INTERNATIONELLA ENGELSKA SKOLAN

Internationella Engelska Skolan

ANNUAL REPORT 2019/2020

THE MOST IMPORTANT CHOICE

Our mission is to give children and young people the opportunity to reach their full potential, whatever their background.







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This is a translation of the Swedish original. In case of any inconsistency between the Swedish and the English version, the Swedish version shall prevail.









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"With a growing queue of students, academic results that are far above the national average and the achievement of our goals, our organisation continued to perform strongly during the year, despite the challenges posed by the pandemic."

Anna Sörelius Nordenborg CEO

Internationella Engelska Skolan in brief

LEADING IN SWEDEN - GROWING IN SPAIN

For more than 25 years, IES's operations have been conducted based on three strong principles – the IES ethos.

- 1 Offer a safe and orderly school environment where teachers can teach and students can learn
- That students should learn to command the English language the key to the world
- High academic expectations and aspirations

IES's aim is to become a world-leading education provider by contributing to society and creating high aspirations for future generations.

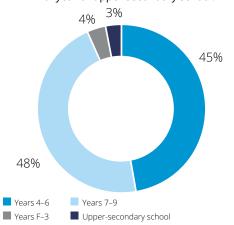
26,700
students in the Swedish schools

204,900
registrations in the queue for the Swedish IES schools

4,700
students in the Spanish schools

FOCUS ON YEARS 4-9

In Sweden, IES conducts school operations from the first year of school (grade F) to the third and final year of upper secondary school.





50%

Up to half of the education is conducted in English and about half of the teachers have English as their first language.

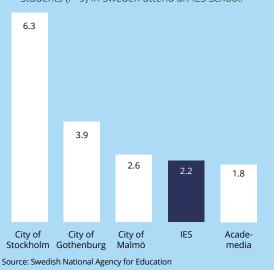
1993

IES was founded in 1993 by Barbara Bergström, a science teacher from the US.



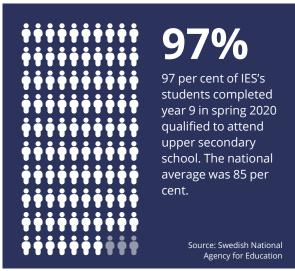
No.

IES is the largest independent operator of compulsory schools in Sweden, and the fourth largest operator of all compulsory schools. 2.2 per cent of all compulsory school students (F–9) in Sweden attend an IES school.

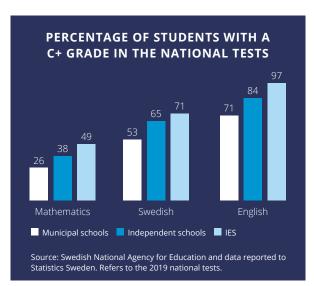


No. **6**

Through its subsidiary International Education Partnership,
IES is the sixth largest operator of non-religious
private schools in Spain.







The year in brief

MORE SCHOOLS IN SWEDEN AND SPAIN

IES continued to see rapid growth both in Sweden and in Spain in 2019/20. During the year, one new school was opened in Sweden and two schools were acquired in Spain. Rental contracts were also signed for seven new schools and in Sweden a total of twelve new schools are planned to open between 2020 and 2023. Alongside continued acquisitions in Spain, the foundation for future growth is solid during the next few years. Towards the end of the financial year, the corona pandemic had a significant effect on the operations of the schools. Operations in Sweden were financially unaffected, while Spain was greatly impacted due to schools being closed down. Operating profit increased compared to the previous year, primarily due to higher student numbers in Sweden.

+11%

Operating income increased by 10.8 per cent during the year.

7+2

Seven new schools were announced in Sweden planned to open during 2020–2023, and two acquisitions were made in Spain.

+14%

Adjusted operating profit (adjusted EBIT) increased by 14.2 per cent to MSEK 245.6.

GROUP

- Operating income increased by 10.8% to MSEK 3,082.0 (2,781.1), of which 7.8% was organic growth
- Operating profit (EBIT) excl. IFRS 16 and adjusted for non-recurring items of MSEK 77.5 (-6.4), increased by 14.2% to MESK 245.6 (215.0)
- Adjusted EBIT-margin excluding IFRS 16 was 8.0% (7.7)
- Anna Sörelius Nordenborg assumed the position of CEO in November
- The Board of Directors reviewed and adjusted the financial targets

OPERATIONS IN SWEDEN

- 26,725 students attended IES's schools in Sweden at the end of the year (+5%)
- Operating income increased by 8.7% to MSEK 2,832.8 (2.606.5)
- Total revenues per student increased by 3.8% while personnel expenses increased by 3.4% and total costs per student increased by 2.9%
- The number of registrations in the queue at June 30, 2020 was approximately 204,900 (+7%)
- · One new school was opened in Skellefteå
- Contracts were signed to open new schools in Sigtuna and Värmdö planned to start in 2021/22; in Staffanstorp, Trelleborg and Växjö planned to start in 2022/23 and in Vårby and Norrtälje planned to start in 2023/24
- At the end of the financial year, IES had 37 schools in Sweden



OPERATIONS IN SPAIN

- 4,681 students attended IES's schools in Spain at the end of the year (2,506)
- Operating income amounted to MSEK 253.0 (174.3)
- Operating profit (EBIT) adjusted for non-recurring items of MSEK 77.5 (0) amounted to MSEK 11.6 (17.7)
- Due to the corona pandemic, the Spanish authorities closed all schools in mid-March and all teaching was conducted digitally for the rest of the term. IES did not charge for food, transport or after-school activities during the period, and discounted school fees for certain school years
- In July all shares in the jointly owned school Colegio IALE in Valencia were sold to the co-owner, the Monzonis family.
 The capital gain was MSEK 24.7
- In January, a fee-paying private school in Madrid with approx. 2,000 students was acquired
- In February, a fee-paying private school in Zaragoza with approx. 270 students was acquired
- At the end of the financial year, IES had seven wholly-owned schools in Spain



IES student wins award amidst tough international competition

13-year-old Alice Forslund from IES Johannesberg was part of the team that brought home the victory in The New York Academy of Sciences competition, Intelligent Homes & Health, which is part of the institution's Junior Academy. The team sealed their victory against 89 other international teams comprising 400 students from around the world. The New York Academy of Sciences started its Junior Academy to encourage gifted students from all over the world to work together with companies and experts to find innovative solutions to global challenges. Alice and her team's winning solution is called "Health Sync" and they were invited to New York to present it to researchers and business leaders.



Fast-track into schools for furloughed SAS personnel via Beredskapslyftet

Beredskapslyftet (Skill Shift Initiative) was launched at the beginning of April as an initiative to rapidly train personnel that were furloughed from SAS and other companies due to the corona pandemic and to support Stockholm's compulsory schools. IES carried out intensive training of 45 people during spring. The course included giving the participants an introduction into how to conduct lessons and also how to manage a class and support youngsters. The first two introduction days took place at the IES school on Södermalm. On the final day, the participants practised some supervised teaching. During spring the participants worked as stand-in teachers and several of them have decided to apply for teacher training. Funding for the project was provided by Beredskapslyftet's collaborators along with IES.



IES student interviews Nobel Laureate in Physics

Jin Manlai, a student on the natural sciences programme at the International Engelska Gymnasiet on Södermalm, had the unique opportunity to interview Didier Quenloz, who was awarded the Nobel Prize in Physics in 2019 for his discovery of an exoplanet orbiting a solar-type star. Jin, who met the Nobel Laureate shortly after the prize ceremony, asked him questions about his choice of profession and studies, amongst other things. "I was interested in mathematics and physics, so it was natural to take that route. My advice is to do what you like doing and choose a direction for your studies that feels right for you, that normally works out best - and life is long enough, so you can always change your mind", the friendly French man said. The video was published on the Nobel prize YouTube channel.

FIVE-YEAR OVERVIEW	2019/20	2018/19	2017/18	2016/17	2015/16
Number of students attending IES's schools in Sweden	26,725	25,536	24,000	21,400	19,775
Share of students in Sweden with a foreign background, %	41	38	38	36	36
Number of registrations in the queue in Sweden at year-end	204,900	191,700	190,000	144,000	112,000
Number of schools in Sweden	37	36	34	30	29
Number of new schools in Sweden	1	2	4	1	3
Number of students attending IES's schools in Spain	4,681	2,506	-	-	_
Number of schools in Spain	7	5*	-		_
Number of new schools in Spain	2	2	-	-	_
Operating income, MSEK	3,082.0	2,781.1	2,347.9	2,043.3	1,806.8
Adjusted operating profit, EBIT, MSEK**	245.6	215.0	155.1	204.2	178.1
Equity/assets ratio, %**	64.3	61.9	72.9	74.2	62.6

^{*} IES previously co-owned three of these schools via a joint venture.

^{**} Excluding the effect of IFRS 16 Leases

CFO's statement

QUALITY AS THE BASIS FOR OUR CONTINUED GROWTH

Demand for IES's schools continues to grow - amongst students, parents, municipalities and the business world. Our organisation continued to perform strongly during the year evidenced by the growing number of registrations in the queue, academic results that are far above the national average and the achievement of our goals. All this despite the challenges posed by the pandemic, and it is thanks to our strong focus on quality. We endeavour to give every single student the support and challenges they need to achieve their full potential – which is essential for the future of both the individual and society as a whole. All children and families are different, which is why having the freedom to choose school is valued highly by both students and parents. For the last 27 years we have changed the lives of many students and helped them fulfil their dreams. We are now opening more schools to give even more children the opportunity to attend our schools.

I am incredibly happy that I accepted the position as CEO of IES. Even though my first year has been challenging given the pandemic, it is fantastically rewarding to be able to work for an organisation with so many capable and dedicated colleagues, where the business model is centred on generating highly ambitious future generations and equipping them academically and socially to achieve their goals. We receive constant proof that our schools make a difference to the future of thousands of students every year.

The pandemic has challenged operations

It is difficult to look back on the last financial year without the pandemic dominating the view. We realised the seriousness of the situation as early as the end of January when we set up a crisis team. We prepared ourselves for remote teaching, but we were incredibly grateful for the Government's decision to keep compulsory schools open. Our schools mean so much more than education for many of our students - such as spending time with stable adults, eating a thoroughly well-prepared meal and socialising. In Spain the schools were completely shut down from mid-March and teaching was solely conducted online for the remainder of the spring term. I am incredibly impressed by the creativity, determination and ability to cooperate demonstrated by the teachers and school leadership teams in Spain and Sweden in finding digital and safe ways to provide teaching.

Academic results far above the national average

We continued to grow strongly during the year – while also managing to fulfil our academic and financial goals. This growth and the higher profits are due to the larger number of students in Sweden as well as the two acquisitions we made in Spain, which doubled the number of students there. Quality has been paramount ever since IES started in 1993,

and we achieved good results once again this year. As an example, 97 per cent of the students who graduated from year 9 in spring 2020 were qualified for upper secondary school, compared to the national average of 85 per cent. We are never satisfied though and constantly evaluate how we can be better. Our systematic quality improvement, experience sharing and homework support at all schools are the keys to our success. Our students' results in the national tests are around 20 per cent higher than the national average in the core subjects of mathematics, Swedish and English.

More schools in Sweden - and in Spain

During the year we expanded through new schools in both Sweden and Spain. In August 2019 we opened a school in Skellefteå and ahead of the 2020 academic year, we opened another two schools, one in Upplands Väsby and one in Östersund. During the next three years we will open a total of ten new schools. Our strategy is to continue growing at a rate of two to three schools per year in Sweden. We also see an opportunity to grow by expanding operations in the lower years, from the first year of school upwards. At the same time, more students are applying to our schools – the number of registrations in the queue increased by 7 per cent during the year to 204,900. We are incredibly proud that so many students want to attend IES – and we would of course like to give all these children a place.

In Spain we are growing through acquisitions. We acquired two more private schools during the year, one in Madrid and one in Zaragoza, resulting in a doubling of the number of students in our Spanish organisation to 4,700. With 27 years of experience we are experts at operating high-quality bilingual schools, and we can take much of what we have learnt in Sweden into our Spanish schools. We are also



happy to see a flow of knowledge and ideas from Spain to Sweden, which is proof that there is strength in numbers.

Great demand for our schools

Many municipalities around the country are also very interested in IES. There are several reasons for this, partly the fact that the growing number of students requires more schools, and also because more and more municipalities see IES as a way to improve integration. One such example is Eskilstuna's collaboration with IES to expand the school in Fröslunda, an area of the city that has struggled with socio-economic challenges for a long time, and where our clear focus on quality has helped to attract students from all over the city. There are many more such examples around the country. Our students have all kinds of backgrounds. 41 per cent of IES's students have a foreign background, compared with 26 per cent nationally.

"The real challenges of Swedish schools need to be solved; integration, unclear academic targets, teacher shortage and insufficient social services. This is essential for the students' future prospects and Sweden's competitiveness."

Other municipalities view IES and our English brand as an important way to attract international companies to the municipality - such as in Skellefteå with Northvolt. Further, IES also makes an important contribution to addressing the shortage of teachers by recruiting talented teachers from English-speaking countries around the world. Every year we visit some 25 universities in four countries.

We also see good opportunities for growth in Spain. We are already the sixth largest operator of non-religious private schools in the country. Due to the corona pandemic we paused our acquisition activities in spring, but we have now resumed discussions and there is continued interest from many schools.

Freedom to choose school is important

Having the possibility to choose a school is one of the most important rights a young person has. The fantastic thing about having the freedom to choose school in Sweden is that everybody can apply to any school – regardless of how much their parents earn, their background or where they live. Being able to come to a safe environment that is conducive to personal growth is critically important to the child's future prospects. It is therefore saddening that debates about schooling completely miss the true challenges faced by Swedish schools and instead concentrate on their mode of operation.

It makes no difference that we move children around to make the composition of schools more socio-economically equal if the real challenges remain unsolved. Inadequate societal integration, unclear academic targets, teacher shortage and insufficient social services are the areas that should be prioritised. We are convinced that the state, municipalities and independent schools all need to work together to solve these challenges and increase the quality of all schools, for all children. This is essential for the students' future prospects and Sweden's competitiveness.

We want to do our part. We know how to operate schools - and we have proved it. We will continue to endeavour to always improve quality, be a good role model and expand our operations so that we can receive more students.

We also intend to keep making our voice heard to defend people's right to choose school - the most important choice.

I would like to warmly thank all students, parents, colleagues, shareholders and the Board of Directors for your trust.

Stockholm, 9 October 2020

Anna Sörelius Nordenborg CEO

BUSINESS CONCEPT, GOALS AND STRATEGIES

IES's overarching goal is to help students develop into skilled and responsible individuals who can start their adult life with self-confidence. The school's strategies are divided into three overall areas: Academic quality, Profitability and Growth. Backed by its strong leadership, IES provides a safe and orderly school environment, which is an important prerequisite for good academic results. The goal is for all students to qualify for further studies.

ACADEMIC QUALITY

- · A safe and orderly school environment where teachers can teach and students can
- High academic expectations and aspirations
- Strong leadership in each school
- Recruitment of skilled teachers from around the world
- Quality control systems

ACADEMIC **OUALITY PROFITABILITY** IES is ensures capital the first choice for growth **STRONG LEADERSHIP GROWTH** enables more students to join IES schools

GROWTH

- Start more compulsory schools in Sweden in discussion with the municipalities to fulfil the need for more school places, greater integration and improved quality
- Expand existing compulsory schools down into years F-3
- Continue to expand in Spain through further acquisitions

PROFITABILITY

- Ensure that procedures are streamlined to allow school staff to focus on academic matters
- Have a long-term approach to the needs of premises to ensure cost-effective solutions
- Large number of students per school and efficient central administration leads to lower overheads per student

ACADEMIC QUALITY

Target: 100% qualified for upper secondary school Performance 2019/20: 97%



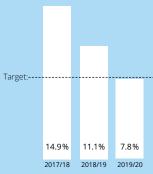
PROFITABILITY

Target: Minimum adjusted operating margin (EBIT) of 8% (excl. IFRS 16) Performance 2019/20: 8.0%

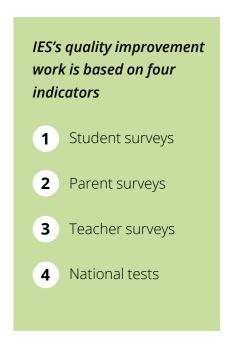


GROWTH

Target: 8% annual organic growth Performance 2019/20: 7.8%



SYSTEMATIC QUALITY IMPROVEMENT WORK





IES strives for continuous quality improvement in its schools in order to fulfil its promise to parents and students. In Sweden, this work is based on the school's Basic Defining Policy documents, which describe the school's objectives, expectations and ethical guidelines. The principal is responsible for ensuring that operations live up to these policies. All students and parents sign the ethical guidelines, and all teachers are expected to act as role models for how these should be put into practice. The Spanish operation has its own quality model that is based on the Swedish model and adapted to local regulations.

Structured follow-up

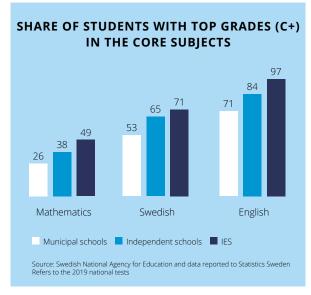
IES's quality improvement work is conducted according to a carefully structured process. In May every year, students, parents and staff are surveyed to investigate how well the operations live up to the objectives. The answers are evaluated during the summer by the quality managers, i.e. IES's COO, Head of Academics, Head of Pastoral and the principal of each school. Any variations compared to the objectives are identified and an action plan is developed together with the relevant school at the beginning of the academic year.

The students' performance in terms of grades and results in the national tests are also closely monitored. Any variation in grading compared to the results of the national tests, as well as variations compared to the IES average and municipal and national averages, are examined to ensure

that the teachers grade correctly. For 2019, a comparison of the final grades for year 9 and the national test grades in Swedish, English and mathematics shows that IES has a smaller share of higher final grades in English and mathematics, compared to the national average and municipal schools, and in Swedish the share was the same as the national average and lower than municipal schools. IES's quality improvement system enables follow-up in several different areas, including per student, school, academic year and subject. This also enables comparisons over time. All of this is compiled in a report that every school works with during the entire academic year.

In order to facilitate the work of the teachers and ensure equal grades, a process of collective evaluation between the subject teachers in IES schools has been initiated. In addition, specific subject managers are responsible for coordinating

the quality and grading between the schools. School visits are conducted to the schools where variations from the average exist, or where the schools underperform in several areas, compared to IES's objectives. During several school visits over the year, the COO, the Head of Academics and

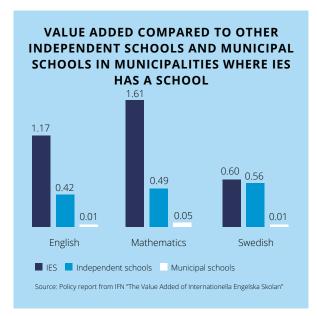


Head of Pastoral interview teachers, principals and academic managers. They also attend lessons, after which they share their observations and areas for improvement with the principal who is responsible for making an action plan. The plan is followed up continuously over the year with the principal.

An equivalent systematic quality improvement process is also in place in the Spanish schools, and from the 2020/21 academic year onwards, annual surveys of parents, students and personnel will also be carried out there.

Better results than the national average

So far, IES students have performed better on average in the national tests than the national average. An example that illustrates this is that 70 per cent of IES's students were



awarded grades A-C in the national tests for year 9 in Swedish in 2019, compared with the national average of 55 per cent. In 2020, the national tests were cancelled by the Swedish National Agency for Education due to the pandemic.

Meanwhile, the average qualification points (meritvärde) at the IES schools amounted to 269 for year 9 in 2020, compared to the national average of 231.

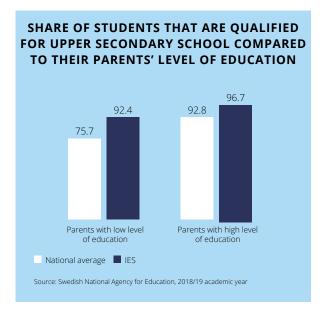
To analyse the quality of schooling and what a specific school actually contributes to the child's learning, a value-added metric can be used. This measures how much better students at a school perform compared to what is expected, given their earlier results and background characteristics. The value-added score can thus be used as an indicator of quality that shows what value a school adds, compared to other schools. The analysis compares the national test results in year 6, student by student, with their results in year 9. If the difference is positive and is larger than in other schools, it is proof that the IES school has contributed positively to the student's progress during their schooling.



Independent researchers carried out an analysis of the value-added in 2020, based on the result of the 2019 national tests. The analysis shows that students that attend IES schools perform better than those who attend municipal schools and other independent schools, in the core subjects of English, mathematics and Swedish. The benefit is even greater for students whose parents have a lower level of education. More information about the research is available at engelska.se.

Motivating students to do their best

One crucial factor in achieving good results is that IES strives to help all students reach their full potential. This means that the school should help those in need of support, while also ensuring that high-performing students are stimulated and challenged. Students perform diagnostic tests in Swedish and mathematics in years 4 and 6 to identify those in need of extra support. Since IES started in 1993, in addition to regular lessons, the schools have been offering homework support and extra academic support during



which students are able to go deeper into a subject, receive greater challenges or have support after school hours.

Those schools that have a large share of students from weaker socio-economic backgrounds often stay open extra hours in the afternoons to offer students a quiet place to

do their homework. They also serve breakfast to ensure that the students get a good start to the day.

By motivating every single student to do their best and having high expectations of all students, IES succeeds in achieving better results for students from all types of backgrounds. As an example, 92 per cent of IES's students with parents with no college education were qualified for studies at upper secondary school, compared with the national average of 76 per cent (figures refer to the 2018/19 academic year).

International tests for further challenges

IES students can choose to take extra tests, known as IGCSEs (International General Certificate of Secondary Education) from Cambridge Assessment International Education. These tests are internationally acknowledged and based on teaching material from Cambridge, where the goals set are much higher than in the Swedish curriculum.



Cambridge Associate

 $Internation ella\ Engelska\ Skolan\ is\ a\ registered\ member\ of\ Cambridge\ Assessment\ International\ Education.$





THE MOST IMPORTANT **CHOICE**

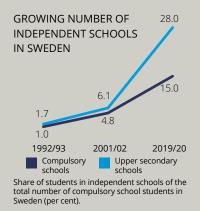
The freedom to choose a school is one of the most important rights a young person has. Each individual has a different ideal learning environment – but finding the right school is a determining factor in school life being the positive springboard into adulthood that it is meant to be. Students gain knowledge through good teachers that have the ability to interact with each student in the right way for him or her – and since everybody's needs and interests vary, a diversity of schools is needed.

Since the freedom to choose school was introduced in 1992, it has become a natural part of the Swedish education system. The possibility to choose a school from a variety of competing operators has contributed to developing and improving the school system. Most developed countries allow people to freely choose school, however Sweden stands out in that everybody has the opportunity to choose - regardless of their financial circumstances. Since school voucher funding is allocated per student regardless of whether they choose a municipal or independent school, there is a strong justification for freedom of choice in schooling which always centres on the needs of the student.

The overwhelming majority of all parents in Sweden also want to be able to choose which school their children attend. A Demoskop survey carried out in 2018 shows that almost 85 per cent of parents want to be able to choose pre-school, more than 76 per cent compulsory school and more than 91 per cent want to be able to choose upper secondary school.

Studies also show that having a well-run independent school in a municipality also raises the quality of the municipal schools in the area. As such, freedom of choice helps more students to graduate with a solid foundation for further education, which is important to the future competitiveness of the country. In other words, it is not only the individual that benefits from an education system built on freedom of choice – it is the whole of society.

of compulsory school students attend independent schools



of parents want to be able to choose compulsory school

Source: Statistics Sweden

Source: The Swedish Association of Independent schools, Demoskop 2018

Henrik Jordahl, Economics professor:

"THE FREEDOM TO CHOOSE SCHOOL IS GOOD FOR THE INDIVIDUAL AND SOCIETY"

The freedom to choose school and competition from independent schools has a positive effect on quality in Swedish schools – a good independent school tends to lift poorer performing municipal schools nearby. That is according to Henrik Jordahl, Economics professor at Örebro university, and a faculty member of the Research Institute of Industrial Economics (IFN). At the same time, he emphasises the importance of improving information on the quality performance of schools in order to generate a system for freedom of choice in schooling that works well, so that parents and students can easily compare schools.

What is your perception of quality in Swedish schooling today?

"There is not enough focus on knowledge in Swedish schools. One of the basic problems is that quality is difficult to measure, due to the lack of good quality controls that would otherwise provide a fair and comparable picture of the school's contribution to the performance of the student, both in terms of "hard" and "soft" quality. Hard quality involves the schools' academic

value-added scores, in other words how well the students perform compared to when they started the school, while soft quality means aspects such as how satisfied the parents and students are. It is important to measure both aspects. Measuring knowledge is absolutely the most important thing. However, parameters such as well-being and the school's role in upbringing, i.e. developing the students' self-confidence, social skills and belief in the future, are also significant and important information when parents choose a school."

How important to the future of Sweden is having a good education system that produces students with good knowledge?

"School is one of the most important institutions in society. We must lead in knowledge-intensive production of goods and services, otherwise we will be overtaken by other countries. I'm personally concerned that our results in international measurements of knowledge have fallen over time. Sweden now performs like an average OECD country, which is not good enough for a small export-dependent

country. Falling levels of knowledge is also a big problem for the individuals themselves - in

> an increasingly knowledge-intensive economy, the likelihood of getting a job will be lower for students who lack knowledge."

How could quality be improved in Swedish schooling?

"Through a clear focus on quality and systematic quality improvement. By a focus on quality, I mean more teaching hours and academic content that matches a more objective

view of knowledge, centred around the teacher. Research shows that a higher portion of student-centred teaching, with more time for discussions and own planning, leads to lower academic results. Subject knowledge and basic knowledge should also be given greater emphasis. It is only once the basic knowledge is in place that skills such as critical thinking, problem-solving competence and creativity can be applied.

It is also important to introduce external grading of the national tests and a rule for how far a school can deviate in its grading from the national test results. External grading provides an objective view of the school's academic results, making it possible to compare schools. One way to measure the progress of students in a school is to initiate diagnostic tests when they start the school and a follow-up test at the end. This measurement of quality examines how much each student improves their school results during their time at school and it is better than comparing the average grades of schools. Additionally, it is important to



systematically analyse all the parameters that are included in a school's quality, such as surveys of students, parents and staff. One other action is to have more school inspections, similar to the system in the UK."

How has the freedom of choice in schooling affected the quality of Swedish schooling?

