
<b>Net cash flow from investing activities</b>	<b>-71 072</b>	<b>-215 252</b>	<b>-798 339</b>
<b>Cash flow from financing activities</b>			
Proceeds from recent borrowings	39 935	272 576	1 778 374
Full down payment of borrowings	-33 435	-129 912	-1 050 939
Repayment (ordinary amortization) of borrowings	-29 737	-37 728	-119 473
Net change participants deposit in group accounts			
Net payment (-), proceeds (+) group companies			
Payment of group contribution	-8 763		-5 592
<b>Net cash flow financing activities</b>	<b>-32 000</b>	<b>104 936</b>	<b>602 370</b>
Net change in cash and cash equivalents	<b>82 251</b>	<b>32 647</b>	<b>33 418</b>
Currency effect on cash at the beginning of the period	-2 030		
Cash and cash equivalent at the beginning of the period	196 274	162 855	162 856
<b>Cash and cash equivalent at the end of the period</b>	<b>276 495</b>	<b>195 502</b>	<b>196 274</b>

**NOTES TO THE FINANCIAL REPORT 31.03.2018 (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 2017 has, with the following exceptions, been applied;

1. The income tax expense is based on preliminary tax calculation for the year.
2. Purchase price allocations of acquisitions of companies is preliminary and might be subject to change
3. Provision for pension cost is based on the estimates made in the actuarial calculation for 2017. At year end an actuarial calculation for 2018 will be made and pension cost might be subject to change in the annual statement.

See the annual report for 2017 for a full description of the account principles.

**Equity**

	<b>Share capital</b>	<b>Other equity</b>	<b>Total</b>
Equity 01.01.	100	331 609	331 709
Net profit	-	36 701	36 701
Currency translation effect		-14 632	-14 632
As of 31.03	100	353 678	353 778

**Financial covenants**

All figures in NOK 1 000

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

	<b>31.03.2018</b>
Booked value cash and cash equivalents	276 495
-less restricted cash	-40 000
Undrawn credit facilities	<u>245 000</u>
Total liquidity according to loan terms definition	<u>481 495</u>

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

	<b>31.03.2018</b>
Operating profit	85 357
+ Depreciation	<u>51 163</u>
= EBITDA	136 520
Net finance	36 423
EBITDA / Net finance (Interest cover ratio)	3,75