"Research shows that the more students there are attending an independent school in a municipality, the better the results are for all children in the municipality. A good independent school tends to lift poorer performing municipal schools nearby. Which affirms that competition from independent schools generally has a positive effect on the quality of Swedish schooling."

"A good independent school tends to lift poorer performing municipal schools nearby."

What effect has the freedom of choice in schooling had on different socio-economic groups?

"Swedish studies show that the freedom of choice in schooling has had a small positive effect on student results and that socio-economically weaker groups have seen a slightly larger benefit from the freedom to choose a school. Further, just recently Gabriel Heller-Sahlgren and I demonstrated that Internationella Engelska Skolan has an even greater contribution to improved student results than other schools. This has also benefited Internationella Engelska Skolan's students with foreign backgrounds and the benefit is even slightly bigger for students whose parents have a low level of education."

What is needed to improve the freedom of choice in the schooling system?

"Clear, comparable and easily available information about quality that makes it simple to compare schools. This is missing today. If I'm trying to find the school that would be best for my children, I currently have to mostly rely on personal recommendations. Even for people who are otherwise well-informed, it is difficult to get a picture of the quality of schools. Information can also increase the parents' involvement in their children's schooling, which in turn can improve the students' results.

Further, plenty of studies show that publishing information about quality drives the accountability of schools, spurring under-performing schools to improve their results."

What does the freedom to choose school mean for the individual?

"Most parents and students want to be able to choose quality – but the factors that comprise a good school are different from one child to another. For some it's about being in a structured environment to be able to grow to their full academic potential, while for others it can be about being in a socially safe environment. But for most individuals and for society, the freedom to choose school is a positive thing.

MAJOR CHALLENGES IN SWEDISH SCHOOLING



Growing number of students

The number of students in compulsory school (F-9) grew by approximately 17,900 students during the last academic year, compared with the 2018/19 academic year. The majority of these students live in Sweden's largest urban areas. By the mid-2030s, the number of children of compulsory school age will increase by more than 100,000, which means that hundreds of new schools will be needed to accommodate the growing number of students.

IES is establishing new schools

Since its inception more than 27 years ago, IES has grown to become the leading operator of independent compulsory schools in Sweden. The majority of IES's 37 schools are located in the largest urban areas. The aim is to continue growing at a rate of two to three schools per year in Sweden. Establishing an independent school enables a municipality to serve a growing number of students, while avoiding costly investments in new buildings or renovations. At the same time, it increases integration as the principle of proximity is not the determinant of choice.

In the last five years, IES has opened eight new schools and the number of students has increased by 7,000.

Source: Swedish National Agency for Education and IES



School results are declining in Sweden

In recent years, there have been a number of alarming reports indicating that the performance of Swedish students is worse today than 20 years ago. Meanwhile, Sweden's future welfare is dependent on today's students acquiring the necessary education, knowledge and competence to make them strong individuals who can compete in an increasingly global labour market and who can contribute to the continued development of Swedish society.

IES students perform better than the average

IES delivers high academic results thanks to a safe and orderly school environment, clear leadership and high academic expectations on all students. Year after year in the year 9 national tests, IES students significantly outperform both the national average and the average for independent schools in the core subjects of Swedish, English and mathematics.

Source: Swedish National Agency for Education and IES

2

Shortage of teachers in Sweden

Estimates show that 45,000 new teachers will be needed in Sweden in the next ten years. In order to handle this situation, many schools are forced to employ teachers who are not fully qualified.

IES hires skilled teachers from other countries

IES handles the shortage of teachers in Sweden by engaging skilled and ambitious teachers from English-speaking countries around the world. Many of these stay on in Sweden and also apply for Swedish teacher certification. About 50 per cent of IES teachers have had teacher-training in a country other than Sweden, and a higher share of IES teachers are qualified (85 per cent), compared to the national average (78 per cent).

Source: Statistics Sweden and IES



Unclear knowledge targets and expectations on students creates differences

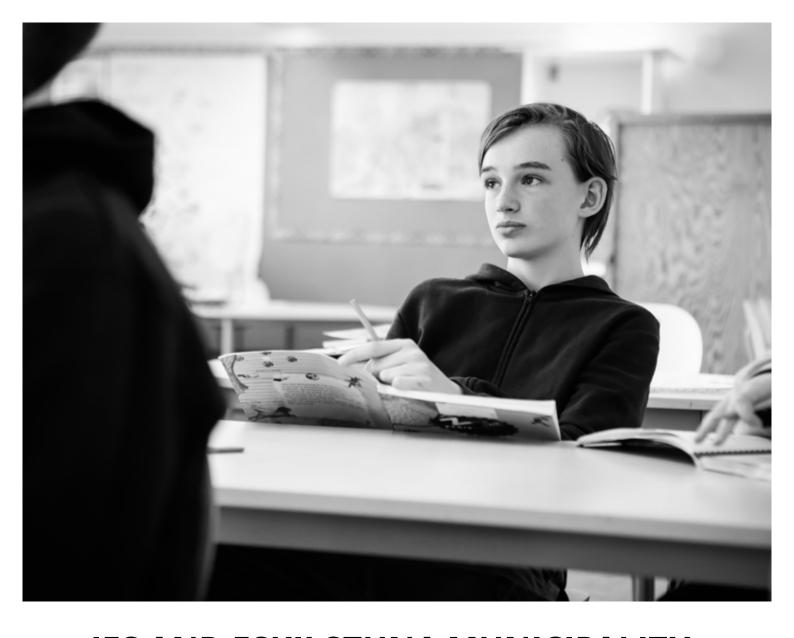
According to Swedish law all children should receive an equal education, but unclear knowledge targets and the teachers' differing interpretation of these are exacerbating the differences between schools instead of providing direction. The Swedish National Agency for Education is now reviewing these knowledge requirements, which is essential for equality in Swedish schooling.

IES provides all children with the opportunity to realise their potential

IES is convinced that it is the teacher who knows the knowledge requirements on the students, and that it is their task to give structure, set clear expectations and goals, and also follow up on the progress of the students. This is particularly important for students who are from homes with little experience in studying. A safe and orderly school environment, as well as high academic expectations on every single student also contribute to the fact that IES students perform better on average - regardless of their background and home circumstances. IES also has a support organisation for students (including student health, counsellors and support teachers) thus enabling teachers to focus on high-quality teaching. An indication that this is an effective way of creating equal opportunities for all is that 82 per cent of IES's students with a foreign background left compulsory school in 2019 with pass grades in all subjects. The corresponding figure for all schools in Sweden was 57 per cent.

Source: Swedish National Agency for Education and IES. Swedish National Agency for Education has not yet published the statistics for 2020.





IES AND ESKILSTUNA MUNICIPALITY **COOPERATE TO BOOST** A VULNERABLE CITY DISTRICT

"It was like music to my ears when I first heard that IES wanted to take on this area, and invest in the long-term development of Fröslunda together with the municipality. The expansion of the IES school is an important component in our efforts to make this area safer, more attractive and more enjoyable," says Jimmy Jansson (S), Chair of the municipality of Eskilstuna's executive board.

The Fröslunda district emerged during the 1950s in response to the housing shortage in Eskilstuna at the time, as well as the new ideal of modern homes for industrial workers. During recent years, socio-economic challenges have grown including high unemployment, insufficient integration of many foreign-born citizens, great dependency on social welfare and rising criminality. Consequently, the Swedish police has classified Fröslunda as one of Sweden's vulnerable areas. But the municipality is now gathering strength to bring about a real boost to the district. The goal is to reverse the negative spiral and turn Fröslunda into a place where a diversity of people enjoy being, feel safe, want to live and meet.

"Fröslunda actually has great prospects being so close to both the city centre and nature. The area has become well "I know that there is a difference of opinion within the party regarding independent schools. But that discussion needs to be had at a national level - right here we solve practical challenges in the best possible way, and we want what's best for the city."

established over many decades, and has a lovely location amongst lush green areas, without the disturbance of larger traffic routes," says Jimmy Jansson who himself grew up in the district and attended the existing school at the time.

Good relationship with the municipality

It was for practical reasons that Internationella Engelska Skolan took over the school in 2006. The municipality was dealing with high costs for premises and decided to move existing operations to another school. Empty premises were left behind at the same time as IES wanted to expand and was looking for suitable premises.

According to Jimmy Jansson, there has always been a good relationship between the traditionally Social-Democrat municipal management and IES.

"It started with Eskilstuna's largest employer, Volvo, requesting an English-speaking school for the children of its international employees. And when it wasn't possible to establish and operate a municipal English-speaking school, we were happy that IES wanted to start up here."

"I know that there is a difference of opinion within the party regarding independent schools. But that discussion needs to be had at a national level - right here we solve practical challenges in the best possible way, and we want what's best for the city. IES is important for Eskilstuna - and also for the continued growth of Fröslunda. The popular school attracts students from all over the municipality, which increases diversity and integration. It also improves the general public's perception of the area", he says.

In addition to the growth of the school, plans include an expansion of Fröslunda centre, including a job centre and a regional family centre with an open pre-school.

"Right now, many positive forces are working together to bring about change in the area, and IES is an important player. The future is looking bright for Fröslunda", says Jimmy Jansson.



Jimmy Jansson (S), Chair of the municipality of Eskilstuna's excecutive

New IES school to be inaugurated in 2022

Autumn term 2022 is when IES plans to open the doors to its newly renovated school in Fröslunda. The organisation will consist of three separate units encompassing years F–3, years 4–6 and years 7–9. The objective is to create a safe environment for all students – whilst also giving them access to pleasant new premises adapted to each year.

Some 1,200 students will be gathered through the expansion of the school, which will include after-school activities. The current premises where year 7–9 students are located will be renovated and expanded. A new sports hall and playground will be added to the school premises, encouraging activities for all ages.

"Fröslunda is the perfect location for IES in Eskilstuna. It is here we can make the biggest difference. We are making an extensive and long-term investment, in conjunction with the municipality. We have a 20-year rental contract, which indicates our long-term view of the school", says the principal Damian Brunker.

"It is going to be a fantastic school building giving an improved study and workplace environment. We are looking forward to cooperating with the municipality and our vision is to make a positive contribution to Eskilstuna through improved integration as children from the whole of Eskilstuna are given access to a high-quality school with an international feel". he continues.

GREAT AMBITIONS FOR MULTI-CULTURAL IES IN KISTA

The best school in Sweden – for students and teachers. Ambitions are sky-high for the multi-cultural IES Kista, which has 930 students from 65 nations. Both the growing queue of students and the low staff turnover indicate that the leadership team is on the right track. "One important prerequisite has been to create respect for the IES ethos – both amongst students, parents and staff", says principal Mikael Östling Huhta.

Adopting IES's principles in a school made up of students from a range of different cultures and backgrounds, many of which come from homes where the parents are unused to studies, and perhaps neither understand nor accept the IES ethos, is somewhat of a challenge. At IES Kista, Mikael Östling Huhta works closely with deputy principals Mark Dunnell and Ian Gavin to quickly resolve situations that arise, but above all they work to achieve the long-term goals of the school.

"You can't run a school under these circumstances alone. We are one team with different roles, with Ian being responsible for the academic side, Mark is in charge of social aspects and I have the overarching responsibility", comments Mikael Östling Huhta.

Successful model built on respect

Both Mark Dunnell and Ian Gavin have many years of experience working in schools in socio-economically exposed areas, including in the UK. Along with Mikael Östling Huhta, who is well-versed in the IES concept after a number of years as the principal of IES Uppsala, they have identified a successful working model.

"It's a lot about generating respect amongst the students, for each other, the school and the staff, and also creating trust in their own capacity to grow and to change their own perception of their future prospects. Our most important task is to provide students with the tools they need for academic and social success. But we also need to gain the trust of the parents if we are to succeed. I've had meetings

with many parents to try to change their attitudes towards the school", explains Mark

"During the first year of working together we pretty much lived in the school corridors, as leading by example, embodying the IES ethos and demonstrating what we mean by high quality is so important for the staff. We have to make it visible, achievable and doable", adds Mikael Östling Huhta.

Another critical success factor, according to Ian Gavin, has been creating clear structures for homework support and student support.

"Many students come from homes where studying is not the norm, which means the support we offer is even more important. Since there are so many different nationalities in the school, the English language becomes the unifying factor - but it is also important for the students to learn Swedish properly", he says.

Fundamental societal role in times of crisis

The school's fundamental societal role became particularly evident in conjunction with the corona pandemic. For several weeks, school attendance was somewhat sparse, but by the beginning of May almost all the students were back.

"For certain students, the stability and the two meals per day we provide are really important. Being able to talk about their concerns with another adult than their parents has proven to be incredibly valuable for many children", says Mikael Östling Huhta.

930

students

9 out of 10

parents recommend the school

different mother

teachers from 17 different countries 9 out of 10

students feel safe at school

LOLLO

Year 9, roots in Iraq, raised in Kista

"I like it that the students here come from so many different backgrounds and cultures. It makes us all equal. It's also good that everybody shares English as a common language – and that we have the chance to get really good at it. I also appreciate the discipline in the school.

It feels a bit like having a big family. One of the reasons for this is that the principal knows everybody's name – and gives everybody attention.

Another is that all my sisters go to this school. But it's mostly because there's such a good atmosphere.

I'm going to miss this school when I graduate – but I'm happy that I've been accepted for the IES Gymnasium (upper secondary school) in central Stockholm where I'm going to take the natural sciences programme. After that I want to study to become a doctor."



ADRIAN Year 9, born in India and raised in Kista. "It's a good school. I appreciate that it is so multi-cultural. There's a free and open atmosphere in the school that I like. One thing that differentiates this school is that everybody is kind to each other. I've been going here for five years now and it just gets better and better. It took me a while to get used to all the routines they have, but now I think it works well. This autumn I'm going to start the natural sciences programme at Kungsholmen's upper secondary school. My goal is to work with sustainability, preferably something to do with renewable energy."

HAILEY

Year 9, born and partially raised in the US, currently lives in Sollentuna

"The biggest difference compared to my old school is the discipline – and of course the English. When I started here five years ago after we moved to Sweden, it really made things easier for me that a lot of the teaching was done in English.

Some students have a harder time getting used to the system they have in this school, but it usually works fine after a while. The teachers and other staff members are very committed to trying to help everybody get on the right track. I think many of us learn to appreciate that lessons are so calm and that everybody shows each other respect.

This spring has been a bit strange because of the corona virus. A lot of students stayed at home for a while – in the week before Easter there were only two of us in my class. But school has gone well during this period and now almost everybody is back again, which feels good."



Meet a former student

FROM IES IN STOCKHOLM TO STANFORD AND GROUND-**BREAKING VIRUS RESEARCH**

The campus at the prestigious Stanford university in California is desolate in the midst of the corona pandemic at the end of May 2020. But in one of the residences there's intensive activity in progress. That's where former IES student Nicole Nova from Stockholm is fully focused on her doctoral thesis on infectious diseases. She has simultaneously been part of a team that has developed an app to monitor the symptoms and transmission of COVID-19. "I was inspired to go into research by my engaged IES teachers, several of whom had done doctoral studies", she says.

With research specialised in how viruses and infectious diseases are affected by different ecological and evolutionary processes, Nicole devotes her time to a subject that became hugely relevant in spring 2020 as the corona virus spread all over the world.

"COVID-19 is a good example of how viruses can mutate from animals to humans, or between other different species. I also study other such infectious diseases including dengue fever, yellow fever and distemper. The objective of my studies is to try to understand what happens and how the processes work", she explains. Nicole's research is primarily focused on distemper, the infectious disease that affects dogs. When the virus mutates and is transmitted to other animals, such as bears, Arctic foxes, wolves or tigers, it has devastating consequences. She explains that in wolves it has an 80 per cent mortality rate in cubs and a 50 per cent

Nicole performs most of her research on animals from Alaska. Foxes in Alaska may sound a long way from bats in Wuhan in China.

mortality rate in the adult animals.

"But who knows what will affect us next time? Even if we close the markets in China where a number of pandemics have started, the risk of the transmission of viruses

between animals and humans will always be with us, so it's clearly important to understand when the risks are high", she says.

> Nicole has also been part of a team that has developed an app (https:// howwefeel.org/) to be able to monitor the symptoms and transmission of COVID-19 and preliminary results from the data have been published in a scientific article.

IES teachers spurred her interest in research

Nicole's interest in studying biological systems started in her early school years. Biology, mathematics, chemistry and physics were some of her favourite subjects.

"My time at Internationella Engelska Skolan was incredibly important in awakening my interest in research. Several of my teachers that came from other countries had done doctoral studies. They told us interesting stories about their research, which inspired me", she says.

According to Nicole the contrast between IES and the first school years she spent at a municipal school was huge.

"There was a constant shortage of teachers for years 6–9. Lessons were rowdy and there was no structure in the teaching. There was one period when we had a bus driver as a teacher who was expected to teach all the subjects."



"I was the quiet, diligent student who suffered from the rowdiness – and not being academically stimulated. As luck would have it, friends of my parents had children who attended IES and they suggested we apply to the school. I am incredibly grateful for that", says Nicole.

In year 8 Nicole started at the IES school in Gubbängen, south of Stockholm. She then went on to the IES upper secondary school, from which she graduated in 2007 with top grades in all subjects.

"It was like stepping into a different world, defined by structure and order - not to mention the talented, engaged teachers who were passionate about their subjects. They deepened my interest in natural sciences and they are an important contributing factor to why I am where I am todav."

"It was like stepping into a different world, defined by structure and order - not to mention the talented, engaged teachers who were passionate about their subjects. They deepened my interest in natural sciences and they are an important contributing factor to why I am where I am today", she says.

The road to Stanford

When she was 17 years old Nicole travelled to the American university MIT in Boston for a summer course in research. After upper secondary school she applied to Karolinska Institutet, where she trained to become a dentist - while concurrently doing research alongside her studies. But her burning desire to understand and map out how biological processes work meant that Nicole felt she needed more knowledge.

"I ended up studying mathematics and computer science at KTH – to be able to do programming – which gave me a good foundation for my later research in the interdisciplinary research field of mathematical biology", she explains.

Nicole then travelled to the US to complete a Masters in statistics at Stanford, and was accepted to do doctoral studies in biostatistics and mathematical biology at several American universities. She chose Stanford where she has been doing research for four years.

"I hope to complete my thesis within the next year - but everything has been slowed down by COVID-19, so it might take a bit longer. My goal is to become a university professor and continue studying the transmission of infectious diseases between different species to improve human health and help endangered wild animals. Thanks to schooling that promoted knowledge and taught me to believe in myself, that might just become a reality", says Nicole.



Operations in Sweden

STRONG TRUST IN IES GENERATES **GOOD GROWTH POTENTIAL**

Since its inception more than 27 years ago, Internationella Engelska Skolan has become the leading operator of independent compulsory schools in Sweden. At the same time, IES still has good potential to keep on growing. One reason is that the population is growing while there is a shortage of schools. Secondly, there is great confidence in the IES concept. The main focus is on growing organically in regions of growth by establishing new schools and increasing the number of classes in existing schools. Additionally, IES aims to expand down in ages, i.e. in years F-3. The approach is to grow in a balanced and controlled way, always keeping the quality of the education in focus.

IES employees at the end of the 2019/20 academic year, a 7 per cent increase compared to 2018/19.

out of 1

employees say that they would recommend IES as a workplace to a friend.

of students who graduate IES compulsory schools are qualified for upper secondary school. The national average is 85 per cent.



ESTIMATED GROWTH IN THE NUMBER OF STUDENTS IN COMPULSORY SCHOOLS AND INDEPENDENT SCHOOLS IN SWEDEN, IN THOUSANDS (YEARS 1-9)

The number of compulsory school students is expected to grow by more than 100,000 students by the mid-2030s. Based on the independent school operators' current share of the total number of compulsory school students (15 per cent), the number of students in independent schools is estimated to be approximately 180,000 in 2035.

Total number of students in compulsory schools Students in independent schools in 2035, based on a 15 per cent share.

Source: IES, Swedish National Agency for Education and Statistics Sweden

In the annual and anonymous IES survey of parents with children in IES schools in spring 2020, 35 per cent said that they selected IES primarily for its concept of an orderly and calm environment, 29 per cent because they want their children to learn English and 25 per cent because they appreciate the high academic expectations. Nine out of ten parents also said in the survey that they would recommend IES to another parent.



Operations in Sweden

INTEREST IN SWEDEN'S LEADING INDEPENDENT SCHOOL OPERATOR **CONTINUES TO GROW**

Internationella Engelska Skolan is Sweden's largest independent school operator in terms of number of students in compulsory school. In the 2019/20 academic year, a total of 26,725 students attended the 37 Swedish IES schools. On average, the number of students has increased by 12 per cent in the last ten years, while the registrations in the gueue keep growing. One major reason behind the strong and increasing interest in IES is that more and more parents realise the importance of order and structure for students to be able to achieve their academic goals. The latter part of the year was greatly marked by the special circumstances created by the pandemic. IES's schools were able to remain open thanks to its committed and creative employees and its well-established routines.

IES conducts compulsory and upper secondary school operations in Sweden from years F-12. The emphasis is on years 4–9, with 45 per cent of students in years 4–6 and 48 per cent in years 7-9. The schools are located from Skellefteå in the north to Lund in the south, with a focus on the country's regions of growth. In the 2019/20 academic year, IES operated 37 schools in Sweden, 17 of which are in the greater Stockholm region. At the end of the year, the number of students totalled 26,725 in 884 classes, and there were 204,900 registrations in the queue to start at an IES school. In August a new school was opened in Skellefteå encompassing years F-9. As at 30 June 2020, IES had signed

rental contracts for twelve new schools planned to open between 2020 and 2023. The reason for the large number of contracts and the good future prospects is the great need for more school places in many municipalities and that many of the schools will be new builds. In May 2020, plans were also announced to expand the school in Fröslunda in Eskilstuna, due to open in 2022. In August 2020 IES opened schools in Upplands Väsby and Östersund. The goal is to grow by 2–3 schools per year.

IES follows the Swedish school curriculum and holds permits from the Swedish Schools Inspectorate. The

NEW SCHOOLS PLANNED FOR 2020-2023

2020

Östersund Upplands Väsby

2021

Solna

Kungsbacka

Sigtuna

Värmdö

2022

Växjö

Trelleborg

Staffanstorp

2023

Gothenburg (Södra Änggården)

Vårby

Norrtälje

Negotiations are in process for more schools.

education is free of charge and is financed via school voucher public funding. Parents and students actively choose the school in accordance with the principles of Sweden's independent school system. Admittance is strictly in date order as applications are received, supplemented by sibling priority.

Concept

IES has a clear profile based on the principles that schools should offer an orderly environment, that students should become proficient in English, and that they should encounter high academic expectations. One critical success factor is to ensure strong leadership in the schools and to recruit skilled teachers from Sweden and English-speaking countries. Up to half of the teaching is conducted in English by teachers whose native language is English. This creates the right conditions for high-quality schools with an international character.

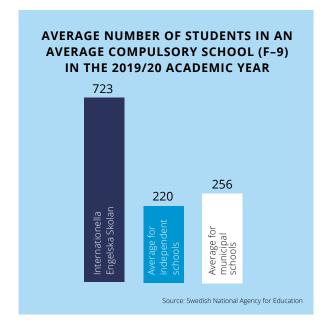
Year after year in the year 9 national tests, IES students significantly outperform both the national average and the average for independent schools in the core subjects of Swedish, English and mathematics. Read more on page 12.

Large schools

In the 2019/20 academic year, IES operated 17 of the 20 largest independent compulsory schools. The average number of students in an IES compulsory school is about three times greater than schools managed by other operators. The high demand for places at IES schools means classes can be kept full and new schools can expand quickly to fill their buildings. This thereby means that new schools are often profitable by the third year of operation. IES schools satisfy stringent standards applying to support resources for student care, such as school healthcare, counsellors and teaching assistants, as well as leadership support for principals, which in turn enables teachers to focus on teaching. The size of IES's schools helps to make this possible.

Centralised processes and support functions

IES has a small central organisation, which encompasses support functions such as academic development, school healthcare, HR, finance, payroll, IT, expansion and buildings, communications and legal services. IES also has centralised framework agreements for areas including IT, licensing, telephony, electricity and security. Each school's principal and employees focus on their most important assignment, i.e. running their schools. Principals have full responsibility for the school's operations and employees. As a result of this approach, IES can continue to expand and maintain high academic quality without adding costs for support functions, as these are operated through the central organisation.



How the corona pandemic has affected **Swedish operations**

In March the Swedish government ruled that operators of Swedish compulsory schools were free to determine whether their schools could remain open in conjunction with the corona pandemic, or whether teaching should be conducted remotely. IES decided to keep its compulsory schools open, but during the second half of March and beginning of April in particular, absenteeism was high both in students and teachers. Operations at the compulsory schools were therefore partly supplemented with distance learning. However, all IES upper secondary school operations in Sweden, including the IES gymnasium, were operated remotely from the middle of March until the end of the term.



IES schools

FROM SKELLEFTEÅ IN THE NORTH TO LUND IN THE SOUTH

Compulsory schools

- 1. Borås
- 2. Bromma
- 3. Enskede
- 4. Eskilstuna
- 5. Falun
- 6. Gävle
- 7. Halmstad
- 8. Helsingborg
- 9. Huddinge 10. Hässelby Strand

- 11. Hässleholm
- 12. Johanneberg (Gothenburg)
- 13. Järfälla
- 14. Jönköping
- 15. Karlstad
- 16. Kista
- 17. Krokslätt (Gothenburg)
- 18. Landskrona
- 19. Liljeholmen
- 20. Linköping 21. Lund

- 22. Länna
- 23. Nacka
- 24. Skellefteå (August 2019)
- 25. Skärholmen
- 26. Sundbyberg
- 27. Sundsvall
- 28. Södertälje
- 29. Tyresö 30. Täby
- 31. Umeå
- 32. Upplands Väsby
- (August 2020)

- 33. Uppsala
- 34. Västerås
- 35. Älvsjö
- 36. Årsta
- 37. Örebro
- 38. Östersund (August 2020)

Upper secondary school

39. Södermalm (Stockholm)



Market in Sweden

GROWING NEED FOR SCHOOLS AND TEACHERS

Since the early 1990s, Sweden's 290 municipalities have been responsible for funding schooling, and ensuring that all students have access to equal education. In the 2019/20 academic year, there were 3,982 municipal schools and 823 independent schools at the compulsory school level. During the same period, just over 1,208,000 students attended compulsory school (F-9), an increase of 17,900 students since the previous academic year.

162

municipalities were in the catchment area for the 36 IES compulsory schools during the academic year. Having the freedom to choose school enables parents to select a school based on the needs of their children, thus influencing their future.

Schooling is compulsory for all children in Sweden, from the preschool class (year F) to year nine, i.e. for ten years, or until the student reaches the age of 18. This universal obligation means that the number of compulsory school students largely tracks the population growth of children of school age. Since autumn 2010, the student base has increased by an average of approximately 2 per cent per year.

School voucher funding allocated per student

The freedom to choose school came into effect in Sweden in 1992, giving students and their guardians the right to choose between municipal schools and independent schools. Independent schools are primarily financed via municipalities through school voucher funding, in accordance with the rules stipulated by the government, with the aim of ensuring equal terms for independent and municipal schools.



Reimbursement of independent compulsory schools is regulated by the Swedish Education Act, and is disbursed from students' home municipalities. According to the 'principle of equal treatment', reimbursement should be objectively calculated irrespective of school operator, and be allocated per student regardless of whether they attend a municipal or independent school. Part of the school voucher funding is based on the socio-economic index so that schools with a higher share of students that are expected to be in greater need of support and stimulus receive greater resources.

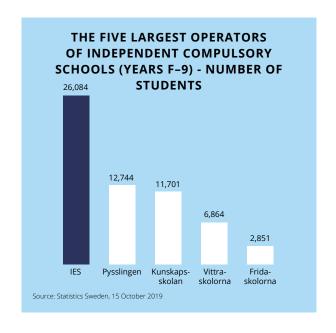
In addition to this, schools may apply to the municipality for supplementary contributions for children with special needs. Public and independent operators of compulsory schools can also apply for government grants to develop their operations and employees. The purpose of these grants is to improve students' potential to learn and achieve the curriculum goals. Examples of such grants include karriärtjänster (career positions), lärarlönelyftet (teacher salary boost) and likvärdighetsbidrag (equality and skills development).

A fragmented market

The freedom of choice in schooling means that IES competes with both public and independent operators of compulsory schools. In the 2019/20 academic year, 15 per cent of students chose to attend an independent school.

The independent school market is fragmented and has many small operators. As many as nine out of ten operators of independent schools only own one school. To operate an independent compulsory school, approval is required from the Swedish Schools Inspectorate.

For the 2019/20 academic year, there were 581 approved operators that managed a total of 823 compulsory schools.





Internationella Engelska Skolan AB is the largest independent compulsory school operator, in terms of the number of students.

Market trends

The current dominant trends in the school market in Sweden can be briefly described as: a growing number of children, a shortage of schools and teachers, and an increased focus on the quality of education.

Sweden's population is growing in line with rising birth rates and increased immigration. This means that the need for investment in schooling and education is also increasing. Simultaneously, citizens are becoming more interested in being able to decide for themselves which school and orientation to choose. An important reason for this is the documented deterioration of the performance of Swedish students, which has placed the focus on the quality and equality of compulsory schools.

According to Statistics Sweden, Sweden's population will reach approximately 11 million citizens by 2030. Further, by the mid-2030s, Statistics Sweden estimates that some 1.2 million students will attend compulsory school.

Estimates show that another 45,000 teachers will be needed in Sweden in the next ten years.

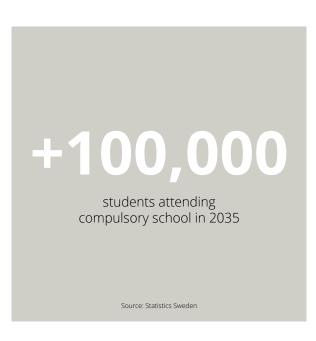
Meanwhile, the number of applications to start new schools is decreasing. This is due to the more stringent requirements on the operators' ability to comply with highly demanding teaching standards, as well as financial stability.

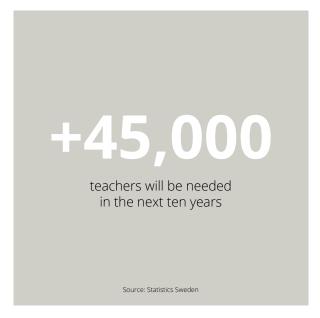
Good potential for growth

All of this means that the growth potential for IES continues to be strong – partly as a result of favourable demographic and structural trends, partly due to its successful concept.

IES is mainly focused on growing organically by establishing new schools and increasing the number of classes in existing schools. In addition, IES considers that there is a strong growth potential in years F-3. There are several advantages to growing in this segment. One is that IES will be an option the very first time that parents are faced with choosing a school, i.e. for the first year of school. Further, students can also start studying English at an earlier age and learn routines related to order and structure. In certain schools there is also a potential to expand in existing or nearby premises.

Municipalities are likely to continue to welcome IES, even if political regulations and attitudes regarding independent schools in general were to become more restrictive. This is due to IES's reputation as a well-established and serious school organisation providing the municipality with quality schools of an international character. IES has a clear concept and is a complement to existing school offerings. IES can also help to reduce municipal investment requirements as a result of its long-term and close cooperation with many big property companies.





IES CULTURE IS STRONGER THAN **EVER AFTER 17 YEARS**

"We have gone from being perceived as solely an elite school to being seen as a melting pot. We have children from a multitude of different cultures and backgrounds and with shifting circumstances. Our goal is always the same though – that every child should be able to reach their full potential". This is according to Anneli Engvall who has been part of IES Gävle since it opened in 2003, and who is the school's principal today. "I am driven by a desire to bring about a change in the life of a child by providing them the best conditions in the form of a good education and good social skills", she says.

With some 1,200 students and 140 employees, the school in Gävle is not only one of the biggest IES schools, it is also the largest in the region. Half the school is located on Söder and the other half in Brynäs, situated in a district that has been home to Swedish classics such as Gevalia's coffee, Ahlgrens bilar (sweets) and Brynäs IF (ice-hockey team). IES Gävle attracts children from a wide catchment area, with some students commuting from as far away as Tierp and Uppsala every day.

According to Anneli Engvall, one of the reasons that the school is so popular is its success in cultivating the fundamental values that define the IES organisation - despite the fact that school is now three times the size of when it started and the student base looks completely different.

"In the beginning we mostly had children of Swedish parents with academic backgrounds. Today some 38 per cent of the students come from every corner of the world. There are more than 40 languages represented in the school. Some of the children have parents who are unused to studying or are even illiterate, but we still have children from academic homes too. We also have children with different special needs who we support."

"This makes it essential for us to find the right employees, who not only whole-heartedly buy into the IES concept, they also have to be able to see what each individual needs and

provide the necessary support, so that we achieve our goal related to the progress of every child. Good employees are quite simply good for the children", says Anneli Engvall.

Great cosmopolitan atmosphere Just like other IES schools, the school in Gävle recruits many of its teachers from other countries, which Anneli Engvall believes is a big advantage given the demographic of the students.

"We currently have teachers from Canada, the US, Spain, Ireland, England, France and Eritrea. So it's completely natural to have a different background in this school, and it makes for a really great cosmopolitan atmosphere", she says.

Anneli Engvall was herself recruited to IES Gävle as a Swedish teacher before it opened, after responding to an advertisement in the local newspaper.

"I have never regretted it. It is incredibly exciting and a privilege to have been part of the strong growth across the whole of IES and in this school. I am also happy that some of us are veterans who have been around in the school for many years, and can be ambassadors for the school culture when new colleagues arrive. It's a great advantage in terms of upholding our ethos, which is easily as strong today as when we started", she says.

IFS GÄVLF

1,200

students

out of 10

parents recommend

different mother tongues

teachers from 16 different countries

9 out of 10

students feel safe at school

High absenteeism on and off during the pandemic

As the corona pandemic spread during the 2020 spring term, operations were truly put to the test according to Anneli Engvall.

"We prepared ourselves for remote teaching, but were relieved when it was decided that we could remain open. Firstly, teaching young students remotely can be problematic as it's difficult to know who has stopped listening or who doesn't understand, and secondly the social aspect is incredibly important."

"Another challenge was that so many people, both students and teachers, were absent during one period, which meant we had to be creative in organising the groups. At one time 400 students were at home, that's a third of the school's children", she says.

Operating in political headwinds

The fact that the school has always had to operate in a municipality that has been traditionally led by a majority that was negative to independent schools, has meant that the school has had to be creative in finding solutions.

"Especially in the beginning, there was a lot of negative press about us locally. As an example, we have not been allowed to join the municipal school principals group, nor utilize the mother tongue teaching. So we organised our own network of independent school principals and our own mother tongue teaching. But it's a pity as we could learn from each other", says Anneli Engvall.



"There are many reasons why I like this school – one of them is that I feel like I get the support I need given that I have support needs. It's also good that there's different kinds of food. I cannot eat all types of food, and in my last school there wasn't anything for me to eat sometimes – but there are always different options here. My brother is also about to start at the school."

HÅKAN, CLASS 8C

"It's a strength that we come from such different backgrounds. It means that nobody is different, everybody is accepted as they are. I came from Syria as a 7-year-old and we speak Syrian and English at home. So it's good that they also really encourage us to learn Swedish here."

SEEDRA, CLASS 9E



"I appreciate that knowledge and safety are the top priorities in this school. I have attended the school since year four and I really feel like I've developed a good basis for future studies – even if it's a bit sad to leave this school. There's also a really good atmosphere – everybody respects each other."

ROJHAT, CLASS 9E

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Operations in Spain

MORE SCHOOLS AND A FOCUS ON QUALITY

Internationella Engelska Skolan has run private schools in Spain since 2016 when IES became a joint owner of a group of schools. The rate of growth has increased over the last year. The last two acquisitions almost doubled the number of students in the Spanish schools and today IES is the sixth largest operator of non-religious schools in Spain, by number of students. At the end of June 2020, IES owned seven schools in Spain with a total of 4,700 students.

IES conducts bilingual education in Spain, following both the national and the British curriculum, which is also permitted in the country. The organisation in Spain is run through the subsidiary International Education Partnership (IEP) and is largely based on the same principles as IES in Sweden. However, the IEP schools are private schools that are fully financed through fees for tuition, school meals, transportation and after-school activities, amongst other things.

In Spain, IES greatly benefits from the experience in Sweden and its extensive competence and experience teaching in English as one of two languages, its established process for the recruitment of English-speaking teachers and well-developed methods for quality improvement in the schools.

Two new schools during the year

At the end of the 2019/20 academic year, IES owned seven schools in Spain with a total of 4,700 students between 3 to 18 years of age. Growth in Spain is primarily driven through acquisitions. In January 2020, Colegio Joyle was acquired which has some 2,000 students between 3 to 18 years of age, and is thus the largest school that IES has purchased so far. It is a fee-paying, bilingual private school which follows the Spanish national curriculum. The school is located in the eastern part of Madrid and has excellent premises, including both indoor and outdoor sports facilities. In February 2020, Colegio Inglés Zaragoza was acquired, which is located in

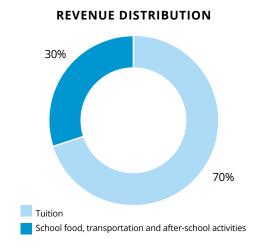
Zaragoza, the fifth largest city in Spain. The school has some 270 students between 3 to 16 years of age. It is a fee-paying, bilingual private school which follows the Spanish national curriculum. These two acquisitions meant that IES almost doubled the number of students in its Spanish schools and thereby became the sixth largest operator of non-religious schools in the country.

IES has five more schools in Spain that it has owned for a number of years. These include another school in Madrid, a school located in Valladolid, an expanding region north-west of Madrid, one school in La Nucía outside Alicante, one in Asturias and one in Castellón outside Valencia.

Continued expansion is planned through acquisitions of single schools and groups of schools in larger cities. The acquired schools will subsequently act as a platform for organic growth.

Harmonising and strengthening of the organisation

In July 2019 IES completed a harmonisation of the ownership structure of the Spanish organisation, which means that all IES's schools in Spain are now IES subsidiaries. During the year IES has also invested in strengthening the local organisation and has moved the head office to Madrid. This has created a platform for driving further growth over the next few years.





Operations in Spain

GROWING MARKET FOR BILINGUAL EDUCATION

Spain is a large and growing market for high-quality bilingual education where parents are actively looking for schools that can improve the future prospects of their children in a market characterised by high youth unemployment.

IES has chosen to focus on fee-paying, bilingual, non-religious private schools that teach according to the British or the Spanish national curriculum and target middle-class Spanish families. There are approximately 300 schools encompassing more than 200,000 students in this segment, many of which are owned by private individuals.

Ongoing market consolidation

The Spanish private school market is currently undergoing consolidation and IES intends to continue to be active in this process. Every new school is evaluated on its individual merits and one fundamental criterion is that IES as an owner must be able to add value. This takes place primarily through quality improvement measures, better capacity utilisation and coordination efficiencies in areas such as purchasing. Additionally, there are great opportunities for experience-sharing between Spain and Sweden, which benefits both sides of the organisation.

As a rule, operating schools in accordance with the British national curriculum requires approval from the regional authority as well as the school needing to produce certification from the UK confirming that it conducts education according to the country's current curriculum. Critical factors that the regions consider in applications include the curriculum, premises, resources and documen-

The impact of the pandemic on Spanish schooling

All schools in Spain were shut down in mid-March 2020 to help stop the spread of COVID-19. Schools were given 48 hours to convert all teaching to fully online teaching. From mid-May the schools gradually started to open again, but at that time only for pre-school operations. After the summer holidays in September, the schools re-opened for all students but with social distancing requirements of 1.5 metres between students, as well as obligatory face masks for all students over the age of 6 years. Amongst other things this has meant teaching in smaller classes and a certain limitation to the after-school activities provided.

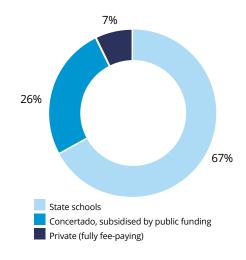


tation regarding dealing with matters such as bullying and student safety. Schools are regulated by national legislation and guidelines formulated by the central government, while other school issues, such as approvals to establish new schools, are generally managed regionally.

Three types of schools

Schooling is compulsory for students of 6 to 16 years of age and education is either free or fee-paying depending on the school the student chooses to attend. There are three types of schools: state schools which are free and publicly funded; "Concertado" which are private schools subsidised by public funding, and private, fully fee-paying schools.

TYPES OF SCHOOLS IN SPAIN





IEP Colegio Joyfe in Spain

"SELLING WAS A DIFFICULT DECISION - BUT NOW WE HAVE A PARTNER"

"By becoming part of IES we create new international opportunities for our students and our teachers". So says Esther Fernandez, who together with her brother led the family business and decided to sell their established and well-managed school Colegio Joyfe in Madrid to IES. "It was not an easy decision as we have a strong emotional connection to the business, but we are happy that we now have a strong partner with which we can develop the school".

The delight was tangible when the doors to the school building in Madrid that normally accommodates Colegio Joyfes' 2,000 or so students reopened again for its youngest students. It had been closed for three months due to the pandemic and opened again in early June 2020. Esther Fernandez and the rest of the school leadership team were on location to welcome the students, an event that was even watched by national TV that broadcast the grand moment live.

"We've been preparing for this since mid-May, and since it has been unclear when it actually would happen, we are both happy and relieved today. More and more students will now return week by week, even if not all of them will be back until September", Esther Fernandez commented.

"One of the foremost schools in Spain"

The parents of Esther Fernandez started the school in 1961 along with another parent couple, who were bought out of the organisation in 2008. When her father died, Esther Fernandez took over operations together with her brother - him as the academic head of operations while she takes care of the administrative management and marketing. Colegio Joyfe has grown continuously over the years and today has approximately 2,000 students between 3 to 18 years of age. It is a fee-paying, bilingual private school which follows the Spanish national curriculum.

"Today we can proudly say that Joyfe is one of the foremost schools in Spain in terms of the academic results of our

students, the quality of education and the level of innovation in teaching, but above all in terms of helping our students to achieve personal growth and their individual goals", says Esther Fernandez.

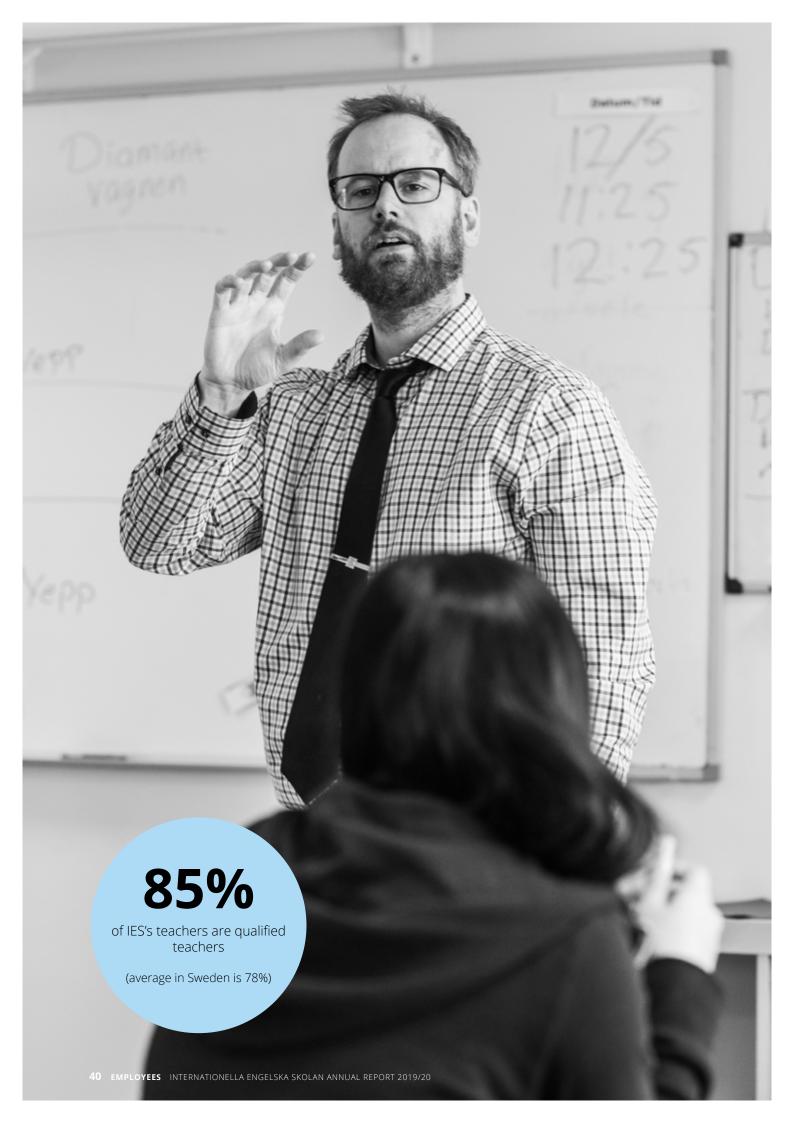
"Our mission is to imprint a belief in the future on our students, as well as the ability to assimilate knowledge - but it is just as important to us that they are happy when they are here", she continues.

Several interested parties

Several school operators were interested in buying the well-managed school, but IES was the chosen one, and the sale was completed in January 2020.

"It was a big step for us to sell our parents' life's work. But we realised the benefits of joining a larger, international group, both for our students and our teachers. Moreover, IES shared the values that define our organisation."

"It was very quickly evident that this was the right decision. For one, we are now participating in an exchange programme for our students within the Erasmus project, and then we have also received great support through the difficult circumstances caused by the pandemic. We have felt much less alone since we have been able to share things like digital materials and routines with other schools in the group. We are happy that we made this decision – and that it was IES we decided to sell to", says Esther Fernandez.



Employees

INTERNATIONAL WORKPLACE WHERE TEACHERS CAN TEACH AND STUDENTS LEARN

IES's success and potential for continued growth is based on the ability to create and ensure a work environment where teachers can teach and students learn. This is the premise from which IES continuously develops processes and routines to attract, recruit, develop and motivate the best school leaders, teachers and other employees.

In essence IES is an international workplace which offers opportunities for cultural exchanges and professional growth. Employees come from all over the world, but mostly from Sweden and English-speaking countries such as Canada, the US and the UK. The thing that unites all employees though is the IES ethos - the three strong principles and the promise given to students, parents and other stakeholders.

In total some 3,400 employees work for IES, 2,900 in Sweden and 500 in Spain. Of these approximately 1,950 are teachers in Sweden. 85 per cent of the teachers are qualified having graduated from Swedish universities (37 per cent) or holding a degree in teaching from another country (48 per cent). IES encourages teachers from other countries to also apply for a Swedish teaching qualification.

In Spain, 434 of the 500 employees are teachers and 95 per cent of the teachers are qualified and have graduated from universities in Spain (63 per cent) or the UK (32 per cent).

Strong and clear leadership in schools

IES is driven by its core values and recruits principals who live and lead according to these. It is the responsibility of the principals to ensure that IES's core values are transformed into actions and behaviours - every day. They are present and active in the daily life of the school – visibility and presence are core elements of the IES leadership philosophy. Principals have full responsibility for their school and its employees. They recruit local and international teachers with a passion for their subjects and who have the ability to inspire their students. Through its principals IES builds and upholds long-term and strong partnerships with universities in English-speaking countries.

In order to give new school leaders the best possible start and chance to live up to the high expectations placed on them, they undergo an introduction course during the first few months, focused on priority areas including student health, labour law, quality, school law and safety in the context of the IES culture. Additionally, new principals are supported by more experienced colleagues through a mentor programme in which experienced leaders share their knowledge of IES and the organisation's processes.

The local leadership is the foundation of IES's success, and is therefore an area that is always prioritised when it comes to professional development. Which is why for the last few years, IES has run a Leadership Academy for junior leaders within the organisation. In autumn 2020 a new initiative will be launched targeted at leaders who have the potential to become principals. The programme lasts for a year and is tailored to each individual.

In Universum's 2019 survey, IES was ranked as the most attractive employer of all independent school operators.



Support to grow to their full potential

IES provides its employees the opportunity to develop both professionally and personally. Regardless of whether the individual is new to the profession or has vast experience, their employment starts with an introduction programme. This focuses on IES's core values and methodology. For international teachers, the programme also includes the Swedish schooling system and national curriculum.

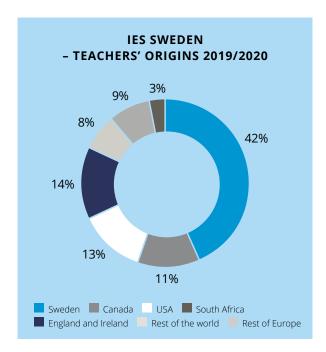
The teachers are offered clear support in their work. Every teacher is part of an academic team and a mentor team, supported by the local school leaders. There are also teams responsible for student health, assisting both staff and students.

IES recruits teachers internationally and assists them in various ways to facilitate their arrival and introduction to Sweden. For example, new employees from other countries are provided with basic information on practical matters regarding living in Sweden. This might include who to turn to for arranging a visa, how to open a bank account and how to go about finding a place to live. The initial employment

contract is for a two-year period, but many teachers choose to stay longer. IES makes an important contribution to society by employing teachers from abroad in response to the current teacher shortage. IES has a natural staff turnover as some of its people are employed for a specified amount of time.

Not only does an IES teacher have the opportunity to develop within their school, they can also move to another school within the organisation. In the future, teacher-exchange programmes may be possible between the countries. The open internal employment market at IES is one of the factors that makes the organisation an attractive employer. Annual employee surveys are carried out to measure how well IES is performing on employee-related goals, and to receive feedback on IES as a place to work and as an employer.

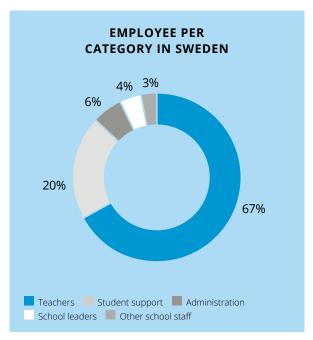
Staff turnover in Sweden for all staff was at 21 per cent in 2019/20 (24 per cent in the previous year) and for permanent employees it was at 13 per cent (17 per cent the previous year). In Spain, staff turnover for all staff was at 17 per cent (21 per cent the previous year).





Being able to provide a safe and stimulating work environment is of vital importance for attracting competent and engaged employees to the schools, and it is a prerequisite for providing high-quality education. All school leaders regularly attend training focused on matters related to the working environment and the changes happening in the field.

During the last financial year, sick leave in the Swedish organisation amounted to 4.7 per cent, compared to 3.6 per cent the previous year. The increase in sick leave is a result of COVID-19. In Spain sick leave was at 2.1 per cent, compared with 1.7 per cent the previous year. In accordance with the instructions of the Swedish authorities, the compulsory schools remained open, while the Spanish schools were shut down in mid-March and switched entirely to remote teaching for the remainder of the spring term. In addition to having a



partner for preventive and rehabilitative health care, IES also offers employees a support hotline available 24/7 for all types of matters.

To ensure the right conditions for transparent and responsible behaviour, IES has a whistleblower function provided by an independent third party.

IES carries out an employee compensation survey to ensure that there is no unjustified unequal pay between women and men, which this year's analysis confirmed. When it comes to the gender distribution in Sweden, 63 per cent of employees are women versus 37 per cent men. In leadership positions, i.e. principals and IES's management team in Sweden, 41 per cent are women and 59 per cent are men. In Spain the gender distribution across all employees is 68 per cent women and 32 per cent men.

COVID-19 has been a challenge for the schools

As early as January 2020 IES set up a crisis group responsible for managing the effects of COVID-19 on the Swedish organisation. Alessandro Visconti is one of those who worked with managing the crisis locally, he is the Safety Officer and a Swedish teacher at IES in Karlstad.

"The crisis group has assisted the schools with daily information and support. When the shock wave and the rapid increase in infections came after the half-term holidays, a number of parents in some of our schools decided to keep their children at home, but after the Easter holidays most students were back at school again. We are trying to limit the risk of infection in the schools in a number of different ways.

We have implemented several measures, in accordance with the recommendations of the Public Health Agency of Sweden. These have included discussions with teachers that are in risk groups about their work environment and processes to identify possibilities for them to continue teaching. Some of the teaching took place digitally for a while, as did the parent-teacher meetings. Further, rather than students moving between the different classrooms, they now have a fixed classroom and the teachers move between their lessons instead. It has been, and still is, a major challenge but we believe that we have managed to deal with the situation well so far - and we are grateful that we have not needed to close down our schools."

ALESSANDRO VISCONTI, SAFETY OFFICER AND SWEDISH TEACHER AT IES IN KARLSTAD.

"WITH A COMMON LANGUAGE EVERY-**BODY CAN TALK TO EACH OTHER"**



"I was recruited when the principal of IES Sundsvall, Pascal Brisson, visited Canada where I qualified as a teacher. I was immediately attracted to the concept of "tough love" and even though moving to Sweden was a big step to take seven years ago, it was the best decision I've ever made. I met my husband, who is also a teacher from Canada, during my two years at the school in Sundsvall. Five years ago we both started at IES in Kista and began our new life together in Stockholm.

From a demographic point of view the two schools are considerably different. It is very multi-cultural here in Kista, just like in Montreal, so I feel right at home. It is an area where people from many countries meet, work and live, making it an interesting and open place to be in. That also applies to the school.

One of the things I have learnt from my experience at IES is that regardless of the students' backgrounds, routines are incredibly important in the life of a young person. We've especially noticed this during the corona pandemic, when many students have felt that school has been a safe and stable refuge - the only piece of normality in an abnormal time."

NAILA JINNAH BRUNELLE MATHS TEACHER, YEAR 6, IES KISTA

"The international atmosphere and many nationalities of the IES school in Gävle make it a perfect place of work for me as an English speaker, and a speaker of five other languages. I also appreciate the high level of ambition here. I am very passionate about teaching. I trained to become a maths teacher in Eritrea, where I also developed a digital dictionary. Academically and structurally the school feels similar to schools in my home country, but it has a completely different level of resources

I've moved around quite a lot in Sweden since I came in 2015. But now it feels like I've found home living in Sandviken, with this great workplace in Gävle where I get to spend my time doing what I'm really passionate about. I also feel that I can provide extra support to the school's students from Eritrea and Somalia, as we come from the same cultural background."

ABREHE BAIRU, TEACHES MATHS TO YEARS 7 AND 8 AT IES GÄVLE





"Some children who attend our schools speak many **languages** – but none of them adequately. I identify with the frustration that can cause as I came back to Sweden as a teenager with poor knowledge of Swedish after growing up in the Arab world. I had to do extra studies in Swedish all the way through year nine. We have quite a lot of students in the school who come from Arab countries, and it's an advantage that I can both speak a bit of Arabic and understand the challenges they face.

When I was in the last term of my subject-teacher training I saw an advertisement for a teaching post at IES Gävle that was about to open. Barbara Bergström interviewed me for the job and I was immediately drawn to the school's concept. I like it so much that I've been here for 17 years now, and I feel no need to move. I teach Swedish for 50 per cent of my time nowadays and work as a mentor to new teachers for the rest of the time. It is important to convey our fundamental principles so that all lessons follow the same structure. This includes things like students having to stand two-by-two outside the classroom and that lessons must be well planned with defined goals for the lesson that are written up on the board."

CECILIA HOLMQVIST, SWEDISH TEACHER AND MENTOR TO NEW TEACHERS, IES GÄVLE



"I have worked as a teacher for 14 years, almost exclusively in municipal schools. This is my first year at IES. Within municipal schools you hear a lot of negative things about independent schools, such as that they have fewer resources. It's not true, and I'm living proof of that in my role as a support for students that have recently migrated to Sweden.

The fact that English is the common language in the school really makes things easier, it means everybody can speak to each other. This is incredibly positive when it comes to integration.

I am used to working in multi-cultural environments after many years of working in schools with students who are new to Sweden in places such as Södertälje and Haninge. The thing that differentiates this school is the respect between the teachers and students, and that there are high demands and expectations on all students. Teachers are allowed to focus on their task of teaching and there are other functions to help the students socially. Having experienced leaders that really support their staff is also good. We teachers receive a lot of positive feedback from leadership. It helps in generating a good atmosphere."

HELENA ARANGO SFI AND SO TEACHER FOR STUDENTS WHO ARE NEW TO SWEDEN IN YEARS 7-9, IES KISTA

THE SHARE

Internationella Engelska Skolan's share is listed on Nasdaq Stockholm, Mid Cap. Based on the closing price on 30 June 2020 of SEK 73.80, IES's total market capitalisation was SEK 3.0 billion.

Share price performance

The IES share's closing price on 30 June 2020 was SEK 73.80. During the financial year, the share price increased by 20%. Over the same period, the OMX Stockholm PI benchmark index increased by 5%. SEK 1.16 per share was paid in dividends in November. The share price high was SEK 79.60, which was in February, and the low was SEK 55.00, in March.

Share turnover and trading

8,166,764 IES shares were traded on Nasdaq Stockholm in the 2019/20 financial year, a turnover rate of 21%. To reduce the volatility of the share and facilitate trading, a market maker was appointed in May 2019 (ABGSC).

Share capital

The share capital of IES amounted to SEK 1,003,250 at the end of the financial year, divided between 40,130,000 shares, of which 80,000 were Class C shares. The quotient value is SEK 0.025 per share. Each ordinary share carries one vote and each Class C share carries one-tenth of a vote. Only ordinary shares carry rights to dividends. On 30 June 2020, IES held 80,000 Class C treasury shares.

Ownership structure

The number of known shareholders on 30 June 2020 was 5,247. Swedish shareholders represented 16.6% of the capital and votes, while foreign shareholders represented 72.6% of the capital and votes. 10.8% of the shareholdings are anonymous, meaning that IES cannot determine who the shareholder is from the share register.

On 25 September 2020, a consortium led by Paradigm Capital Value Fund SICAV announced a mandatory cash offer for IES. On that date, the consortium controlled 73.2% of the total number of shares in IES.

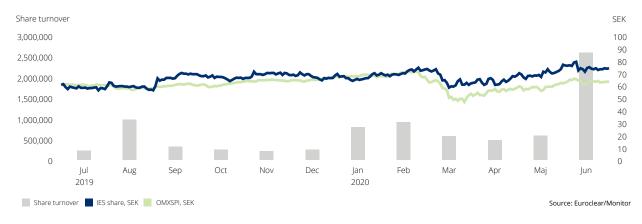
Dividend policy

A dividend amounting to 30% of net profit after tax, with an allowance for special exceptions by the Board, such as attractive acquisitions that may create value for shareholders.

WHY INVEST IN IES?

- Growing number of school-age children in Sweden. The number of school-age children is increasing, yet the number of places in existing schools is insufficient.
- Clear, strong concept. IES has a well-defined concept where a clear focus on quality leads to good academic results.
- 3. Predictable operations. With slightly more than 200,000 registrations in the queue in Sweden, the operations have a predictable student base. Moreover, the voucher funding system is stable and, over time, voucher funding has increased by around 3% per year. This results in stable revenues and good prerequisites to plan the use of resources.
- 4. More stable political conditions. Following the agreement reached between five parties in the Swedish parliament in January, the political uncertainty regarding independent schools has declined.
- 5. Favourable growth. Over the past ten years, IES has grown by an average of 16% per year. Today, IES holds a market leading position in the compulsory school segment. The growth potential in Sweden remains favourable and several schools are also being evaluated in Spain.
- 6. International expansion. IES is currently prioritising its continued expansion in Spain, but is also monitoring developments in other markets in order to eventually enable an expansion into other countries.
- Experienced and stable management team. Seven of 12
 members of the management team have held leading
 positions at IES for more than five years.

Share price and turnover



Largest shareholders, 30 June 2020

Shareholder	No. of ordinary shares	No. of Class C shares	Share of capital, %	Share of votes, %
Bock Capital	12,790,045		31.9	31.9
Paradigm Capital AG	8,253,005	•	20.6	20.6
Barbara Bergström	5,191,292	-	12.9	13.0
Swedbank Robur Fonder	1,450,000	-	3.6	3.6
Handelsbanken Fonder	1,214,423	•	3.0	3.0
Kuwait Investment Authority	776,779		1.9	1.9
Tuna Holding AB	486,569	•	1.2	1.2
Lovisa Hamrin	450,000		1.1	1.1
The Hans and Barbara Bergstrom Foundation	400,000	•	1.0	1.0
Canaccord Genuity Wealth Management	348,485	•	0.9	0.9
Total shareholdings – 10 largest	31,360,598		78.1	78.3
Treasury shares	•	80,000	0.2	0.0
Other shareholders	8,689,402	-	21.7	21.7
Total no. of shares	40,050,000	80,000	100.0	100.0

Source: Modular Finance

Division of shareholdings, 30 June 2020

Ownership by size of holding	Total no. of shares	Capital, %	Vote, %	No. of shareholders	Proportion of shareholders, %
1-500	405,735	1.0	1.0	4,796	91.4
501-1,000	157,443	0.4	0.4	217	4.1
1,001-2,500	169,306	0.4	0.4	104	2.0
2,501-5,000	158,145	0.4	0.4	45	0.9
5,001-10,000	255,710	0.6	0.6	33	0.6
10,001-25,000	249,376	0.6	0.6	14	0.3
25,001-50,000	284,083	0.7	0.7	8	0.2
50,001-100,000	708,428	1.8	1.6	10	0.2
100,001-250,000	1,476,681	3.7	3.7	8	0.2
250,001-500,000	2,265,010	5.6	5.7	6	0.1
500,001-1,000,000	776,779	1.9	1.9	1	0.0
1,000,001-2,500,000	2,664,423	6.6	6.7	2	0.0
2,500,001-	26,234,342	65.4	65.5	3	0.1
Anonymous shareholdings	4,324,539	10.8	10.8	•	
Total	40,130,000	100.0	100.0	5,247	100.0

Source: Modular Finance

Shareholders by region, 30 June 2020

Country	Total no. of shares	Capital, %	Vote, %	No. of shareholders
Luxembourg	12,810,511	31.9	32.0	5
Germany	8,729,850	21.8	21.8	7
Sweden	6,664,596	16.6	16.6	5,152
USA	5,713,496	14.2	14.3	10
Kuwait	776,779	1.9	1.9	1
Other	1,110,229	2.8	2.8	72
Anonymous shareholdings	4,324,539	10.8	10.8	N/A
Total	40,130,000	100.0	100.0	5,247

Source: Modular Finance

DIRECTORS' REPORT

Directors' Report

The Board of Directors and CEO of Internationella Engelska Skolan i Sverige Holdings II AB (publ), referred to below as Internationella Engelska Skolan or IES, corporate identity number 556900-7254 and with its registered office in Stockholm, Sweden, hereby submits the annual report and consolidated accounts for the 1 July 2019 to 30 June 2020 financial year.

Information on operations

The company has a financial year from 1 July 2019 to 30 June 2020, which is consistent with the school year.

The Group's business is to conduct high-quality school operations. Internationella Engelska Skolan is one of the leading independent school operators in Sweden, with some 26,700 students at 37 schools during the 2019/20 school year. IES also has seven schools in Spain with approximately 4,700 students.

IES Sweden conducts school operations from "förskoleklass" (year F), which students start the year they turn six, up to the third and final year of upper secondary school (year 12). Its main focus is years 4–9, internationally referred to as "middle school." Within the compulsory school system in Sweden, IES is the leading operator among independent schools, with 17 of the 20 largest independent schools. IES's results in the national tests for grade 9 are far above the average in Sweden.

Internationella Engelska Skolan was founded in 1993 and 2019/20 marked its 27th year of operation. Throughout this period, its schools have been defined by the three core convictions of its founder, Mrs. Barbara Bergström:

- A safe and orderly environment, where teachers can teach and students learn.
- To command the English language the key to the world.
- High academic expectations and asprirations.

Up to half of education is conducted in English by teachers whose native language is English. Over 900 teachers with qualified foreign teaching degrees are currently teaching in IES's schools. They are mainly recruited from Canada, the USA, the UK and South Africa.

The company Internationella Engelska Skolan i Sverige Holdings II AB (publ) is the Parent Company of the Group. Operating activities in Sweden are conducted through the wholly owned subsidiary Internationella Engelska Skolan i Sverige AB, corporate identity number 556462-4368. This company also holds all the licenses to operate schools in Sweden. The operating activities in Spain are conducted through the wholly owned Spanish subsidiary International Education Partnership, S.L. ("IEP"). IEP owns seven schools in Spain through subsidiaries. Until 5 July 2019, IES also owned 50% of a school in Valencia. The UK subsidiary International English Schools UK Ltd manages one school in the UK on assignment from Sabres Educational Trust through a ten-year management contract.

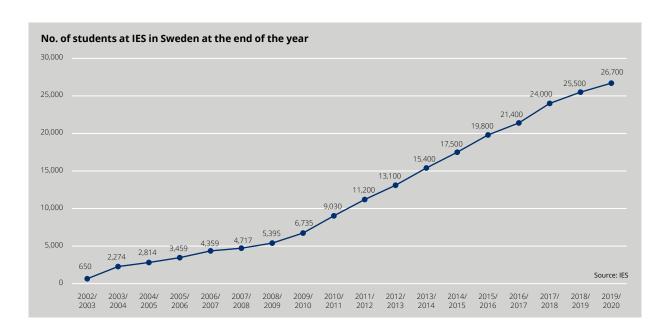
Introduction of IFRS 16 Leases

The introduction of IFRS 16 Leases (referred to in this report as IFRS 16) has a major impact on IES's financial statements. However, the segments in IES have unchanged accounting policies compared with the preceding year since lease payments are recognised straight-line over the lease term.

IES reports geographical markets as operating segments. The three segments are Sweden, Spain and the UK, of which Sweden represents 92% of operating income and 95% of adjusted EBIT.

Significant events during the financial year

In August 2019, IES opened another new compulsory school in Sweden, in Skellefteå with ten classes and 250 students, which proceeded according to plan for the first year. On 17 October 2019, the Swedish Schools Inspectorate informed IES that it had approved the application to also start an international school in Skellefteå.



Two Spanish private schools were acquired during the year: Colegio Joyfe and Colegio Zaragoza. For more information about these acquisitions, refer to Note 32.

Parental interest in IES remains very high. A total of approximately 26,700 students attended one of IES's 37 schools during the 2019/20 school year, an increase of about 1,200 students, or 5%, compared with the preceding year. The defined focus of creating a safe and calm workplace – where teachers can teach and students learn – is the main reason parents state for choosing IES. This focus has passed the test of time, through changing fashions and directions from politicians and regulators. On 30 June 2020, there were some 204,900 registrations in the queue for a place at IES for the 2020/21 academic year and beyond, over and above students already accepted. This is an increase of 13,000 compared with the same date in 2019.

During the financial year, new rental contracts were signed for school buildings in Värmdö, Sigtuna, Växjö, Vårby, Trelleborg, Staffanstorp and Norrtälje. The new schools are scheduled to open over the next three years.

Anna Sörelius Nordenborg assumed the role of CEO of Internationella Engelska Skolan on 25 November 2019. Interim CEO Cecilia Marlow stepped down from her position on the same day. Lars Jonsson became the new CFO on 17 August 2020. He succeeded Fredrik Åkerman.

As usual, the inquiry proposals for potential parliamentary bills and political processes attracted substantial attention and active input from IES during the financial year. An official opinion on the subject of "grades from year four" was submitted during the year. IES is of the opinion that grades serve as an important tool to make students aware of their progress in developing their knowledge in relation to the requirements set for each year and subject. IES believes that it is beneficial to identify students with low knowledge results as early as possible to be able to allocate resources to raise their results both at the individual and group level. IES also provided comments on changes to the grading system regulations.

Through the Swedish Association of Independent Schools, IES also submitted comments and documentation on temporary regulatory changes for remote and distance learning that was introduced as a result of the corona pandemic.

Several government inquiries in the area of schools were published during the year and the inquiry entitled "A more equal school – reduced segregation at schools and better allocation of resources" presented in April had the most far-reaching proposals on changes for admissions to and financing for compulsory schools. IES submitted its official opinion in August 2020 and objected to all of the main proposals in the inquiry. IES intends to take an active role in presenting better alternatives together with the Swedish Association of Independent Schools.

The collaboration between the Swedish Association of Independent Schools, Internationella Engelska Skolan, Academedia and Kunskapsskolan with the aim of increasing transparency and comparability in municipal voucher funding decisions is continuing, and the hope is that the collaboration will result in clear voucher funding decisions and thereby ensure that the important principle of "equal terms" for independent schools and municipal schools is upheld.

Operating income

Operating income for the financial year increased by 10.8% year-on-year to MSEK 3,082.0 (2,781.1), of which organic growth amounted to 7.8%. This growth was mainly due to a larger student base in Sweden and to acquisitions of two new schools in Spain in 2019/20.

EBIT and adjusted EBIT

EBIT amounted to MSEK 392.8 (208.6). EBIT includes non-recurring items of MSEK 77.5 (–6.4). Adjusted EBIT excluding effects of IFRS 16 amounted to MSEK 245.6 (215.0), corresponding to an increase of 14.2% and an adjusted EBIT margin of 8.0% (7.7). The increased earnings for the year were due to a higher number of students in Sweden and associated economies of scale, but were offset by the negative effects of the corona pandemic in Spain.

Non-recurring items

During the financial year, non-recurring items amounted to MSEK 77.5 (–6.4), of which MSEK 54.6 referred to bargain purchases and MSEK –1.8 to acquisition expenses. Both of these items are related to the acquisition of Colegio Joyfe. MSEK 24.7 referred to the capital gain from the sale of Colegio IALE in July 2019. Non-recurring costs in the comparative year mainly related to costs for terminating the former CEO's employment.

Net financial items

Net financial items for the full-year amounted to MSEK –138.4 (–6.2). Net financial items for the full-year include a positive effect of MSEK 4.0 in connection with the write-down of a bank loan in Spain since the loan was redeemed in advance. Excluding the effect of IFRS 16, net financial items for the full-year totalled MSEK –4.5 (–6.2).

Profit for the period and comprehensive income

Profit for the period after tax totalled MSEK 215.3 (154.6). Tax for the financial year amounted to MSEK 39.1 (47.8). The effective tax rate thus decreased to 15.4% (23.6). This low effective tax rate for the year was primarily due to the fact that the capital gain generated by the sale of the shareholding in Colegio IALE in July 2019 and the gain in bargain purchases is tax-exempt.

Other comprehensive income for the period amounted to MSEK –12.7 (5.8) due to a positive impact from translation differences. Comprehensive income for the period, which impacts equity, totalled MSEK 202.6 (160.4). Earnings per share amounted to SEK 5.37 (3.85) before and after dilution.

Cash flow

Cash flow from operating activities was MSEK 586.9 (304.4) for the year. Excluding IFRS 16, profit amounted to MSEK 297.4 (304.4) The weaker cash flow from operating activities for the full-year was due to the fact that the figures for the comparative year included the effects of the conversion of external receivables and liabilities into internal receivables and liabilities in connection with the acquisition of the remaining shareholding in IEP in Spain in July 2018.

Cash flow for the year totalled MSEK 45.9 (122.8). In addition to the explanation above, the difference compared with previous years was primarily due to the effects of the repayment of loans in Spain, lower borrowings and dividends to shareholders paid during the year.

Investments and acquisitions

Total investments in the financial year amounted to MSEK 67.3 (76.7). Investments amounted to MSEK 62.2 (71.9) in Sweden and to MSEK 5.1 (4.8) in Spain. Only one new school has been opened in Sweden this year, compared with two schools in the preceding year. However, the school in Sundbyberg expanded significantly this year, which entailed an investment level equivalent to that of opening a new school. IES acquired two new schools with a total of about 2,270 students through its wholly owned Spanish subsidiary IEP in January and February 2020, entailing that the number of students in the Spanish operations has almost doubled. IES owns a total of seven schools in Spain.

- Colegio Joyfe, a fee-based bilingual private school that follows the Spanish curriculum. The school is located in east Madrid and has excellent premises that include both indoor and outdoor sports facilities with about 2,000 students aged between 3 and 18. The school building was part of the acquisition.
- Colegio Inglés Zaragoza, also a fee-based bilingual private school that follows the Spanish curriculum. The school is situated in Zaragoza, Spain's fifth largest city. The school has 270 students aged between 3 and 16.

According to the purchase price allocation, the property included in Colegio Joyfe is valued at about MEUR 21 and the enterprise value amounts to about MEUR 16. A positive effect of the bargain purchase of MEUR 5 (MSEK 54.6) arose in connection with the acquisition.

Divestments

During the year, IES divested its 50% shareholding in Colegio IALE for MEUR 3.9, generating a capital gain of MSEK 24.7. The sale was part of the simplification of ownership of the Spanish operations.

Financial position

Equity at the end of the period amounted to MSEK 1,270.4 (1,113.9) and the Group's total assets to MSEK 5,680.1 (1,800.9). The equity/assets ratio excluding IFRS 16 was 64.3% (61.9). At the end of the period, non-current interest-bearing liabilities totalled MSEK 3,514.1 (171.3), of which rent liabilities amounted to MSEK 3,300.3 (–) as well as acquisition loans, property loans and overdraft facilities from credit institutions in Spain. Current interest-bearing liabilities, which comprise the current portion of the above loans as well as rent liabilities, amounted to MSEK 403.7 (24.4), of which rent liabilities amounted to MSEK 374.8 (–). At the end of the period, cash and cash equivalents amounted to MSEK 290.6 (245.0).

On 30 June 2020, the Group's outstanding loans from credit institutions totalled MSEK 242.7 (195.7). All these loans were raised in Spain. In Sweden, the Parent Company has an overdraft facility of MSEK 100. At the end of the period on 30 June 2020, the facility was undrawn.

During the fourth quarter, the Group's cash-generating units were re-tested for impairment based on the long-term business plans. None of the units had a carrying amount that exceeded their assessed value, which meant that no impairment of goodwill or other intangible assets with an indefinite useful life was recognised during 2019/20. Refer to Note 12 on page 96.

Performance per segment

The Group's operations are reported in operating segments based on geographical markets. Segments have been identified on the basis of the monitoring and reporting structures to the CEO and Board of Directors. IES's operations are therefore reported in three segments: Sweden, Spain and the UK.

Sweden

Operating income for the financial year totalled MSEK 2,832.8 (2,606.6). EBIT amounted to MSEK 233.9 (191.9) and EBT to MSEK 240.2 (193.4). The number of students at the end of the period totalled 26,725, +5% year-on-year, while the number of registrations in the queue amounted to approximately 204,900, +7%.

Trend per student

Change in revenues and costs per the preceding year).	er student (compa	ared with
	FY	FY
	2019/20	2018/19
Total revenues per student	3.8%	4.0%
Personnel expenses per student	3.4%	3.9%
Total costs per student	2.9%	3.0%

Total revenues per student increased by 3.8% (4.0) compared with the preceding year. The main reason for the lower rate of increase is that municipal voucher funding for 2020 rose by only 1.5% (3). At the same time, the government grant to strengthen equality and skills development increased compared with previous years. During the financial year, IES recognised MSEK 53.3 (32.1) pertaining to the government grants to strengthen equality and skills development. IES was allocated total funding of MSEK 42.4 for the 2019 calendar year and MSEK 64.1 for the 2020 calendar year. These revenues for the period correspond to IES's costs and investments in these areas during the period, in accordance with the plan submitted to the Swedish National Agency for Education in connection with the funding applications. IES has been informed that the grant framework for the 2021 calendar year will be MSEK 103.1. However, IES has not yet submitted an application for 2021.

Personnel expenses per student increased by 3.4% (3.9) compared with the preceding year. Personnel expenses were positively impacted by compensation for sick pay costs received from the government during the corona pandemic, and negatively affected by higher costs for supply teachers. Net personnel expenses were not impacted. While the supply of qualified teachers in the Swedish school market remains lower than demand, the wage drift in the market has nevertheless narrowed compared with the situation two years ago. In addition, staff numbers were increased as part of the state-financed equality initiative.

Total costs per student increased by 2.9% (3.0). This trend is largely attributable to increased personnel expenses, while increases in other costs per student were kept at a lower level.

	End of 2019/20	End of 2018/19
No. of employees (FTEs)	2,842	2,600
No. of students	26,725	25,536
No. of schools	37	36

A new school for years F–9 opened in Skellefteå in the financial year. Rental contracts for new schools scheduled to open between 2020 and 2023 were signed for properties in Kungsbacka, Gothenburg, Norrtälje, Sigtuna, Solna, Staffanstorp, Trelleborg, Upplands Väsby, Vårby, Värmdö, Växjö and Östersund. The schools in Upplands Väsby and Östersund opened in August 2020.

Spain

Operating income for the financial year amounted to MSEK 253.0 (174.3). Adjusted EBIT amounted to MSEK 11.6 (17.7) and EBT to MSEK 77.3 (9.9). EBIT and EBT include amortisation of customer relations identified in connection with the year's acquisitions of MSEK 7.8 (3.9). At the end of the period, the number of students in the seven (five) Spanish schools consolidated with the IES Group was 4,681 (2,506).

The higher operating income for the financial year was due to the consolidation of seven schools in Spain for a large part of the year compared with three schools last year. Operating income for the financial year, particularly in the spring/summer, was severely impacted by the corona pandemic after the authorities decided to close all schools in mid-March and teaching at IES schools was transferred to digital platforms. No fees were charged for food, transport or after-school activities during this period. School fees were also discounted from May for certain grades.

The three original schools were also negatively impacted during the year due to the fact that, unlike previous years, the schools did not conduct summer school operations in July and August. Summer school operations required significant personnel for both planning and administration as well as teaching and were deemed not to be profitable.

The lower adjusted EBIT for the financial year was due to the effects of the corona pandemic mentioned above. The loss of income could be partly offset by temporarily furloughing the staff groups that were not teachers and thus were not required for distance learning. Furlough payments were made by the government. Earnings for the financial year were also charged with expenses for turning around earnings at the Valladolid school. Major changes were made to the organisation and syllabus to raise quality and thus turn around results in accordance with the plan presented on acquisition.

The Spanish schools reopened in September 2020 with social distancing requirements in place. The schools have been adapted to meet these requirements.

IES acquired two new schools with a total of about 2,270 students during the financial year, entailing that the number of students in the Spanish operations has almost doubled and IES owns a total of seven schools.

With respect to the two acquisitions conducted in Spain in 2018/19, no changes were made to the final purchase price allocations.

On 5 July 2019, IES divested its 50% shareholding in Colegio IALE to the co-owner, the Monzonis family, for MEUR 3.9, generating a capital gain of approximately MSEK 24.7 for IES. The sale was part of the simplification of ownership of the Spanish operations that began on 9 July 2018, when IES acquired the Monzonis family's shareholding in the three other schools in Spain.

	End of 2019/20	End of 2018/19
No. of employees (FTEs)*	494	359
No. of students*	4,681	2,506
No. of wholly owned schools*	7	5

^{*} Pertains to wholly owned schools.

UK

In the UK, IES provides management services to an educational trust that operates a school in Breckland. Under the agreement with the trust, IES is paid some fees and is accountable for some of the costs related to its managerial responsibilities.

Operating income for the financial year amounted to MSEK 1.5 (1.4). EBIT and EBT amounted to MSEK 0.2 (–0.8). The operations managed by IES continued to show a positive trend during the year and the number of students at the end of the full year was 507 (497). No significant operational changes occurred during the year.

Seasonality

Internationella Engelska Skolan's operating income and profitability are affected by the nature of the operations, and accordingly, their seasonal cycle. Operating income and profitability in Sweden are usually somewhat lower in the first quarter than in other quarters due to schools' summer break. For the operations in Spain, operating income and earnings vary considerably between the first and following three quarters because of the later summer break. Operating income in the first quarter is normally about half of operating income in each of the next three quarters. EBIT is normally clearly negative in the first quarter, and thereafter positive and evenly distributed over the next three quarters.

Employees

IES's employees are crucial to its ability to operate high-quality schools. The average number of full-time employees (FTEs) in the Swedish operations was 2,887 (2,669) and the number of employees (heads) in the Swedish operations at the end of the financial year was 2,842 (2,697). The average number of full-time employees (FTEs) in the Spanish operations amounted to 494 (359) at the end of the year. There were no employees in the UK operations at the end of the year or at the end of last year.

Sustainability Report

See pages 66-72.

Risks and Uncertainty Factors

See pages 73-75.

Post balance sheet events

Lars Jonsson became the new CFO on 17 August 2020.

The company's expected future progress

- Board of Directors' opinion

There are excellent conditions for IES to continue expanding in Sweden. There is a great need for new schools over the next ten years, given the higher number of compulsory school pupils in Sweden over the next few years due to growing numbers of children and immigration in recent years. This also influences the behaviour of many realistic municipal leaders. They understand that new schools opened by a professional education

provider like IES should not be viewed as competition, but rather help in meeting the immense need to come. Additionally, schools with an international character, offering high quality, also make a municipality more attractive, not least for the business community. This is the motivation of municipal managements like Skellefteå and Östersund who contact and welcome IES into their cities.

The teacher shortage is a major concern for Sweden. The annual need for additional teachers is significantly higher than the number of new teachers who graduate from Swedish teaching colleges each year. Expanding education programmes is not enough, especially if this were also to imply a weaker selection of potential teachers. IES also has a lot to offer in this area, due to its extensive recruitment of excellent teachers from English-speaking countries. During the year, IES further strengthened its international recruitment network, so that around half of its teachers can now be recruited from countries like Canada, the US, the UK, Ireland and South Africa, which generally have better teacher training programmes than Sweden.

Tougher requirements around financial strength and competence benefit established organisations like IES. IES has welcomed the higher standards for evaluating applicants for school permits from the Swedish Schools Inspectorate. Anyone who wants to start a school should be professional and knowledgeable about education as well as preferably having a secure financial base. No one is served well when unreliable operators run independent schools. This damages the credibility of the whole independent school system. There has been an increase in genuine obstacles to starting new schools, in the form of regulatory systems and financial requirements, but also in that trusting, long-term partnerships between school providers, real estate companies and municipalities are now usually required.

Queues to IES schools continue to grow. The central organisation has continued to be reinforced to handle continued growth. A critical concern is to maintain quality, through the use of strong leadership and consciously safeguarding the culture which has been successful for many years.

The Board of Directors held its annual strategy meeting in May 2020. One of its conclusions was that IES is to continue to expand in Sweden by opening more new schools and by developing its concept for "lågstadiet" (years F-3) of compulsory school. As there are ten mandatory years of compulsory schooling, these years make up 40% of compulsory schooling. IES has a modest presence in this huge and growing segment. This requires specially adapted school buildings that can also be used for after-school care. Teaching and education also need to be further developed when it comes to how the English language is introduced, how students' overall basic knowledge and skills are raised at this early stage and how this can be achieved with effective results working alongside after-school care. Another important reason why IES covers all the years of compulsory schools is that municipalities seeking partnerships for new schools often want them to cover all years. Another conclusion reached at the strategy meeting was that the expansion in Spain will continue. There are numerous potential acquisition opportunities and it is becoming increasingly clear that IES's expertise in operating bilingual schools offering instruction in English and a local language also provides

favourable conditions for running a successful operations in Spain, from both an academic and a financial perspective.

Long-term financial targets

The Board revised and adjusted the financial targets in August 2020:

Growth

An annual organic growth rate of 8% with the potential for additional growth through acquisitions.

Profitability

An adjusted EBIT margin of at least 8% excluding the effects of IFRS 16.

Capital structure

IES shall have a capital structure that safeguards the company's long-term financial stability and operations while facilitating its ability to capture attractive growth opportunities.

Dividend policy

A dividend amounting to 30% of net profit after tax, with an allowance for special exceptions by the Board, such as attractive acquisitions that may create value for shareholders.

Compensation, terms and conditions of senior executives

The Board of Directors applies the following guidelines for compensation of the CEO and senior executives:

IES will offer overall compensation at market levels that enables the hiring and retention of qualified senior executives. Compensation within IES should be based on principles of performance, competitiveness and fairness. Variable compensation is not permitted. Share-based incentive programmes may be introduced by the Board of Directors after authorisation from a shareholders' meeting. The Board of Directors may depart from these guidelines in special circumstances. In the event of major deviations, shareholders should be informed of this at the following AGM.

Compensation to the CEO and other senior executives consists of basic salary, pension, company car and healthcare benefits. Other senior executives refers to the ten individuals who made up management during the financial year jointly with the CEO. Other benefits are permitted in accordance with the customary terms and conditions in the countries where IES operates. Such benefits may not, however, represent a larger share of the overall compensation.

The CEO has a notice period of six months and severance pay of six months, which applies both when termination is initiated by the Group and when initiated by the CEO. Other senior executives have maximum notice periods of six months and maximum severance pay of six months.

Proposed compensation guidelines for senior executives 2020/21

The Board's proposed compensation guidelines for a decision by the AGM on 24 November are presented in the corporate governance report on page 59. IES will offer overall compensation at market levels that enables the hiring and retention of qualified senior executives. Compensation within IES should be based on principles of performance, competitiveness and fairness. Variable compensation is not permitted. Pensions are to either be based on the ITP system or, if outside this system,

be contribution based and in such a case amount to a maximum of 30% of fixed salary.

Share-based incentive programmes are resolved by the shareholders' meeting following proposals by the Board.

Authorisation for the Board of Directors to depart from the guidelines

The Board of Directors may depart from these guidelines in special circumstances. In the event of any major departure, the shareholders will be informed of the reason at the following AGM

Refer to the corporate governance report on pages 56–61 for information about the Board's proposal for new compensation guidelines to the AGM.

Long-term incentive programmes

At the EGM of Internationella Engelska Skolan i Sverige Holdings II AB (publ) on 13 June 2018, the shareholders resolved to implement two long-term incentive programmes in the form of a share matching programme for a maximum of 50 principals and other key individuals within the Group, and a share warrant programme for a maximum of ten senior executives. These programmes have been designed to motivate and retain competent professionals, improve consistency between the individuals' and the company's objectives, and increase motivation to achieve, and exceed, the company's financial targets. More information about the programmes is available in Note 7.

Related-party transactions

During the financial year, the Group had a related-party relationship through the Parent Company with a company wholly owned by a Board member. During the period, consulting fees paid and the reimbursement of costs related to an interim CEO position amounted to MSEK 0.9. The amount is considered market-based.

Share capital

The share capital of IES amounted to SEK 1,003,250 at the end of the financial year, divided between 40,130,000 shares, of which 80,000 were Class C shares. The quotient value is SEK 0.025 per share. Each ordinary share carries one vote and each Class C share carries one-tenth of a vote. Only ordinary shares carry rights to dividends. On 30 June 2020, IES held 80,000 Class C treasury shares.

Ownership structure

The number of known shareholders on 30 June 2020 was 5,247. Swedish shareholders represented 16.6% of the capital and votes, while foreign shareholders represented 72.6% of the capital and votes. 10.8% of the shareholdings are anonymous, meaning that IES cannot determine who the shareholder is from the share register. Three shareholders held more than 10% of the capital and votes in the company on 30 June 2020. These were Bock Capital, Paradigm Capital AG and Barbara Bergström.

On 25 September 2020, a consortium led by Paradigm Capital Value Fund SICAV announced a mandatory cash offer for IES. On that date, the consortium controlled 73.2% of the total number of shares in IES.

Authorisation from shareholders' meetings

The Annual General Meeting (AGM) on 21 November 2019 authorised the Board of Directors to decide on the acquisition of own shares of up to 10% of all the shares of the company, and to take decisions on the issue of shares corresponding to a maximum dilution of 10% of the number of shares outstanding at the time of convening the meeting. There are no pre-emption clauses. The AGM also resolved to authorise the Board of Directors to, on one or several occasions until the next AGM, repurchase and transfer the company's own shares. Acquisitions may only take place on Nasdaq Stockholm and only at a price per share within the price range applicable. Transfers of shares shall take place on Nasdaq Stockholm and may also be made in other ways, with or without preferential rights for the shareholders, against cash payment or against payment through set-off or in kind, or otherwise on special conditions.

Parent Company

The Parent Company, Internationella Engelska Skolan i Sverige Holdings II AB, invoices management fees to subsidiaries. The Parent Company has also arranged loans from credit institutions and issued internal loans when required.

The Parent Company's operating income amounted to MSEK 5.3 (5.0). EBIT was MSEK –9.5 (–15.9) and profit for the year was MSEK 73.8 (125.7). The financial position at year-end remained strong, with an equity/assets ratio of 81.9% (90.1).

Proposed appropriation of profit

The following profit is at the disposal of the AGM (SEK):				
Retained earnings	478,093,996			
Profit for the year	73,759,612			
Total	551,853,608			
The Board proposes the following:				
Dividends to shareholders of SEK 0.00 (1.16) per share	=			
To be carried forward	551,853,608			
Total	551,853,608			

Despite a solid result for the year, the increased uncertainty regarding the possible resumption of restrictions due to the corona pandemic and many attractive acquisition opportunities still outstanding, the Board has decided not to propose a dividend for the 2019/20 financial year.

KEY FIGURES

Five-year summary, Group*	2019/20	2019/20***	2018/19	2017/18	2016/17	2015/16
Operating income, MSEK	3,082.0	3,082.0	2,781.1	2,347.9	2,043.3	1,806.8
EBIT, MSEK**	392.8	323.1	208.6	152.4	198.0	169.5
EBIT-margin, %	12.7	10.2	7.5	6.5	9.7	9.4
Adjusted EBIT, MSEK**	315.3	245.6	215.0	155.1	204.2	178.1
Adjusted EBIT-margin, %	10.2	8.0	7.7	6.6	10.0	9.9
Profit for the year, MSEK	215.3	265.8	154.6	116.5	152.1	127.0
Net margin, %	7.0	8.6	5.6	5.0	7.4	7.0
Total assets, MSEK	5,680.1	2,055.5	1,800.9	1,306.8	1,189.3	1,166.1
Equity/assets ratio, %	22.4	64.3	61.9	72.9	74.2	62.6
Average no. of FTEs in Sweden	2,887	2,887	2,669	2,455	2,129	1,937
Investments in school operations, MSEK	67	67	77	89	55	64

Five-year summary, Parent Company*	2019/20	2018/19	2017/18	2016/17	2015/16
Operating income, MSEK	5.3	5.0	7.8	4.4	0.5
EBIT, MSEK	-9.5	-15.9	-9.9	-10.7	-8.9
Profit for the year, MSEK	73.7	125.8	21.9	61.9	-1.1
Total assets, MSEK	675.0	661.3	465.7	471.1	542.9
Equity/assets ratio, %	81.9	90.1	91.9	89.8	66.5
Average no. of FTEs	1	1	1	0	0

See definitions on page 114.
 Includes share of profits from Spanish joint venture.
 Excluding IFRS 16.



CORPORATE GOVERNANCE REPORT

Internationella Engelska Skolan i Sverige Holdings II AB (publ) ("Internationella Engelska Skolan" or "IES") is a Swedish public limited company whose shares are quoted on Nasdaq Stockholm's Mid Cap list.

Corporate governance within IES

Corporate governance is intended to ensure that the Board of Directors and management act to ensure the company's operations develop to create long-term value for shareholders and other stakeholders such as students, parents, employees and wider society. This includes ensuring: a proper organisation, systems for quality management, risk management and internal control, as well as transparent internal and external reporting.

Responsibility for governance, management and controls is allocated between the shareholders, Board of Directors, its elected committees and the CEO. External regulatory frameworks consist of the Swedish Companies Act, Nasdaq Stockholm's Rulebook for Issuers and the Swedish Corporate Governance Code (the "Code"), as well as other applicable Swedish and foreign legislation and regulation (such as the Swedish Education Act). This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act. IES did not report any instances of non-compliance from the code for the 2019/20 financial year.

In addition, the company has control instruments such as its Articles of Association, rules of procedure for the Board, instructions for the Board's committees, instructions for the CEO, approvals list, finance policy, communication policy, insider policy and ethical guidelines. The Board has decided not to create a dedicated internal audit function. The Board considers that the company's quality management system and each principal's and unit manager's responsibilities, combined with the company's CFO, satisfy the need for sufficient controls and monitoring including reporting to the Board of Directors. However, the Board considers the need for an internal audit function each year.

Shareholders' meetings

The shareholders' meeting is IES's chief decision making body. Shareholders exercise their voting rights on key issues at the shareholders' meeting, such as adoption of the income statements and balance sheets, allocation of the company's profits, discharging the Board members and CEO from liability, electing Board members and auditors, and compensation to the Board of Directors and auditor. Potential amendments to the Articles of Association are also resolved by the shareholders' meeting. The Annual General Meeting (AGM) must be held within six months of the end of the financial year. IES's AGM for the 2019/20 financial year will be held on 24 November 2020. Extraordinary General Meetings (EGM) can also be convened in addition to the AGM. The Articles of Association stipulate that notice convening shareholders' meetings should be announced in the Swedish Official Gazette and also on the company's website. The company should announce that the notice has been published through an advertisement in the Swedish daily newspaper Svenska Dagbladet, placed at the same time.

Entitlement to participate in shareholders' meetings

Shareholders that wish to participate in shareholders' meetings must firstly be included in the share register as designated in Chapter 7, Section 28 third paragraph of the Swedish Companies Act regarding ownership six banking days prior to the meeting, and secondly notify the company by no later than the date stated in the notice to the meeting. This latter day may not be a Sunday, public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not fall before the fifth working day prior to the meeting. Shareholders may bring one or two assistants to meetings, although only if said shareholder has notified the company of this pursuant to the previous paragraph. Shareholders may notify their participation in several different ways, as stated in more detail in the notice convening each meeting. Shareholders are entitled to vote for all shares held.

Initiatives from shareholders

Shareholders that wish to have a matter considered at a shareholders' meeting must submit a request thereof to the Board of Directors. The Board must have received such request in good time prior to the shareholders' meeting, in accordance with what is stated on the company's website regarding notification of the timing and location of the shareholders' meeting.

Nomination Committee

The AGM on 21 November 2019 decided to adopt the following principles for the appointment of a Nomination Committee for the 2020 AGM. The Nomination Committee should consist of the Chairman of the Board and one representative of each of the three largest shareholders based on ownership of the company as of 31 March. If any of the three largest shareholders declines to appoint a representative on the Nomination Committee, this right defers to that shareholder which, after the three shareholders, has the next largest shareholding of the company. The Board will convene the Nomination Committee.

That member representing the largest shareholder shall be appointed as Chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else. Should a shareholder, having appointed a representative to the Nomination Committee, no longer be among the three largest shareholders at a point in time falling three months before the AGM at the latest, that representative shall resign and the shareholder who has now become one of the three largest shareholders shall have the right to appoint one representative to the Nomination Committee.

Should a change in the ownership occur during the three-month period prior to the AGM, the already established composition of the Nomination Committee shall remain unchanged. Should a member resign from the Nomination Committee before his or

her work is completed, the shareholder who has appointed such member shall appoint a new member, unless that shareholder is no longer one of the three largest shareholders, in which case the largest shareholder in turn shall appoint the substitute member. A shareholder who has appointed a representative to the Nomination Committee shall have the right to discharge such representative and appoint a new representative.

Any changes to the composition of the Nomination Committee shall be announced immediately. The term of the office for the Nomination Committee ends when the next Nomination Committee has been appointed. The Nomination Committee shall carry out its duties as set out in the Code.

The work of the Nomination Committee should assure the Board has the competence, experience and background its assignment requires. The Committee should also consider the versatility and breadth and that the Board has an even gender distribution. Consistent with the above, IES's Nomination Committee has the following members as of 30 June 2020 in addition to the Chairman:

- · Birker B. Bahnsen, Bock Capital
- · Jan Hummel, Paradigm Capital AG
- · Barbara Bergström

Shareholders

The largest shareholders and their holdings are stated in the section on the IES share on pages 46-47.

Board of Directors

Composition of the Board of Directors

IES's Articles of Association state that the Board of Directors, which is elected by the shareholders' meeting, shall consist of a minimum of three (3) and a maximum of ten (10) Board members with a maximum of three (3) deputy Board members. The Articles of Association contain no special provisions on appointing or dismissing Board members.

Composition of the Board of Directors 2019/20			Independ	lent of:
Name	Position	Elected in	Company & manage- ment	Principal owner ⁴
Carola Lemne ²	Chairman	2019	Yes	Yes
Birker Bahnsen ¹	Chairman/Board member	2012	No	No
Robert Clark ²	Board member	2019	Yes	Yes
Brian Hatch	Board member	2018	No	No
Cecilia Marlow³	Board member	2016	No	Yes
Maria Rankka	Board member	2017	Yes	Yes
Lars Strannegård	Board member	2018	Yes	Yes
Peter Wikström	Board member	2018	Yes	Yes
Jessica Fryksten	Employee representative	2017	No	Yes
Albert Lauschus	Employee representative	2017	No	Yes

- Stepped down as Chairman on 21 November 2019
- 2) Joined the Board of Directors on 21 November 2019
- Left the Board of Directors on 21 November 2019
- 4) Owner with holdings of more than 10%

At present, IES has seven Board members elected by the AGM including the Chairman of the Board, and no deputy Board members, who have been elected for the period until the end of the 2020 AGM.

The unions have appointed two representatives and two deputy representatives. The table below and to the left gives an overview of IES's Board of Directors elected by the AGM for the period, which year they were elected and whether they are independent of the company, its management and/or main shareholder. The composition of IES's Board complies with the Code's requirement regarding independence. None of the members of IES's Group management has shareholdings in the company exceeding 0.5% of the shares, or significant ownership of entities that the company has material business relationships with.

Carola Lemne has been Chairman of IES's Board since November 2019. The Chairman is elected by the AGM and leads the work of the Board, and ensures that it is conducted in an effective, well-organised manner.

The Board of Directors' segregation of duties

The Board follows written rules of procedure which are reviewed yearly and adopted by the Board meeting following election each year. The rules of procedure regulate matters including Board practice, functions and the segregation of duties between the Board and the CEO, and between the Board and the Board committees. At the statutory Board meeting following the AGM, the Board also approves instructions for the CEO, which include instructions for financial reporting. The Board of Directors meet according to a plan set each year. As well as these Board meetings, further meetings may be convened to resolve on matters that cannot be referred to a scheduled meeting. In addition to the Board meetings, the Chairman and CEO have a continuous dialogue regarding the operations of the company. For more details about the Board of Directors, refer to pages 62-63.

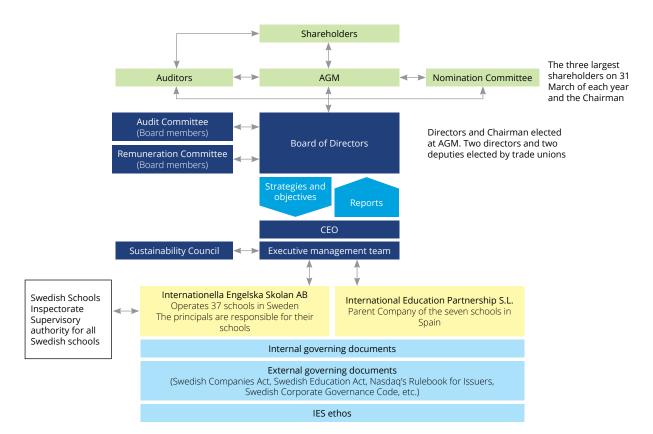
The work of the Board of Directors in the 2019/20 financial year

Nine Board meetings were held in the year. Board members' attendance is illustrated in the table below. Brian Hatch served as secretary at the Board meetings up to and including the meeting held on 19 February 2020, after which Emma Rheborg took over. Before the meetings the Board members receive written material regarding the matters to be considered at each meeting. During the year, apart from the customary monitoring of quality issues and finances, much of the Board's time was assigned to the acquisitions in Spain and organisation and strategic matters. During the spring, the Board received regular information about the impact of COVID-19 on the operations.

Name	Position	No. meeting attended
Birker Bahnsen	Chairman/ Board member	9
Carola Lemne ¹	Chairman	5
Cecilia Marlow ²	Board member	4
Maria Rankka	Board member	8
Peter Wikström	Board member	9
Brian Hatch	Board member	9
Lars Strannegård	Board member	8
Robert Clark ¹	Board member	4
Albert Lauschus	Employee representative	9
Jessica Fryksten	Employee representative	8 ³

A total of nine Board meetings were held during the financial year

- 1) Joined the Board of Directors on 21 November 2019
- Left the Board of Directors on 21 November 2019
- Substituted by deputy employee representative Linda Svenman in one meeting.



Audit Committee

IES has established an Audit Committee consisting of at least two members. In 2019/20, the Audit Committee comprised Peter Wikström (Chairman) and Birker Bahnsen. The Audit Committee's duties include monitoring the company's financial reporting and the efficiency of the company's internal controls, keeping informed about the audit of the annual accounts and consolidated accounts, reviewing and monitoring auditor impartiality and independence, keeping informed about the conclusions of the Swedish Inspectorate of Auditors' quality control of the company's auditors, and especially, verifying whether the auditor has rendered the company other services apart from auditing (and where necessary, and to the extent permitted and considered appropriate, approving services other than auditing). Another of the Committee's duties is to evaluate the audit efforts and provide this information to the Nomination Committee, and provide assistance on the preparation of proposals for resolution at the shareholders' meeting regarding electing auditors, including administering the tendering process. The Audit Committee held four meetings in the financial year 1 July 2019 to 30 June 2020.

Remuneration Committee

The Board has established a Remuneration Committee comprising three members. In 2019/20, the Remuneration Committee comprised Carola Lemne (Chairman), Maria Rankka and Brian Hatch. The Remuneration Committee is to prepare proposals regarding remuneration principles, remuneration and other terms of employment for the CEO and senior executives. The Remuneration Committee is also to prepare matters on management succession planning for the Board to discuss and address further.

Appraisal of the work of the Board of Directors

The work of the Board of Directors is appraised each year through a structured process in which all Board members and

deputy Board members respond to questions regarding how they perceive that the work of the Board has progressed in a number of relevant areas. The areas appraised include whether the Board's competence and composition is sufficient, as well as the orientation and focus of the work of the Board. The Chairman of the Board is responsible for this appraisal process and for ensuring that its results are presented to, and discussed within, the Board and Nomination Committee. Accordingly, this appraisal process provides supporting data for the Board of Directors' work and progress, and for the work of the Nomination Committee. The appraisal of the Board's work in 2019/20 was presented and discussed at the Board meeting on 9 October 2020. All Board members elected by shareholders' meetings responded to the survey, which was reviewed orally, with various developmental areas discussed.

Compensation to directors and shareholdings

Fees and other remuneration to Board members including the Chairman are resolved by the AGM. The AGM on 21 November 2019 approved fees of a total maximum of SEK 1,850,000 to be payable for the period until the end of the following AGM, with the following allocation. The Chairman of the Board is to receive a fee of SEK 500,000, the Chairman of the Audit Committee is to receive SEK 350,000 and the other members not employed by the company are to each receive SEK 250,000. Birker Bahnsen declined his fee.

For information on compensation paid to Board members in the 2019/20 financial year, refer to Note 7. More information on the Board of Directors and their shareholdings is stated on pages 62–63.

CEO and senior executives

Anna Sörelius Nordenborg has been the CEO of IES since 25 November 2019. The segregation of duties between the Board of Directors and the CEO is stated in the rules of procedure for the Board of Directors and instructions for the CEO. The CEO is also responsible for preparing financial reports and compiling information from management for Board meetings, and reports on this material at Board meetings. Pursuant to the instructions for financial reporting, the CEO is responsible for the company's financial reporting, and accordingly, should ensure that the Board of Directors receives sufficient information to evaluate the company's financial position continuously. The CEO should keep the Board continuously informed of the progress of the company's operating activities, operating income and results, and its financial position, liquidity and credit position, significant business events and any other business event, circumstance or relationship that could be assumed to be of material significance to the company's shareholders.

The CEO is supported by an executive management team comprising the following on 17 August 2020: Vice CEO, CFO, COO, Head of HR, MD Spain, Head of Academics and Quality, School Lawyer, CIO, Head of Communications and IR, Director of Student Health and Head of Pastoral. For more information on the CEO and other senior executives, and their shareholdings, refer to pages 64–65.

For a review of the CEO's and the rest of the management team's compensation, terms and conditions in the 2019/20 financial year, refer to Note 7.

Board's proposed compensation guidelines for senior executives 2020/21

These guidelines refer to the senior executives of Internationella Engelska Skolan i Sverige Holdings II AB (publ) ("Internationella Engelska Skolan" or "the Company"). The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2020 AGM. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company's strategy is, in brief, to conduct school operations aimed at offering a safe and orderly school environment, giving children the opportunity to command the English language, and attaining a high level of academic quality for the education offered. For more information regarding the company's business strategy, please see http://corporate.engelska.se/about-ies/strategy.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Two long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. These plans encompass the principals and other key individuals in the Group and senior executives in the company. The plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. The plans are further conditional upon the

participant's own investment and holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see http://corporate.engelska.se/corporate-governance/incentive-programmes.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, pension benefits and other benefits. Variable compensation is not permitted. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

For senior executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under the ITP system. The pension premiums for premium defined pension shall amount to not more than 30% of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Such benefits may amount to not more than 30% of the fixed annual cash salary.

Termination of employment

The notice period may not exceed six months if notice of termination of employment is made by the company. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for one year for the senior executive. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these compensation guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Information on remuneration resolved but not yet due / Information on derogations from the remuneration guidelines resolved by the 2019 AGM

For information on remuneration resolved but not yet due, refer to Note 7 in the annual report for the 2019/20 financial year. No deviations from the guidelines resolved by the meeting took place in the 2019/20 financial year.

Internal controls and risk management

Framework governing internal controls

IES's work on internal control is based on two perspectives: firstly, internal controls and risk management regarding operations, and secondly internal controls and risk management relating to financial reporting. Internal governance and control should ensure that IES's financial reporting provides an accurate view of the company's financial position and that at any time, operations satisfy the standards and expectations applying to a company with publicly financed operations.

Control environment

IES's Board of Directors is ultimately responsible for the company satisfying the standards of good internal governance and control over financial reporting. Each year, the Board of Directors approves a number of policy documents which shall provide support to management and all employees on how to work to ensure accurate, complete and relevant reporting. Central documents include the Board of Directors' rules of procedure and instructions regulating the duties of the Chairman and CEO, and the segregation of duties between them, as well as overarching policies.

Through delegation from the CEO, the company's CFO is responsible for ensuring compliance with approved guidelines for financial reporting, and implementation and compliance with internal controls. Apart from the company's finance policy and other policies, IES's finance manual is essential in this respect. The finance policy and finance manual were examined and approved by the Board.

The finance policy and finance in tandem with accounting and financial reporting procedures, IES's internal controls and risk management are based to a high degree on systematic and far-reaching quality processes. Through its own processes, IES has created a quality system. Additionally, operations are regularly reviewed by the Swedish Schools Inspectorate. Within the framework of IES's quality systems, internal controls include controls of the company's and the Group's organisation, school

performance in national tests and conducting the yearly survey of students, parents, and staff at school level. Performance below specified thresholds results in action plans and further investigation and follow-up actions.

For several years, internal audits have also been conducted into the Group's operations intended firstly to verify that operations satisfy legislative, regulatory and other standards, and secondly to serve as tools for learning, development and quality processes. These audits are executed by management and central resources and include documentary studies, inspection visits and interviews with school managements, staff and students, and if shortcomings are identified, action plans are formulated.

With the aim of gaining an overview and verifying current inspections and reporting procedures, logs of all current cases are also maintained. IES's Head of Academics and Quality and the school lawyer provide regular reports on units where there are risks of significant shortcomings. These are reported to Group management, which decides on whether specific actions are necessary.

IES is characterised by rapid growth through new schools. IES has highly developed routines for new schools designed to integrate, and ensure that they comply, with the company's quality and accounting processes.

In summary, IES's control environment is based on:

- governance and monitoring by the Board of Directors and its Audit Committee
- policy documents such as rules of procedure, finance policy and other policies
- regular monitoring and audits
- the company's organisational resources, clear delegation of authority and execution of responsibility
- well-implemented ethical guidelines and the company's core values, as well as
- a well-established internal quality management system.

Risk assessment

IES evaluates the operational risks each year. Operations have a fairly low risk profile within areas such as credit risk (high share of public customers/counterparties), market risk (stable markets and revenue flows based on a continuous need for education services, demographic growth and rate of price increase) and a low risk of corruption or financial impropriety.

The company judges that the most important risks to manage are quality risks, i.e. the risk that quality does not live up to regulators' or students' standards, as well as political risks, inherent in the fact that the fundamental governing operations are largely based on politically decided frameworks. Both these risks are best managed through a good quality management model, clear ethical guidelines and a high degree of transparency regarding the company's operating activities. The Audit Committee bears responsibility for providing a process for risk assessment and risk management in financial reporting.

Control activities

IES conducts regular monitoring and control of the company's operating activities against financial targets. The Board of Directors' monitoring is largely conducted by the Audit Committee, including through monitoring the reporting carried out by management and external auditors. The external auditors review selected parts of the internal control and report their findings to the Audit Committee.

Internal control systems are designed to ensure accurate financial reporting and consistent monitoring of the Group's quality results, and to guarantee the necessary monitoring of compliance with the Group's policies, principles and instructions. Internal controls should also ensure that the Group's financial reporting is prepared in accordance with legislation and applicable accounting standards, and that the Group is compliant with other relevant standards.

Internal controls covering financial reporting consist of several key components:

- the internal authorisation structure, which is based on, and documented in, the approvals list, and requires at least two individuals reviewing and approving transactions and expenses
- the documentation of financial processes and policies in the Group's finance manual and finance policy
- the process whereby individuals at several levels in the organisation analyse financial results before external reporting is compiled, and
- the Audit Committee's duty of monitoring financial reporting and internal controls.

Information and communication

IES utilises communication and information channels designed to enable the rapid and accurate dissemination of relevant information externally and internally. The company has established routines enabling it to publish complete and transparent financial reporting. IES has policies and processes to prevent the release of inaccurate or unauthorised disclosure of information. The Board of Directors receives regular monthly reporting, operational and financial. The Board is responsible for external interim reports and annual accounts in accordance with legislation and the code.

Financial statements are published on the company's website. Internal policy documents are in the company's management system. The outcome of the yearly quality survey is published for the Group overall each year.

Monitoring

IES works on internal controls and risk management primarily through Group management's regular monitoring of operations against established targets, and key figures, as well as through a focus on early warning signals.

The company's key processes governing financial reporting and their appropriateness is regularly evaluated by the CFO and his/her organisation. Compliance with the finance manual, policies and legislation is scrutinised, and any deviances either result in remedial action or enhancement of processes and procedures. A summary and status of identified actions is reported to the Board of Directors via the Audit Committee.

Internal audit

Based on the Audit Committee's evaluation, the Board of Directors has decided against establishing a dedicated internal audit function. The Board considers that IES's quality management system, each principal's and unit manager's clear responsibilities, and the CFO's continuous reporting to the Board of Directors satisfies the necessary control and monitoring standards. However, the Board considers the need for an internal audit function each year.

Audit

The auditor is to review the company's annual accounts and accounting records, and the Board of Directors and the CEO's administration. After each financial year, the auditors are to submit an audit report and consolidated audit report to the AGM. IES's Articles of Association stipulate that IES is to have a minimum of one, and a maximum of two, auditors, with or without deputies. IES's auditor until the 2020 AGM is KPMG AB, with Håkan Olsson Reising as auditor in charge. The Audit Committee appraises the auditors' work and independence each year. For information on compensation to auditors in the 2019/20 financial year, refer to Note 4.

For more information on the principles applied:

- Swedish Companies Act, www.regeringen.se
- Swedish Corporate Governance Code, www.corporategovernanceboard.se

More information at www.engelska.se

- Articles of Association
- Reports from previous AGMs
- Information on the Nomination Committee
- Information about the 2020 AGM $\,$

BOARD OF DIRECTORS

CAROLA LEMNE

Chairman and Board member since 2019 Independent. Born 1958.

Education: Medical doctor, Ph D. and Associate professor at Karolinska Institutet.

Current directorships: Chairman of Ung företagsamhet and ArtClinic. Board member of Arjo AB and IRLAB Therapeutics AB.

Selected previous positions: CEO of Confederation of Swedish Enter-

prise, Praktikertjänst and Danderyd hospital. Leading positions within Pharmacia. Member of the Board of Investor, Getinge, Meda, Apoteket and the Swedish Strategic Research Foundation, and Chairman of the Board of Uppsala University.

Shareholding, personal and related parties: 22,500 shares.



Board member since 2019. Dependent. Born 1954.

Education: Teacher credentials from Nottingham University.

Current directorships: -

Selected previous positions:

Principal of IES Enskede and represented IES in the school operator's Expert Group for School Development. Teacher and member of the Board at the Stockholm Internation-

Shareholding, personal and related parties: 0 shares.

BRIAN HATCH

Board member since 2018. Dependent. Born 1981

Education: Master of Business Administration from Columbia Business School, New York, and BA from Trinity College, Dublin.

Current directorships: -

Selected previous positions: Head of Research at Paradigm Capital AG (current position), Vice President at JP Morgan Chase in New York and London.

Shareholding, personal and related parties: 0 shares on 25 September 2020. On 25 September 2020, a consortium led by Paradigm Capital Value Fund SICAV announced a mandatory cash offer for IES. The consortium controlled 73.2% of the shares in IES on 25 September 2020



BIRKER BAHNSEN

Board member since 2012. Dependent. Born 1977

Education: MSc in Behavioural and Cognitive Science, University of Oxford, M.Eng. from University of Cambridge, French studies at Lyon Catholic University, accounting studies at the International Business College.

Current directorships: Board member of PhysIOL and Biocomposites.

Selected previous positions: Managing Director of TA Associates (current position)

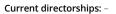
Shareholding, personal and related parties: 0 shares. TA Associates is an advisor to Bock Capital, which until 25 September 2020 held 31.9% of the shares of IES. Its shareholdings thereafter amounted to 0%.



Employee representative, the National Union of Teachers in Sweden (LR), since 2017. Independent of major shareholders, but dependent in relation to IES and Group management. Born 1983.

Education: Qualified teacher of history and religious studies at Karlstad University. Practical executive English course, English language Centre, Brighton. Diploma for employee representatives, PTK (the Swedish council for

negotiation and cooperation). Sustainability for Board members, PTK (the Swedish council for negotiation and cooperation).



Selected previous positions: Career teacher since 2008 within municipal and independent schools. Working at IES Gävle since 2011. Chairman of the National Swedish Federation of Teachers' dedicated association within IES since 2016.

Shareholding, personal and related parties: 0 shares.



Employee representative, the National Union of Teachers in Sweden (LR), since 2017. Independent of IES's major shareholders, but dependent in relation to IES and Group management. Born 1970.

Education: Qualified teacher of German, English, mathematics and handicrafts. Bachelor of Science in Secondary Education, Slippery Rock University, University of Gävle, University of Gothenburg. Diploma for employee representatives.

sustainability for Board members and cash-flow statements PTK (the Swedish council for negotiation and cooperation).

Current directorships: -

Selected previous positions: Compulsory School Teacher of German, English, mathematics, as well as woodwork and metalwork at IES Gävle since 2003. Safety Representative at IES Gävle and Deputy Head Safety Representative IÉS (current positions). Local Representative of LR at IES Gävle 2005-2014, LR chairman/Union Representative at Internationella Engelska Skolan AB 2013-2016.

Shareholding, personal and related parties: 727 shares.











MARIA RANKKA

Board member since 2017. Independent. Born 1975.

Education: BSc (pol. sci.), Uppsala University and graduate of the Stanford Executive Program at Stanford Graduate School of Business.

Current directorships: Board member of Genova Property Group, Business Executives Council of Royal Swedish Academy of Engineering Sciences, Circus Cirkör, SilverLife and Sveab.

Selected previous positions: EVP Business Development & Communications Takura and has her own company (current positions). CEO of the Stockholm Chamber of Commerce and Timbro.

Shareholding, personal and related parties: 4,035 shares.



LARS STRANNEGÅRD

Board member since 2018. Independent. Born 1969.

Education: Ph.D. in Business Administration from University of Gothenburg.

Current directorships:

Board member of the Stockholm School of Economics, Swedish Television, Carlssons skola, Wanås Konst and The Swedish King Carl XVI Gustaf Foundation for Young Leadership.



Selected previous positions: President of the Stockholm School of Economics (SSE) and holder of the Bo Rydin and SCA Chair in Business Administration, leadership (current positions), Professor Uppsala

Shareholding, personal and related parties: 2,500 shares.

PETER WIKSTRÖM

Board member since 2018. Independent. Born 1975.

Education: Master's degree in International Business Administration from Lund University.

Current directorships: Board member of Dovana AB.

Selected previous positions: Head of M&A at A.P. Moller-Maersk (current position), Director SEB Corporate Finance, M&A Advisor China International Capital Corpo-

Shareholding, personal and related parties: 7,500 shares.



JOHAN ROSÉN

Employee representative (deputy), the National Union of Teachers in Sweden (LR), since

Independent of major shareholders, but dependent in relation to IES and Group management. Born 1985.

Education: Qualified teacher of social sciences and history.

Current directorships:

Selected previous positions: Compulsory School Teacher since

2011 and at IES Enskede since 2014. Local representative of LR at IES

Shareholding, personal and related parties: 0 shares.



LINDA SVENMAN

Employee representative (deputy), the National Union of Teachers in Sweden (LR), since 2017

Independent of major shareholders, but dependent in relation to IES and Group management. Born 1972.

Education: Qualified teacher of social sciences, history, geography and religious studies. Practical executive English course, English language Centre, Brighton. Diploma for employee representatives,



PTK (the Swedish council for negotiation and cooperation).

Current directorships: -

Selected previous positions: Served as a teacher within the municipal system since 1996, and at IES Örebro since 2003. Local LR representative, Örebro.

Shareholding, personal and related parties: 0 shares.

Shareholdings are as of 30 June 2020 unless otherwise stated.

EXECUTIVE MANAGEMENT

From 17 August 2020

ANNA SÖRELIUS NORDENBORG

CEO since November 2019 Born 1978.

Education: Master of Science degree in Engineering Physics from the Royal Institute of Technology.

Current directorships: Board member of Swedish Association of Independent Schools.

Selected previous positions:

Country Manager, Sweden, for Anicura, Vice President Business Development at Sandvik Mining and Engagement Manager at McKinsey.

Shareholding, personal and related parties: 22,700 shares.



EVA ANDERSSON

School Lawyer since 2013. Born 1960.

Education: LL.B., Stockholm University, Graduate in Music Education and studies in Voice and Speech Education at Stockholm University College of Music Education, and school legal studies at University of Skövde.

Other current positions: -

Selected previous positions:Director of education, Swedish

Schools Inspectorate. Chairman of the Dalhalla Friends' Association.

Shareholding, personal and related parties: 576 shares and 15,000 share warrants.



JEREMY ELDER

Head of Pastoral since August 2019. Born 1967.

Education: Bachelor of Education (hons) from Leeds Carnegie, UK. Also qualified youth worker.

Other current positions: -

Selected previous positions: Assistant Principal, IES Järfälla and Enskede.

Shareholding, personal and related parties: 0 shares.



ANNAKARIN JOHANSSON

Head of Academics and Quality (to take office 1 November 2020). Born 1973.

Education: Qualified principal from Stockholm University, MA in Education from the University of Gävle and BA in Swedish and Literature from Södertörn University.

Other current positions: -

Selected previous positions: Principal of IES Liljeholmen, Academic Coordinator and teacher at IES Enskede.

Shareholding, personal and related parties: 0 shares



ROBIN KIRK JOHANSSON

Chief Operating Officer since 2017. Born 1963.

Education: BA in

International Economics from Gustavus Adolphus College, USA. BS in Education/English from Winona State

University, USA. Qualified principal, Karlstad University.

Other current positions: -

Selected previous positions: Principal of IES Borås.

Shareholding, personal and related parties: 8,999 shares and 27,000 share warrants.



LARS JONSSON

CFO since August 2020 Born 1977.

Education: MSc Business and Economics from Uppsala University.

Other current positions: -

Selected previous positions: Head of Financial Control & Treasury, Loomis AB; Adviser and Auditor at Ernst & Young.

Shareholding, personal and related parties: 0 shares.



TIM LAKIN

Head of Country Spain since 2016. Born 1967.

Education: MBA from Sterling University and BSc in Biology, Leeds University.

Other current positions: -

Selected previous positions: Vice CEO of lale-Elians Group and Regional Manager Europe Cambridge International Examinations.

Shareholding, personal and related parties: 27,000 share warrants.



HELENA LÜNING

Director of Student Health since 2017. Born 1972

Education: Medical degree Lund University 1997, Specialist degrees in paediatric and adolescent medicine, 2004, and paediatric and adolescent psychiatry, 2012.

Other current positions: Board member of the Swedish School Medical Association.

Selected previous positions: Specialist physician at the Children's

and Youth Clinic at Linköping University Hospital, Chief Medical Officer for paediatric and adolescent psychiatry (BUP) at Linköping University Hospital and Chief Medical Officer at the Stockholm Centre for Eating Disorders.

Shareholding, personal and related parties: 636 shares.



SCOTT MELNYK

CIO since 2007 Born 1970.

Education: MSc (Eng.), Chalmers University of Technology, Stockholm. BSc in Psychology from University of Alberta.

Other current positions:

Board member of Cloud Security Alliance - Swedish Chapter.

Selected previous positions: -

Shareholding, personal and related parties: 550 shares.



GUNILLA PARISH

Head of HR since January 2020. Born 1961.

Education: BSc in Human Resources Development and Labour Relations, Uppsala University.

Other current positions: -

Selected previous positions: Head of HR for Capio and Aleris and Nordic HR Director for Compass Group Nordic.

Shareholding, personal and related parties: 0 shares.



EMMA RHEBORG

Head of Communications and IR since 2018. Born 1972.

Education: MSc in Finance from School of Business, Economics and Law, University of Gothenburg. Studies in history of art at Stockholm University.

Other current positions: -

Selected previous positions: Head of communication, Nordea Sweden and head of external communication, Nordea Group. Head of communication, Ratos; Communication consultant, JKL.

Shareholding, personal and related parties: 2,900 shares and 10,000 share warrants.



JÖRGEN STENQUIST

Vice CEO since 2010. Born 1965.

Education: Swedish Armed Forces Officer graduate, Swedish National Defence College Staff Officer Program and NATO Joint Command, General Staff Course, Estonia.

Other current positions: Deputy CEO of IES Sweden. Deputy Board member of TriHealth Fitness.

Selected previous positions: Principal of IES Täby. Officer, Amphibious Regiment AMF1, Swedish Armed Forces.

Shareholding, personal and related parties: 26,647 shares and 20,000 share warrants.



Shareholdings are as of 30 June 2020.

SUSTAINABILITY

IES's overall objective is to provide children and young people with the opportunity to reach their full potential whatever their background. That is why the most important sustainability activities take place locally, at each individual school, focusing on care of students and employees. Priority topics include action against bullying, an orderly classroom environment, a high level of physical safety, high educational quality and good academic results. As a result of COVID-19, the organisation's sustainability focus in spring 2020 was entirely directed on the health of students and staff and on maintaining a high level of educational quality despite high absence among both students and staff at times.

IES clarified its sustainability agenda in spring 2019 to further strengthen its activities in the field of sustainability. This includes a business environment analysis into the factors with the greatest sustainability impact on IES, stakeholder dialogue featuring interviews with key stakeholders and a materiality analysis of priority sustainability issues for IES. Based on this work, four focus areas in sustainability, with associated action plans and targets, were identified, see below. IES's sustainability activities in the 2019/20 academic year focused on integrating these areas in the ongoing operations and identifying the corresponding sustainability indicators in the Spanish operations as far as possible. Results of the activities are monitored by applying a number of metrics that reflect IES's sustainability efforts and are reported in the Annual Report and on the

Sustainability is also integrated into the company's overall business strategy by identifying areas of double value creation – where social and environmental value also generate business value. This offers potential for profitable investments that simultaneously strengthens IES's sustainability activities and IES's competitiveness.

A Sustainability Board comprising selected internal experts and members of executive management govern the work and present proposals for management and the Board to decide on. More information about IES's sustainability agenda is also available on IES's website that is continuously updated and also provides a summary of IES's sustainability activities.

A turbulent operating environment

The role of sustainability in the school world is growing larger and larger and is now an important part of both public debate and education that impacts IES in many different ways.

Focus is on integration and the great need for increasing the inclusion of different groups in society. This could be socio-economically weaker groups in areas of segregation in Swedish cities, or people living more remotely in regional areas with a tougher economic climate and declining population. With its schools, IES can help improve inclusion and offer greater freedom of choice for more families in society. Another external factor is the debate on poorer school results in general in Swedish schools and the need for an orderly school environment. This is where IES has a key role to play using its pedagogical methods that create good academic results and a safe learning environment for students and teachers.

IES must also relate to the new values emerging among a new generation of young people, for whom sustainability and values are becoming increasingly important when choosing schools and places of work. This trend is reflected over time among IES's students, parents and own employees. Sustainability is crucial for attracting teachers and students to IES. The climate is also an issue of growing importance to the younger generation and has evolved into one of the greatest questions for society in our times. It places demands on IES to develop a more resource-efficient school, for example in terms of energy consumption, with the expectation of reducing its climate footprint over time. The health of students and staff were the full focus of the organisation in spring 2020. Read more on page 18 about how IES approaches challenges to schools in Sweden.

Stakeholder dialogue

A dialogue with external and internal stakeholders was conducted in 2019. The key stakeholders for IES are parents, students and teachers as well as investors, suppliers, trade unions, municipalities and other community representatives. Particular emphasis was given to social issues in the stakeholder

IES Focus areas 2019-2022

Student well-being

- Security
- Order
- Anti-bullying
- Student health
- Equal treatment

Educational excellence

- Occupational health and safety
- Competence development
- Diversity
- Attractive workplace
- Leadership training
- Quality in teaching

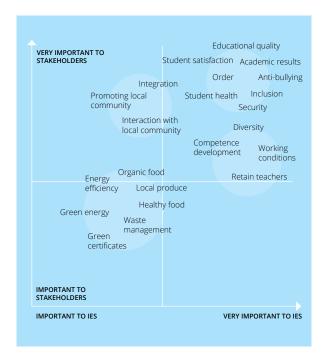
Building community

- Integration
- Community development
- Expansion of school capacity

Green initiatives

- Energy efficiency
- Waste management
- Vegetarian foodDigital meetings

Stakeholder	Stakeholder's role for IES	Material issues for stakeholder
Parents	Parents are decision makers on choices of school and critical to student success.	A safe and orderly learning environment where teachers can teach and students learn High academic expectations and ambitions Transparency
Students	IES can play a decisive role in providing children and young people with the opportunity to reach their full potential whatever their background, and form character traits that last a lifetime.	A safe and orderly learning environment where teachers can teach and students learn High academic expectations and ambitions Commanding English Good habits and standards for life Healthy, high-quality food at school
Teachers	Teachers and other staff play a critical role in creating the right conditions for students to reach their full potential.	A safe and orderly work environment where teachers can teach and students learn High academic expectations and ambitions Good terms of employment The opportunity to progress Transparency
Municipalities	Municipalities are IES's collaborative partners in the collective endeavour of providing high-quality education. The level of each municipality's school voucher funding is critical to the potential for establishing IES.	IES should be a complement to municipal schools IES should enhance a municipality's attraction
Employee representatives and trade unions	IES appreciates a structured and professional relation- ship with employee representatives.	MBL (Swedish Co-determination at Work Act) procedures and collective bargaining agreements Compliance with IES's ethical guidelines Transparency
Real estate compa- nies/other suppliers	Close and long-term collaborations with real estate companies are important for new schools, and thus IES's capability to start up new schools.	Strong project management IES maintaining long-term stable finances Willingness to cooperate on sustainability
Swedish National Agency for Education	Defines skills standards, ordinances, general guidelines, national tests, monitoring and evaluation. Also allocates central government subsidies.	National tests Subsidy applications Supporting data for reports
Swedish Schools Inspectorate	Audits IES and considers applications to start up and expand schools.	Supporting data for granting permits Managing cases Inspections and follow-ups
Swedish Association of Independent Schools	IES's advocate on sector-wide issues. States official opinions. Activities include addressing Sweden's teacher shortage.	Commitment and support in stating official opinions Support in opinion building Driving development in the industry Pioneer and role model
Owners	Decision makers, supply capital and appoint the Board of Directors.	Quality of IES's operations Growth Stable profitability Social responsibility towards students; safety Transparency; measure sustainability performance Employment terms for teachers; ability to recruit



dialogues. These issues include a safe learning environment, good academic results, measures to counter bullying and safety risks. They also stressed the importance of good terms of employment for teachers and other staff groups so that they have high job satisfaction and are committed to IES's operations. Transparency including good communication about IES's operations was highlighted as important. Furthermore, stakeholders consider climate and environmental issues to be important, including healthy food and combating food waste.

The table above provides a detailed overview of the other key issues for stakeholders based on IES's experiences of its day-to-day operations, regulations and laws, and in certain cases, more in-depth discussions.

Most material issues for IES

The materiality analysis compares stakeholder opinion with IES's view of the most important sustainability topics. It shows that matters relating to care for students is one of the most important for IES. It includes action against bullying, an orderly classroom environment, a high level of physical safety, high educational quality and good academic results. Another group of highly important issues involve IES as an attractive workplace

and teachers' work situation comprising good employment terms, equal opportunity, educational quality and competence development for teachers as well as promoting leadership skills of school leaders and principals.

Building a community and cooperation with the schools' local community is important to IES. This includes integration through the school, good relationships with parents, the municipalities and local organisations and is also based on new schools promoting local and national development.

A fourth group of important issues is environmental matters, such as impact on the climate, recycling, reduced food waste, and healthy and vegetarian food.

Based on the materiality analysis, IES has created four focus areas for its sustainability efforts: Student well-being, Educational excellence, Building community and Green initiatives.

More information about the various activities in the focus areas is provided below and elsewhere in the front section of this Annual Report.

Double value creation

IES's sustainability activities are, in many respects, directly linked to the company's business strategy and competitiveness. This form of double value creation provides both greater financial value and social and environmental value, benefiting both the company and the company's stakeholders at the same time.

Some examples are the quality of education that results in good academic results for students and good social development, which also enhances IES's attractiveness. IES operating and establishing schools in areas of social exclusion increases the choice of schools and helps counteract segregation at the same time as offering new opportunities for IES to grow. Being an attractive workplace with good employment terms and major opportunities for managerial and professional development results in lower staff turnover, which is a major competitive advantage in a labour market with a shortage of good teachers. More efficient use of resources also reduces the impact on the environment and lowers the carbon footprint, while also presenting an opportunity to carry out the operations more cost effectively using smart solutions.

In IES's general business model, the school's strategies are divided into three overall areas: Academic Quality, Profitability and Growth.



Work on UN Sustainable Development Goals (SDGs)

IES has decided to prioritise the SDGs that are most closely related to IES's core operations. SDG 4 "Quality education" is a priority goal given IES's endeavours to give children the same opportunity for quality schooling. In addition, SDG 3 "Good health and well-being" is prioritised with IES working to ensure children's well-being at school, for example, by giving children extensive access to school healthcare and a safe learning environment. SDG 10 "Reduced inequalities" is also addressed through continuous activities on inclusion and diversity. Ensuring an attractive workplace for teachers, school leaders and other employees in line with SDG 8 "Decent work and economic growth" is also of central importance to the operations.

IES has also initiated an analysis to reduce its climate impact in accordance with SDG 12 "Responsible consumption and production." This involves several areas that include analysing the options for central energy efficiency initiatives.



IES and human rights

The United Nations Convention on the Rights of the Child is a human rights treaty specifically for children. It is deeply integrated in Sweden through the Swedish Education Act and the Swedish National Agency for Education's rules and supervision, as well as through the traditions and the core values followed by Swedish schools, including IES. The National Agency for Education states on its website that "the principle of the Convention on the Rights of the Child that the best interest of the child and the child's right to express a view freely in all matters affecting the child is also a guiding factor and is the basis of the Swedish Education Act." (skolverket.se). In this manner, human rights are integrated into IES's work methods and regulatory compliance. It is also expressed in several parts of the IES document "Basic Defining Policy Documents" and in IES's core values.

The Convention was incorporated with Swedish law in 2020 and in the next academic year IES will prepare a framework and advice for how its schools are to integrate the Convention.

Main principles of the Convention

- All children have the same rights. Non-discrimination.
- Devotion to the best interests of the child.
- The right to life, survival and development.
- Respect for the views of the child. The views of the child are given due weight in accordance with the age and maturity of the child.

IES's human rights initiatives also incorporate equal treatment, diversity and integration, which cross many of IES's focus areas.

Sustainability risks

IES's overall risk analysis (pages 73-75) includes a number of sustainability risks. In 2020, the risk of a pandemic was added as a result of the outbreak of the coronavirus. This is a serious risk that affects the health of students, teachers and other staff, which could also lead to restrictions in the operations. New safety routines for hygiene and cleaning, and developing the IT systems and processes for distance learning are measures that IES has taken to manage this risk.

Sustainability risks also include such areas as *Staff and management*, with the risk of a diminished employer brand due to shortcomings in employment terms for teachers and school leaders, and *Compliance with IES's concept*, with the risk of deficiencies in order, structure and safety. It also encompasses *Labour conflicts* regarding employment terms for staff such as the importance of collective bargaining agreements to avoid strikes, for instance, and *Occupational health and safety* referring to the risk of violating laws, resulting in fines. Furthermore, *Security risks* are included in the sustainability dimension since threats and vandalism could impact the sense of safety and good order and *Brand and reputation* whereby a lower commitment to society could weaken IES's reputation among its key stakeholders.

Sustainability and quality

In parallel with its sustainability activities, IES has a comprehensive quality programme to ensure that its organisation fulfils its pledges and imparts the skills and behavioural standards on students that shape them to become responsible citizens. IES's quality work is based on its Basic Defining Policy Documents, which clarify school objectives, expectations and ethical guidelines. Each year, employees and parents respond to questions in a number of areas central to the success of students, teachers and IES. Results are also compared between each year and between schools, and departures from established targets are identified and rectified. This quality programme interacts with the sustainability programme and is also part of the focus areas of Student well-being and Educational excellence. Read more about the quality programme on pages 11–13.



IES also integrates sustainability topics into its education in line with the curriculum. IES can also make a difference through its education in the subjects of biology, physics, chemistry, social sciences and home economics, based on students studying sustainability from different perspectives.

IES's focus areas

Student well-being

This area refers to student safety at school and students' ability to achieve their academic potential. Action against bullying is particularly important. Action on preventing offensive treatment remained a focal point of the year, for example, with student health teams, equal treatment plans and providing information to students about the school's policy. These efforts to reduce social exclusion often take place in collaboration with the municipality, social services and other organisations. All schools must have an equal treatment plan that describes the specific measures for preventing all offensive behaviour.

To further strengthen these efforts, IES Sweden created a special executive role of Head of Pastoral in 2019, responsible for safety and a calm learning environment and who works on increasing information at schools and can be engaged as extra support in specific cases. This person also serves as "ombudsman." IES's work on safety and a calm learning environment, and setting the same high expectations regardless of background, are some of the reasons that IES has higher than average school results. The average qualification level in 2019/20 was 269, which was slightly less than in the preceding year (271). The percentage of students completing compulsory schooling at IES is 97% (96) compared with the national average of 85% (84).

Another important priority is the physical security at the school, including the traffic situation and threats from external visitors. IES applies the closed campus concept whereby students stay at school during school hours and visitors are not permitted without first signing in at a manned reception.

IES's work on student health, safety and the physical working environment is regulated by its Checklist Health and Safety, and responsibility for follow-ups rests with the principals. The results of the Swedish Schools Inspectorate's inspections provide support in this process. Each school's academic manager assists teachers with identifying students that need additional resources or require other forms of special attention. Student health coordinators ensure the availability of non-educational resources.

All students and parents sign a Code of Conduct to ensure that everyone is treated with respect and is entitled to a calm learning environment. IES's ethical guidelines and Code of Conduct are part of its Basic Defining Policy Documents and clearly stipulate zero tolerance of all types of harassment and bullying. IES complies with Chapter 6 of the Swedish Education Act regarding a school's liability for reporting, investigation and action. In addition, the principals formulate a more detailed plan on countering and managing bullying. Procedures build on each school's local plans against offensive treatment. This is then followed up through a yearly survey of students about whether they feel safe at school.

The 2020 survey revealed that nine out of ten students feel safe at school and eight out of ten students believe that the school addresses bullying. This is in line with the preceding year.

FACT BOX STUDENT WELL-BEING

Policies:

 Basic Defining Policy Documents, Checklist Health and Safety.

Risks:

- Risk 14, Security risks; external factors and unpredictable safety risks, such as vandalism, threats, violence or similar incidents
- Risk 6, Pandemic; Viruses such as COVID-19 affect the health of students, which could also lead to restrictions in the operations.

Performance:

- The percentage of IES students eligible for upper secondary school is 97% (96) compared with the national average of 85% (84)
- · Nine out of ten students feel safe at school.
- Eight out of ten students believe that the school addresses bullving.
- All employees in Sweden have signed the Basic Defining Policy.

Educational excellence

This priority area relates to the situation of teachers, school leaders and other staff who make it possible to offer the highest quality of education. It encompasses employment terms, development and other matters that make employees stay and work at IES with a great dedication. IES's critical stakeholders regard occupational health and safety as central to school success. It is critical for students and parents that IES can attract, develop and retain staff with the right subject skills, teaching skills and leadership abilities. High staff turnover can result in quality shortcomings. To ensure that IES remains an attractive employer, IES works actively to ensure market-based employment terms and a good work environment, both centrally and locally.

Sweden currently has a teacher shortage, which IES has largely compensated for by hiring teachers from foreign countries. In the 2019/20 academic year, 85% of teachers at IES's Swedish schools had university degrees in education. 37% of teachers held Swedish teacher qualifications and 48% held teaching qualifications from another country. If an unqualified teacher is recruited, IES requires that a development plan is prepared for the teacher to become qualified. 95% of the teachers in Spain were qualified.

In 2019/20, IES worked on The Barbara Bergström School Leadership Program, an internal talent programme to identify and nurture future potential school leaders. Furthermore, IES worked on the Improved Candidate Experience to facilitate onboarding to IES though follow-up meetings and dialogue. A new leadership programme will start in autumn 2020 aimed at preparing candidates who aspire to be a school leader in a year's time. Read more under Employees on pages 40–45 of the Annual Report.

A safe, secure and stimulating work environment are important for attracting teachers. The corona pandemic resulted in significantly higher sick leave figures mainly in March and April. Accordingly, absence due to illness increased to 4.7% (3.6 in the

preceding academic year) during the year. Sick leave figures returned to more normal levels in May and June. This can be considered to be relatively low compared with other companies and IES works on a broad front to reduce absence due to illness. The partnership with occupational health services was developed during the year to quickly address short-term sick leave and reduce the risk of long-term sick leave. IES also has an Employee Assistance Programme, a support line open 24/7 that provides employees with external help from experts. This may take the form of psychological, financial or legal support.

IES in Sweden has a natural staff turnover since some staff members are contracted from other countries. Staff turnover among all employees in Sweden in 2019/20 was 21% (24% in the preceding academic year) and among permanent employees (i.e. excluding contracted employees) was 13% (17% in the preceding academic year).

Absence due to illness in Spain amounted to 2.1% (1.7) during the year and staff turnover to 17% (21% in the preceding academic year). Sick leave for Spanish schools was less affected by the corona pandemic compared with Swedish schools since all teaching by the schools in Spain was digital from mid-March until the end of term.

The Basic Defining Policy Documents stipulate what constitutes a good work environment for students and employees in the Swedish operations, and all principals received occupational health and safety training during the year. IES follows a structured approach to ensure compliance with its policies, with one example being the yearly survey stating questions on the degree to which teachers are able to start lessons on time, and the extent to which employees experience an orderly working environment. The Spanish operations have equivalent policies customised for each school.

This area includes matters relating to ethics and anti-corruption. The importance of anti-corruption is clearly stated in the ethical guidelines in both Sweden and Spain. These guidelines are signed by all parents and students in Sweden, and the teachers then implement these policies through their actions during the school day. The principals are responsible for implementing policies in schools.

Any action bordering on corruption is prohibited. This includes, but is not confined to, any attempt to offer benefits to friends or relatives in terms of admittance to schools, accepting benefits to award higher grades than justified, using a position within IES for personal advantage, purchasing equipment or services for the school based on personal relationships. In autumn 2020, the ethical guidelines will also be supplemented with a business ethics policy for all employees throughout the Group to even more clearly define the importance of avoiding conflicts of interest and the risk of hidden corruption.

A whistleblowing policy was implemented in the Swedish operations in 2019 that can be used by all employees to report serious irregularities to an independent party. Local policies apply to IES's operations outside Sweden.

IES regularly develops processes to ensure equal and fair grading. Quality is continuously monitored using a quality system at both school and operator level. A quality report is also presented to the Board every year. Initiatives are also

continuously carried out to raise grading skills and consistency. One example is a collective assessment whereby the heads of department in the same subject from different schools compare students' work before grading. Joint conferences with teachers are also held. Part of quality activities includes closely monitoring student performance in national tests to ensure that students gain the knowledge and skills they need for the future.

The Swedish Schools Inspectorate also conducts regular reviews of the national test results and most recently in 2019 selected 21 IES schools and about 2,000 examples from a total of 23 tests. The Schools Inspectorate noted deviations for three tests. One test in English in year 6 showed that the teacher had set too low grades, while two tests in English in year 9 had slightly too high grades.

A dedicated Head of Academics and Quality was recruited in autumn 2019 to establish the same level of quality monitoring in the Spanish operations. Spain will also start carrying out annual quality surveys for all students, parents and employees in autumn 2020.

FACT BOX EDUCATIONAL EXCELLENCE

Policies:

• Basic Defining Policy Documents, Checklist Health and Safety, Ethical guidelines.

Risks:

- Risk 7, Staff and management and the risk of a diminished employer brand due to shortcomings in employment terms for teachers and school leaders.
- Risk 8, Compliance with IES's concept linked to the annual quality monitoring process.
- Risk 12, Labour conflicts regarding employment terms for staff and the importance of collective bargaining agreements to avoid strikes, for instance.
- **Risk 6**, Pandemic; Viruses such as COVID-19 affect the health of teachers and other staff, which could also lead to restrictions in the operations.

Performance:

- 85% of teachers in Sweden are qualified.
- 95% of teachers in Spain are qualified.
- Nine out of ten teachers stated that lessons start on time (no change compared with last year).
- Nine out of ten IES employees stated that their work is stimulating (no change compared with last year).
 Nine out of ten would recommend IES as a workplace to an
- acquaintance (no change compared with last year).

 Staff turnover in Sweden was 13% for permanent employees
- Staff turnover in Sweden was 13% for permanent employees (17%). In Spain, staff turnover was 17% (21).
- Absence due to illness was 4.7% (3.6). Absence due to illness in Spain was 2.1% (1.7 last academic year).
- 63% women and 37% men in Sweden and 68% of women and 32% of men in Spain.

Building community

IES engages in local and national social issues in a wide variety of ways. This may be local voluntary association or other types of contact with the local community. Such commitment is decentralised to each school, allowing the principal to decide on what form such involvement is to take.

For instance, IES's students and staff participate in local charity groups, such as the School Run to raise money for the Swedish Childhood Cancer Fund, in which IES Landskrona and other IES schools take part. Another example is the Giving People organisation that combats child poverty, which is supported by the school in Örebro. Many schools were involved in different ways in helping out during the corona pandemic in spring 2020. For example, the school in Krokslätt wrote letters to retirement homes and the school in Västerås handed out leftover school food to those in need.

Another key part of IES's commitment to society is the capacity that IES brings to the Swedish school market and the many new opportunities and freedom of choices presented with IES's operations. The number of students at IES has increased by about 7,000 over the past five years to 26,700 in 2019/20. IES opened a brand new school in Sweden and several schools increased the number of places. The number of students increased by a total of 1,200. IES's presence can make municipalities attractive to live in and establish businesses, thus contributing to the development of society.

Furthermore, IES has an important role regarding integration and diversity since its operations increase movement between different areas of Sweden and provide opportunities for students to find new learning environments and new cultures that differ from those in which they have grown up. The catchment area of 37 IES schools in Sweden during the year encompassed 162 of Sweden's 290 municipalities.

Several schools are situated in socially vulnerable areas and most IES schools have a higher percentage of children with a foreign background than the Swedish average. Some schools provide mother-tongue teaching in more than 40 different languages. A total of 41% (38) of IES students have a foreign background, compared with 26% (25) in all of Sweden's compulsory schools. The fact that IES teachers come from many different countries and up to half of the education takes place in English creates a neutral linguistic environment that promotes the integration process. Read more about the effects of the choice of schools in the section entitled "The most important choice" on pages 14–25.

FACT BOX BUILDING COMMUNITY

Policies:

· Not defined by policies.

Risks

Risk 9, Brand and reputation. IES is dependent on maintaining a good reputation in society and a low level of commitment to society risks diminishing IES's reputation among society stakeholders.

Performance:

- IES opened a new school in Sweden at the same time as several schools increased the number of places. The number of students increased by a total of 1,200.
- A total of 41% of IES students have a foreign background, compared with 26% in all of Sweden's compulsory schools.
- The catchment area of the 37 IES schools in Sweden during the year encompassed 162 of Sweden's 290 municipalities.

Green initiatives

IES conducts school operations in mainly rented premises (IES owns four school buildings in Spain), meaning that its direct environmental impact is limited. Most environmental activities take place locally at each school based on the specific needs that exist there and are managed by the principal and local management team.

IES does not have a company-wide policy for reducing energy consumption, waste and food waste, for example. However, policies and instructions in various areas are in place for every school to continuously strive to reduce its environmental impact and food waste. Some schools also participate in the Green Flag initiative, which is part of the Eco-Schools international network. The aim of Green Flag is to teach about sustainable development in a structured and engaging way to bring about lasting change. IES Enskede obtained Green Flag certification in spring 2020.

Energy consumption and other environmental impacts are mainly linked to the properties in which IES conducts operations or to IES's other subcontractors. IES's agreements with subcontractors include undertakings to comply with environmental legislation and other regulations.

Over time, IES has the potential to reduce environmental impact through the acquisition of new school buildings, for which IES collaborates with real estate companies that possess substantial know-how on the effective utilisation of public premises. Several of the new schools will be environmentally certified. The intention is to have a closer dialogue with the major property companies in the future.

Electricity is included in rent in most schools in Sweden. Electricity consumption at the 16 schools where electricity is paid directly by IES amounted to 4.7 million kWh (4.6) or 43.0 kWh/m² (43.3). Electricity consumption at the seven schools in Spain was 2.0 million kWh (2.8) or 35.5 kWh/m² (56.5) last year. The reduction was due to the fact that the Spanish schools were closed as a result of COVID-19 from mid-March to the end of the academic year. A long-term programme is in place to reduce energy consumption in all schools, for example, by replacing lighting and possibly installing solar panels at the properties in Spain. IES's aim is to work centrally and locally to reduce its electricity consumption in all properties over time.

An initiative to reduce printing and photocopying was carried out in 2020 and the new printer supplier climate compensates consumption by replanting trees in Madagascar.

Together with its suppliers, IES offers healthy food including vegetarian options for its students and staff. According to IES guidelines, all schools are to offer at least one vegetarian dish a day. Each school and management team is responsible for procuring school food, which means that the schools work in different ways. Some schools serve several vegetarian dishes every day, while others serve one a day. IES in Sundsvall is an example of one of the schools at which a vegetarian fare has a prominent and natural part of the food offered, making up 40% of the dishes served.

IES also endeavours to increase the amount of locally produced food served in its schools, which the majority of schools actively strive to achieve. An example is IES in Eskilstuna where 73% of the school food is produced in Sweden and 86% of all animal products are produced in Sweden. Many suppliers also work mostly with seasonal ingredients, which are always to be prioritised since this is both environmentally and financially advantageous.

IES staff need to travel on business to exchange experience and attend conferences and courses. However, everyone is encouraged to use video conferences in the first instance. If travel is necessary, bus and rail are to be chosen first, which is positive in terms of both cost and impact on the environment.

FACT BOX GREEN INITIATIVES

Policies:

- IES environmental manual and Travel Policy.
- · Meal Policy

Performance:

- Local initiatives at each school.
- Electricity consumption at the 16 schools in Sweden where electricity is paid directly by IES (not included in rent) amounted to 4.8 million kWh or 43.0 kWh/m². Consumption in Spain was 35.5 kWh/m², which was lower than normal since the schools were closed for almost four months due to the corona pandemic.
- Initiatives for reducing printing were carried out in 2019/20 and all printing has been climate compensated since March 2020. The number of photocopies and print-outs will be monitored annually from autumn 2020.

RISKS AND UNCERTAINTY FACTORS

Internationella Engelska Skolan's operations involve risks, which can adversely affect the Group to varying degrees. They can be divided into operations-related risks, market-related and financial risks. These risks can affect IES's ability to achieve the targets in the company's business plan in the short and long term.

By creating awareness of the risks of operations, they can be controlled, limited and managed. Additionally, appropriately managed risks can present opportunities and add value in operations. IES works continuously to update the Group's risk position, and achieves this through a documented systematic process that identifies, evaluates, manages and reports risks. It prioritises those risks judged to represent the greatest adverse impact on the basis of probability of incidence and potential

impact on operations. This classification also assumes well executed counter-measures achieving the desired level, indicated in green, yellow and red. This work is conducted by management. Measures executed and changes to risk assessments are reported internally to the Board yearly, and when required, more regularly.

Risks are compiled in risk maps to clarify overall exposure and the measures that should be prioritised. This mapping process is conducted at Group level and is an important component of management's and the Board of Directors' strategic and operational controls. Work on compiling, coordinating and developing risk management is conducted by the Group's Audit Committee.

MARKET-RELATED RISKS - PROBABILITY 1 2 3 4 5 IMPACT 1 2 3 4 5

Risk	Description	Risk management
Demand for independent operators	A reduction in demand for IES's schools due to alternative education programmes, lower levels of ambition in education, altered political sentiment or other factors, may exert a material negative impact on IES's operations, financial position or results of operations.	IES focuses on satisfying the ethos¹ of its operations and on delivering high education quality so it is perceived as a competitive education alternative. IES also works actively to influence the media debate and political climate.
2. Deteriorating conditions affecting public finance, reform of legislation, regulation and interpretation and practice or limitations to for-profit school operations.	A downturn in general economic conditions, altered reimbursement systems, the reform of laws and regulations and/or their interpretation, or limitations applying to independent operators' potential to cover costs and/or generate earnings may obstruct or prevent IES from conducting viable operations.	IES places considerable emphasis on running its business with an adequate profit margin to manage temporary economic downturns, and monitors that school voucher funding decisions are consistent with applicable legislation. Where necessary, decisions are subject to appeal. In addition, IES continuously monitors the political debate and actively promotes the benefits of having independent schools that offer IES's ethos', and deliver high education quality, to Swedish society. This takes place in close cooperation with the Swedish Association of Independent Schools.
3. Competition	If IES is unable to compete successfully with the public sector and other independent operators, this may cause IES to lose market share and students to competing operators, with the share of students and parents selecting IES reducing, which in turn may result in IES's revenues and profitability decreasing.	IES focuses on satisfying the ethos¹ of its operations and on delivering high education quality so it is perceived as a competitive education alternative.
4. Scrutiny and negative publicity	Actual or perceived problems arising from scrutiny or other sources may result in adverse media publicity. In tandem with such events, further investigation and legal action may be taken against IES and its employees. The aforementioned scenarios could result in IES losing students and growth potential, which could have a material negative impact on IES's operations, financial position and results of operations.	IES conducts its operations with a high degree of transparency. The Group's management operates in direct contact with schools' leadership teams and principals receive assistance from central support functions on managing specialist issues company wide. IES's ethos¹ is a central component of its work at a school and central level, which is communicated and monitored regularly. In addition, IES has a communication policy and provides its principals with media training.
5. Macroeconomic conditions	Rapid changes in macroeconomic development may have a negative impact on demand for places at private schools and property prices in the markets without voucher funding. IES is currently exposed to this risk in its Spanish operations.	IES primarily targets Spanish students at its seven schools in Spain. This group of students is deemed to be less susceptible to economic cycles than temporary residents of the country and demand is governed to a greater extent by the need for high-quality bilingual education. IES also tends to rent properties rather than own them, thus reducing exposure to falling property prices. IES also has crisis plans for further adjusting the operations as necessary.

¹ Ethos is what distinguishes a culture, manifest in values and ambitions. IES's ethos stands for its capacity to be credible and professional and meet the promises made to parents and students.

OPERATIONS-RELATED RISKS - PROBABILITY 1 2 3 4 5 IMPACT 1 2 3 4 5

Risk	Description	Risk management
6. Pandemics	Pandemics such as COVID-19 could have a serious impact on IES's operations and ability to carry out its assignment to provide education. These risks comprise both restrictive measures in the operations to avoid putting students' and employees' health at risk and possible decisions made by the authorities regarding lockdown, for example.	IES can take preventive action by strengthening cleaning and hygiene procedures and counteract effects using advanced IT systems and processes for distance teaching. However, prolonged school closures have a material impact on IES's financial position since the operations in Spain are entirely financed by the school fees paid by parents, who could experience payment difficulties, and because it may not be possible to deliver certain services while the lockdown is in place.
7. Staff and management	If IES is unsuccessful in attracting and retaining competent staff on reasonable compensation and employment terms, there is a risk that IES is unable to conduct its operations effectively, or achieve its operational and financial targets. A shortage of qualified teachers in Sweden and Brexit may impact access to the right staff. Reduced global travel may make international recruitment more difficult.	IES focuses on satisfying the ethos¹ of its operations and on delivering high education quality and provides clear responsibilities and well-defined authorisations, so it is perceived as an attractive workplace for staff and managers. In addition, the Group offers salaries at market levels. IES also has an effective process for applying for visas for staff from outside the EU, which is why Brexit is not expected to have a significant effect on IES's ability to recruit teachers from the UK.
8. Compliance with IES's concept	IES's concept rests on convictions including a safe and orderly school environment that is defined by good order, structure and safety. There is a risk that principals, teachers or other staff, or students, breach regulations or depart from internal guidelines, which could have a negative impact on IES's operations.	IES conducts a yearly quality control process, which focuses on stakeholder perceptions of each school's quality. Its outcomes are discussed with schools on a regular basis through the year. IES's management also visits schools regularly, participates in lessons and discusses school quality and any action plans with the schools' management teams, teachers and other staff.
9. Brand and reputation	IES's brand is not only affected by the direction and strategy IES decides to pursue, the quality of the selected directions and strategies maintained, or the criticism or praise IES continuously attracts. Failures by, and other negative publicity relating to, other operators in schooling, especially independent operators, may impact IES's brand and operations negatively, regardless of whether IES has been involved in such failure.	IES is a member of the Swedish Association of Independent Schools and through this Association works to support individual operators facing difficulties.
10. Approvals and permits	IES is dependent on securing and retaining permits from the Swedish Schools Inspectorate and other regulators in order to be able to conduct operations. If the granting of permits and approval is delayed or not forthcoming, or if IES does not satisfy the terms applying to any of the permits and approvals IES has obtained, this could have a material negative effect on IES's operations, financial position or operating profit. If the authorities were to decide on a change to the application process for IES and abolish queues, it could make the permit process more difficult.	IES always prepares well-substantiated applications for the Swedish Schools Inspectorate for expansion of existing sites, or starting up new schools, and only establishes new schools that fully satisfy the Inspectorate's standards on initial inspection. IES also allows expressions of interest as a supplement to the queue system and this can be developed further as necessary.
11. Potential for organic growth	There is a risk that IES is unable to execute its growth plans at the intended pace and extent, due to factors such as it being unable to secure new or extended permits or approvals, or the supply of premises in the relevant geographical markets being limited. There is also the risk related to the integration of expanded operations and projects with IES's existing operations. For example, start-up costs may be higher than expected, and adaptation to IES's existing operations may be more problematic than anticipated.	IES conducts extensive analysis of population growth, infrastructure, zoning plans and other factors, regionally and locally, which determine the demand for education in accordance with IES's concept. In all cases, it also maintains close dialogue with relevant municipalities to identify needs and opportunities. Once opportunities are identified, IES conducts an in-depth analysis of construction costs, rent levels and investment requirements relating to new schools.
12. Labour conflicts	Many of IES's employees are covered by collective bargaining agreements. There is a risk that disputes and differences of opinion may arise, which may cause strikes or other disruption. There is also risk that after the expiry of applicable collective bargaining agreements, IES is unable to enter new collective bargaining agreements on satisfactory terms without the incidence of strikes or similar disruption.	IES is a member of Almega, the General Group of the Swedish Employers' Confederation and follows collective bargaining agreements. Additionally, IES's ambition is to participate actively in Almega's dialogue with the unions and have a continuous dialogue with IES's union representatives. Two union representatives and two deputies appointed by the National Union of Teachers in Sweden are members of IES's Board of Directors.
13. IT systems	There is a risk that IES's systems are affected by down-time or disruptions, due to factors such as sabotage, computer viruses, software bugs or human error. IES is governed by data protection laws, such as GDPR, and despite security measures, there is a risk that data integrity may be compromised. This may result in increased expenses for regulatory compliance, damages claims and fines, impaired competitiveness and the loss of business opportunities.	IES's policy is to operate in cloud computing environments, using off-the-shelf systems from established vendors. In addition, IES stays informed and re-engineers its business processes to comply with applicable data protection regulations. Extensive training in data security is provided for all staff. This is also supported by local IT representatives at each school.

OPERATIONS-RELATED RISKS. CONT.

14. Security risks	The incidence and severity of exogenous factors and unforeseeable safety risks such as criminal damage, threats, violence or other similar events, may limit IES's potential to conduct its operations, and may also result in IES incurring losses due to consequential losses in its	The Deputy CEO is IES's designated security manager, and leads security work at a management level. Operational security managers work daily on evaluating security risks and proposed preventative measures in IES schools.
	operations or damages.	The yearly budgetary process includes a specific discussion of security and assigns resources for appropriate measures when necessary.
15. Supplier risks	IES is dependent on the availability, production, quality assurance and deliveries of external suppliers, for example teaching equipment, IT, furniture, catering and maintenance. Incorrect, delayed or non-delivery by suppliers of various kinds may mean that IES's obligations to students, employees and other parties are also delayed or need to be discontinued, are inadequate or erroneous.	IES applies central contracts with suppliers in those segments critical to operations. Suppliers are closely evaluated in terms of financial and operational capacity. Contracts are signed, or close partnerships with multiple suppliers are entered in mission-critical segments.
16. Pay inflation	Pay increases may result in increased costs for existing and new appointments. There is a risk that IES is unable to adapt its operations to the resulting increased pay levels.	Agreed salary increases and contracts of employment are subject to central approval by management, which means good cost control. In addition, as far as possible, IES offsets salary increases by operating its business efficiently, through means including signing central agreements and exploiting economies of scale.
17. Acquisition risks	IES is growing through acquisitions in Spain. When existing operations are taken over, there are risks associated with pension, holiday days used, customer relations, buildings, environment and financial reporting.	IES has a well-developed due diligence process and engages external consultants for selected areas for which internal expertise needs supplementing. All acquisitions are approved by the Board.

FINANCIAL RISKS – PROBABILITY 1 2 3 4 5 IMPACT 1 2 3 4 5					
Risk	Description	Risk management			
18. Long-term rental contracts	The rental contracts of schools have terms of up to 25 years. The long maturities of rental contracts expose IES to the risk that premises do not satisfy the needs of its operations throughout their term. This may occur if the number of students of a school is lower than anticipated, and premises are not utilised as intended, or if the student cohort offers scope for expansion, but premises are unable to accommodate a larger student base. Additionally, IES is exposed to the risk that, due to the effect of environmental factors such as fire or water incursion, leased premises are damaged and/or students and staff are injured. There is also exposure to the risk of termination by the landlord, or sub-letting to IES cannot be arranged due to the necessity of relocating operations.	IES focuses on satisfying the ethos¹ of its operations and on delivering high education quality so it is perceived as a competitive education alternative, and thereby maintains demand from students and parents. IES also continuously examines its potential to expand existing operations into new age groups. IES regularly conducts thorough reviews of zoning plans for the surroundings of leased premises to ensure that its operations will be in place for the long term. In those municipalities were operations are conducted, IES maintains close contact with municipal representatives to facilitate alternative solutions for its operations in crisis situations.			
19. Financing	Factors such as market conditions, the general availability of credit and IES's creditworthiness impact on the supply of further finance and the potential for refinancing. The Group has external loans from credit institutions. Financial risks are associated with these loans in the form of breaches of covenants (specific loan conditions), interest and repayment obligations to the credit institutions.	IES works actively on maintaining good relationships with lenders and has a secure financial position, with a target minimum equity/assets ratio of 40% (excluding the effects of IFRS 16), a healthy cash flow, ongoing liquidity forecasts and quarterly reconciliations.			
20. Legal proceedings	Legal disputes and proceedings may have a material negative impact on IES. In tandem with such proceedings, IES may incur substantial costs not covered by insurance.	IES is not currently subject to legal disputes, apart from IES's appeal against an administrative decision. But in general, IES attempts to resolve disputes at an early phase through negotiation.			
21. Occupational health and safety	Unforeseen external factors may create health and safety problems despite preventative action. If IES does not comply with applicable health and safety regulations for its operations, this may result in fines or other consequences for IES as well as negative publicity.	IES complies with occupational health & safety legislation and works together with the safety representatives at the schools that have such an officer to continuously improve the work environment and to increase occupational health & safety training for school leaders and the representatives.			
22. Changes to tax legislation	Because laws, agreements and other regulations governing taxation, as well as other fiscal charges, have been subject to repeated reform and alteration historically, further change can be expected in the future in the legislatures where IES is active, potentially with retroactive effect. All such changes may have a significant impact on IES's tax burden, and a material negative impact on IES's operations, financial position and results of operations.	IES continuously monitors the proposals under consultation in this segment and actively influences government enquiries and proposals through its own official comments and proposals, and participation in commenting by the Swedish Association of Independent Schools.			
23. Currency risks	The operations are mainly conducted in Sweden, but also in Spain. Revenues and payment flows are thus largely in Swedish kronor (SEK). The assets, liabilities, operating income and expenses for the Spanish operations are in euro (EUR). As a result, the accounts for the Spanish subsidiary must be translated to SEK when the consolidated accounts are prepared. Accordingly, a slight currency risk arises on translation to SEK.	The risk is deemed to be limited since revenues and expenses are in the same currency, Sweden accounts for 92% of operating income.			

¹ Ethos is what distinguishes a culture, manifest in values and ambitions. IES's ethos stands for its capacity to be credible and professional and meet the promises made to parents and students.

Probability/impact: 1=very low, 2=low, 3=medium, 4=high, 5=very high

CONSOLIDATED INCOME STATEMENT

MSEK	Note	1 Jul. 2019 -30 Jun. 2020	1 Jul. 2018 -30 Jun. 2019
IVIJEIX	Note	-30 Juli. 2020	-30 Juli. 2013
Operating income			
Revenue	2	2,937.5	2,663.8
Other operating income	3	144.5	117.3
Operating income		3,082.0	2,781.1
Operating expenses			
Teaching and meal expenses		-330.7	-303.2
Other external expenses	4, 5, 6, 30	-245.1	-593.4
Personnel expenses	7	-1,775.9	-1,593.9
Amortisation intangible assets	12, 13, 14, 15	-12.1	-3.9
Depreciation property, plant and equipment	16, 17, 18, 19, 20	-404.7	-80.3
Share of profit of associated companies in the Group		24.7	_
Profit from joint ventures	22	0.0	2.2
Bargain purchase	32	54.6	_
Total operating expenses		-2,689.2	-2,572.6
Operating profit		392.8	208.6
Profit from financial items			
Financial income	8	23.2	6.0
Financial expenses	9	-161.6	-12.2
Net financial items		-138.4	-6.2
Earnings before tax		254.4	202.4
Tax on profit for the year	10	-46.4	-42.8
Deferred tax	10	7.3	-5.0
Profit for the year		215.3	154.6
Profit for the year attributable to			
Parent Company owners		215.3	154.6
Non-controlling interests		0.0	0.1
Non controlling interests			
Average number of shares			
Average number of shares Earnings per share before and after dilution (SEK)		40,130,000 5.37	40,130,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK Note	1 Jul. 2019 -30 Jun. 2020	1 Jul. 2018 -30 Jun. 2019
Profit for the year	215.3	154.6
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation difference for the year	-12.7	5.8
Other comprehensive income net of tax for the year	-12.7	5.8
Comprehensive income for the year	202.6	160.4
Comprehensive income for the year attributable to:		
Parent Company owners	202.6	160.4
Non-controlling interests	0.0	0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Jun. 2020	30 Jun. 2019
			3
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	854.7	824.8
Customer relations	13	49.3	43.5
Land concessions	14	23.7	24.6
Other intangible assets	15	0.6	0.2
		928.3	893.1
Right-of-use assets	1, 6	3,646.6	-
		3,646.6	-
Property, plant and equipment			
Buildings	16	402.0	238.8
Land	17	84.2	39.1
Construction in progress and advance payments for property, plant and equipment	18	3.6	2.9
Machinery and equipment	19	153.3	159.7
Leasehold improvements	20	36.9	35.4
		680.0	475.8
Deferred tax assets		20.8	-
Participations in joint ventures	22	-	15.8
		20.8	15.8
Total non-current assets		5,275.7	1,384.8
Current assets			
	23, 24	20.5	21.6
Current tax assets	-,	6.4	21.2
Other receivables	24	1.4	2.5
Receivables from joint ventures	23	_	8.9
Prepaid expenses and accrued income	26	85.5	117.0
Cash and cash equivalents	27	290.6	245.0
Total current assets		404.4	416.1
TOTAL ASSETS		5,680.1	1,800.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Jun. 2020	30 Jun. 2019
EQUITY AND LIABILITIES	28		
Fourth			
Equity		1.0	1.0
Share capital		1.0	1.0
Other capital contributed		360.8	361.3
Translation reserve		0.3	6.3
Retained earnings including profit for the year		908.1	745.0
Equity attributable to Parent Company owners		1,270.2	1,113.6
Equity attributable to non-controlling interests		0.2	0.3
TOTAL EQUITY		1,270.4	1,113.9
Non-current liabilities			
Liabilities to credit institutions	24	213.8	171.3
Non-current lease liabilities	24	3,300.3	_
Deferred tax liabilities	10	82.8	76.8
Total non-current liabilities		3,596.9	248.1
Current liabilities			
Liabilities to credit institutions	24	28.9	24.4
Current lease liabilities	24	374.8	_
Liabilities to joint ventures	24	_	9.7
Accounts payable	24, 25	92.4	109.2
Current tax liabilities	, -	25.6	16.1
Other current liabilities	24	108.6	111.7
Accrued expenses and deferred income	24, 29	182.5	167.9
Total current liabilities	, -	812.8	438.9
TOTAL EQUITY AND LIABILITIES		5,680.1	1,800.9
-			•

For information on pledged assets and contingent liabilities, refer to Note 31.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other capital contributed	Translation reserve	Retained earnings including profit for the year	Non- controlling interests	Total
Opening balance, 1 July 2018	1.0	360.9	0.5	590.9	_	953.3
Changed accounting policy, IFRS 9	-	_	-	-0.4	_	-0.4
Adjusted opening balance, 1 July 2018	1.0	360.9	0.5	590.5	-	952.9
Profit for the year	_	_	_	154.6	_	154.6
Other comprehensive income for the year	_	_	5.8	_	_	5.8
Comprehensive income for the year	-	-	5.8	154.6	-	160.4
Other						
Share matching programme	_	0.4	-	_	-	0.4
Changes in non-controlling interests	_	-	-	-	0.3	0.3
Total other	-	0.4	-	-	0.3	0.7
Closing balance, 30 June 2019	1.0	361.3	6.3	745.1	0.3	1,113.9
Opening balance, 1 July 2019	1.0	361.3	6.3	745.1	0.3	1,113.9
Profit for the year	_	_	_	215.3	_	215.3
Other comprehensive income for the year	_	_	-12.7	_	_	-12.7
Comprehensive income for the year	-	-	-12.7	215.3	-	202.6
Share matching programme	_	0.4	-	-	_	0.4
Changes in non-controlling interests	_	-	-	-	-	-
Dividend paid	_	_	-	-46.5	_	-46.5
Total	-	0.4	-	-46.5	-	-46.1
Closing balance, 30 June 2020	1.0	361.7	-6.4	913.9	0.3	1,270.4

CONSOLIDATED CASH FLOW STATEMENT

MCEIV	1 Jul. 2019	1 Jul. 2018
MSEK	-30 Jun. 2020	–30 Jun. 2019
OPERATING ACTIVITIES		
Operating profit	392.8	208.6
Interest received	8.0	8.3
Interest paid	-147.9	-10.8
Adjustment for non-cash items *)		
Depreciation and amortisation	416.7	84.2
Other	-39.9	-20.1
Income tax paid	-37.3	-15.6
Cash flow from operating activities before changes in working		
capital	592.5	254.6
Changes in working capital		
Change in operating receivables	5.6	-20.0
Change in operating liabilities	-11.2	69.7
Cash flow from changes in working capital	-5.6	49.8
Cash flow from operating activities	586.9	304.4
Investing activities		
Acquisition of subsidiaries, net impact on liquidity	-206.9	-309.3
Acquisition of property, plant and equipment in Spain	-5.1	-4.8
Acquisition of property, plant and equipment in Sweden	-62.2	-71.9
Sale of participations in joint ventures	15.8	8.7
Repayment of receivables from joint ventures	8.9	-
Cash flow from investing activities	-249.5	-377.3
Financing activities		
Loans raised	106.0	215.4
Amortisation of loans	-61.5	-19.7
Amortisation of lease liability	-289.5	_
Dividends to shareholders	-46.5	_
Cash flow from financing activities	-291.5	195.7
Cook flow for the year	45.0	400.0
Cash flow for the year	45.9	122.8
Cash and cash equivalents at beginning of year	245.0	121.9
Effect of translation differences in cash and cash equivalents	-0.3	0.3
Cash and cash equivalents at end of period	290.6	245.0

^{*)} Non-cash items comprise depreciation/amortisation, disposals, currency fluctuations and items that do not impact cash flow in EBIT such as profit from joint ventures and bargain purchases.

PARENT COMPANY INCOME STATEMENT

MSEK Note	1 Jul. 2019 -30 Jun. 2020	1 Jul. 2018 -30 Jun. 2019
NOTE NOTE	-30 Juli. 2020	-30 Juli. 2019
Operating income		
Revenue 35	5.3	4.5
Other operating income 36	0.0	0.5
Operating income	5.3	5.0
Operating expenses		
Teaching and meal expenses	-0.2	-0.6
Other external expenses	-10.4	-9.8
Personnel expenses	-4.2	-10.5
Operating profit	-9.5	-15.9
Profit from financial items		
Revenues from participations in jointly controlled entities	24.8	-
Other interest income and similar profit/loss items	4.4	4.4
Interest expenses and similar profit/loss items	-3.9	-8.9
Net financial items	25.3	-4.5
Profit/loss after financial items	15.8	-20.4
Year-end appropriations	70.5	182.0
Tax on profit for the year	-12.6	-35.7
PROFIT FOR THE YEAR	73.7	125.8

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	1 Jul. 2019	1 Jul. 2018
MSEK Note	-30 Jun. 2020	–30 Jun. 2019
Profit for the year	73.7	125.8
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	73.7	125.8

PARENT COMPANY BALANCE SHEET

MSEK Note	30 Jun. 2020	30 Jun. 2019
ASSETS		
Non-current assets		
Financial assets		
Participations in Group companies 41	605.7	605.7
Non-current receivables from Group companies 43	22.1	13.4
Participations in associated companies and jointly controlled entities 42	-	15.9
Total non-current assets	627.8	635.1
Current assets		
Receivables from Group companies	46.3	16.6
Receivables from associated companies and jointly controlled entities	-	8.9
Other receivables	0.3	0.3
Prepaid expenses and accrued income	0.6	0.4
Total current assets	47.2	26.2
TOTAL ASSETS	675.0	661.3

PARENT COMPANY BALANCE SHEET

NGFI	201 2022	201 2012
MSEK Note	30 Jun. 2020	30 Jun. 2019
FOUNTY AND LIABILITIES		
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1.0	1.0
	1.0	1.0
Non-restricted equity		
Retained earnings	478.2	398.5
Profit for the year	73.7	125.7
Total equity	552.9	524.2
Untaxed reserves	109.6	90.2
Current liabilities		
Accounts payable	0.0	0.9
Current tax liabilities	8.2	16.6
Other current liabilities 44	1.9	27.5
Accrued expenses and deferred income 47	2.4	1.0
Total current liabilities	12.5	45.9
TOTAL EQUITY AND LIABILITIES	675.0	661.3

For information on pledged assets and contingent liabilities, refer to Note 49 and Note 31 in the consolidated accounts.

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

			Profit for	
MSEK	Share capital	Retained earnings	the year	Total
Opening balance, 1 July 2018	1.0	376.2	21.9	399.1
Transfer of profit from previous year		21.9	-21.9	_
Profit for the year			125.7	125.7
Other comprehensive income for the year				0.0
Comprehensive income for the year	-	21.9	103.8	125.7
Other:				
Share matching programme	_	0.4	_	0.4
Total		0.4	_	0.4
Closing balance, 30 June 2019	1.0	398.5	125.7	525.2
Opening balance, 1 July 2019	1.0	398.5	125.7	525.2
Transfer of profit from previous year		125.7	-125.7	-
Profit for the year			73.7	73.7
Other comprehensive income for the year	_	_	_	-
Comprehensive income for the year	-	125.7	-52.0	598.9
Transactions with owners:				
Dividend paid		-46.5		-46.5
Dividend paid		-40.5		-40.5
Other:				
Share matching programme		0.4		0.4
Closing balance, 30 June 2020	1.0	478.2	73.7	552.9

PARENT COMPANY CASH FLOW STATEMENT

MSEK	1 Jul. 2019 -30 Jun. 2020	1 Jul. 2018 -30 Jun. 2019
WISEK	-50 Jun. 2020	-50 Juli. 2015
OPERATING ACTIVITIES		
Operating profit	-9.5	-15.9
Adjustment for non-cash items		
Exchange rate gains/losses	0.6	0.5
Interest received	4.4	1.4
Interest paid	-3.9	-4.8
Income tax paid	-20.9	-44.3
Cash flow from operating activities before changes in working capital	-29.3	-63.2
Changes in working capital		
Change in operating receivables	-0.1	19.5
Change in operating liabilities	1.3	34.6
Cash flow from changes in working capital	1.2	54.1
Cash flow from operating activities	-28.1	-9.0
Investing activities		
Acquisition of financial assets	_	-217.5
Sale of joint ventures	14.3	-
Cash flow from investing activities	14.3	-217.5
Financing activities		
Amortisation of intragroup loan	-90.0	-235
Group contribution received	90.0	235
Intragroup loan arranged	90.0	235
Dividend	-46.5	-
Cash flow from financing activities	43.5	235.0
Cash flow for the year	29.7	8.5
Cash and cash equivalents at beginning of year	16.6	8.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



Accounting policies

These annual accounts and consolidated accounts include the Swedish Parent Company Internationella Engelska Skolan i Sverige Holdings II AB (publ.) (Internationella Engelska Skolan or IES), corporate identity number 556900-7254 and its subsidiaries. The main activities are to conduct school operations.

Internationella Engelska Skolan has been listed on Nasdaq Stockholm Mid Cap, with the ticker ENG, since 2016. The largest (indirect) shareholders of IES are TA Associates of the US, which has close affiliations to leading universities and trusts in the US, IES's founder Barbara Bergström, and Paradigm Capital AG through different funds. On 30 June 2020, the five largest shareholders also included Swedbank Robur fonder and Handelsbanken fonder.

The Parent Company is a limited company, which is registered and has its registered office in Täby, Sweden. The address of the head office is Nytorpsvägen 5B, SE-183 71 Täby, Sweden.

These annual accounts and consolidated accounts were approved by the Board of Directors on 9 October 2020, and will be submitted for approval at the AGM on 24 November 2020.

Basis of preparation of the financial statements

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union (EU). Accordingly, the consolidated accounts comply with recommendation RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board (RFR).

Circumstances when preparing the consolidated financial statements
The Parent Company's functional currency is Swedish kronor (SEK)
which is also the presentation currency of the Parent Company and
Group. This means that the financial statements are presented in
SEK. Unless otherwise stated, all amounts are in millions of Swedish
kronor (MSEK). The consolidated accounts have been prepared in
accordance with the cost method, and assets, provisions and
liabilities are based on historical cost.

Unless otherwise stated, the following accounting policies have been applied consistently to all periods presented in the consolidated financial statements. The Group's accounting policies have been applied consistently by Group companies.

Application of new IFRSs from 2019

The International Accounting Standards Board has adopted a new accounting standard for the recognition of leases, IFRS 16 Leases. IFRS 16 has been approved by the EU and came into effect for financial periods beginning on or after 1 January 2019, which for the company means the financial year starting on 1 July 2019.

Under the previous rules, operating leases were recognised as an operating expense under external expenses. In summary, IFRS 16 implies that operating leases with terms longer than one year must be recognised as assets in the balance sheet in an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease payments, on the basis of the discounted present value of future payments. The lease liability is initially valued at the present value of outstanding lease payments over the estimated lease term. The income statement will be charged with depreciation over the useful life of the asset, which normally corresponds to the term of the lease, plus interest expenses. Furthermore, it can be confirmed that the transition to IFRS 16 did not impact total cash flow

The exemption in RFR 2 regarding leases was applied in the Parent Company. This means that the Parent Company's policies for recognising leases are unchanged.

Other amendments of standards and interpretation statements coming into effect from 1 January 2019 are not expected to have any material effect on IES's financial statements.

Recognition of leases from 1 July 2019

Election of method

IES has selected the simplified approach for its transition method to IFRS 16, entailing restatement on the transition date by adjusting the opening balance on 1 July 2019. The right-of-use asset corresponds to the lease liability adjusted for any prepaid or accrued lease payments. Information about the transition effects is thereby included in the balance sheet at 1 July 2019. The transition to IFRS 16 offers optional transition relief, which IES has elected to take.

Properties/premises

IES has identified two main classes of assets, properties/premises and vehicles. Rental contracts for properties and premises with a remaining term of more than 12 months from 1 July 2019 have been identified and recognised. A number of small storage rooms, parking spaces and offices were excluded. Agreements related to long-term contracts for rental apartments with a short notice period were also excluded. On 30 June 2019, the total number of rental contracts was approximately 100. Of these, about 100 pertain to the Sweden operating segment and one to the Spain operating segment.

To calculate the lease liability attributable to properties, the liability was discounted with IES's estimated incremental borrowing rate. Market rates and external comparative figures for returns on public and school properties, among other data, have been used to calculate the incremental borrowing and discount rate. The incremental borrowing rate is considered to differ between geographical areas, which is why IES's rental contracts have been classified according to their geographical location. In 2019, a rate of 2.9-4.5% was used for rental contracts in Sweden, and 4.5% for rental contracts in Spain. The average discount rate for the Group's lease liability is 4.0%.

Extension options and indexation

IES makes case-by-case assessments of extensions for each individual contract. The actual contract term is normally used for contracts of more than two years, while contracts that are due to expire within two years are expected be extended under the extension clause contained in the agreements. IES's rental contracts are normally long-term and the average remaining contract term in IES's rental portfolio is approximately ten years. New leases signed in Sweden normally have term of 20 years.

In regard to indexation, the commencement date of the contract is used as the base date, with increases according to the actual indexation clause in the agreement.

Other asset classes

In addition to rental contracts, IES also leases 13 vehicles. Since the total value is considered insignificant, IFRS 16 is not applied to these leases. Nor is IFRS 16 applied to agreements for other small asset classes, such as coffee machines or similar.

Transition effects

Transition to the new IFRS 16 standard on 1 July 2019 had a material effect on IES's accounting. Total assets increased sharply, while EBITDA and EBIT were higher and net financial items deteriorated in the financial year due to the change. The tables below show a reconciliation between the operating lease commitments on 30 June 2019 and the lease liability at the beginning of the new financial year on 1 July 2019.

Reconciliation of lease obligations

	Group
Commitments for operating lease agreements on properties on 30 June 2019	6,163
Less low-value leases for other equipment	-20
Of which leases on properties signed but not yet started on 30 June 2019	-1,613
Discounted with the interest rate implicit in the lease	-1,053
Lease obligations on 1 July 2019	3,477

Statement of financial position

MSEK	30 Jun. 2019	Variance IFRS 16	Effect of IFRS 16 in tables
ASSETS			
Goodwill and intangible assets	893		893
Property, plant and equipment	476		476
Right-of-use assets	-	3,515	3,515
Participations in associated companies	16		16
Total non-current assets	1,385	3,515	4,900
Prepaid expenses	118	-38	80
Other current assets	298	-	298
Total current assets	416	-38	379
TOTAL ASSETS	1,801	3,477	5,278
TOTAL EQUITY	1,114	-	1,114
LIABILITIES			
Non-current interest- bearing liabilities	171		171
Non-current lease liability		3,186	3,186
Other non-current liabilities	77		77
Total non-current liabilities	248	3,186	3,434
Current interest-bearing liabilities	24		24
Current lease liability		291	291
Current liabilities/Accrued expenses and deferred income	415		415
Total current liabilities	439	291	730
TOTAL EQUITY AND LIABILITIES	1,801	3,477	5,278

New or amended accounting standards that come into effect after the beginning of the financial year

Amendments to IFRS 3 Business Combinations

The amendment clarifies the definition of a business in a bid to assist companies to determine whether a transaction is to be recognised as a business or as an acquisition of assets. The amendment includes an optional simplified concentration test that results in an asset acquisition if substantially all of the fair value is concentrated to an identifiable asset or a group of similar identifiable assets. If the concentration test does not result in an asset acquisition, an assessment is to be made following the main rule (a substantive process) so as to ensure that the acquisition is not incorrectly recognised as a business combination. The EU approved the amendment in the second quarter of 2020. To be applied from 1 January 2020

Amendments to IAS 1 and IAS 8, Definition of materiality

These amendments clarify the definition of "material". The aim is for there to be a single definition used in IAS 1 that is consistent with the conceptual framework. The EU approved the amendment in the fourth quarter of 2019. To be applied from 1 January 2020

Judgements and estimates

Preparing these financial statements in accordance with IFRS requires management to make judgements and estimates, and make assumptions that influence the application of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

The company's estimates and judgements are based on historical experience and assumptions that management and the Board of Directors regard as reasonable in the prevailing circumstances. The judgements and estimates stated in this section have been limited to segments material to the degree of influence and underlying uncertainty. The estimates and judgements are evaluated regularly. Amendments to estimates are recognised in the period the amendment is made if the amendment only affects that period, or in the period the amendment is made and future periods, if the amendment affects both the current and future periods. Actual outcomes may differ from these estimates.

Critical judgements

The Group allocates school voucher funding and teachers' holiday pay over the periods that education is conducted, including periods of work before and after term time. Otherwise, the Group has not identified any other critical accounting estimates made in the application of the Group's accounting policies.

Key sources of estimation uncertainty

The causes of uncertainty in estimates that involve a significant risk of the value of assets or liabilities needing material restatement during the forthcoming financial year are goodwill impairment tests.

Goodwill impairment tests

A number of material assumptions and judgements must be considered when testing goodwill for impairment in order to be able to measure the value in use of cash-generating units. These assumptions and estimates relate to expected future discounted cash flows. Forecast future cash flows are based on the best possible estimates of future revenues and operating expenses, based on historical experience, general market conditions, progress and forecasts for the sector, and generally available information. These assumptions are prepared by management and reviewed by the Board of Directors. For more information on goodwill impairment testing, refer to Note 12 Goodwill.

Recognition

Essentially, non-current assets and non-current liabilities consist of amounts expected to be recovered or paid after more than 12 months from the reporting date. Essentially, current assets and current liabilities consist of amounts expected to be recovered or paid within 12 months of the reporting date.

Consolidated accounts

Basis of consolidation

The consolidated accounts include the Parent Company and its subsidiaries. Subsidiaries are companies under the control of Internationella Engelska Skolan i Sverige Holdings II AB. An investor exerts control over a company when the investor is exposed, or is entitled, to variable compensation from its involvement in the company and can affect returns through its influence.

Subsidiaries are reported in accordance with acquisition accounting. This method means that the acquisition of a subsidiary is treated as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The purchase price allocation measures the fair value of the acquired identifiable assets and liabilities taken over, as well as potential non-controlling interests, on the acquisition date. Transaction expenses, apart from

transaction expenses attributable to the issuance of equity instruments or debt instruments that occur, are recognised directly in profit or loss for the year. In business combinations where payment made exceeds the fair value of the acquired assets and liabilities taken over that are recognised separately, the difference is recognised as goodwill. When the difference is negative, in what is known as a bargain purchase, this is recognised directly in profit or loss for the year.

Purchases from and sales to non-controlling interests are recognised as a transaction within equity, i.e. between the Parent Company owners (within retained earnings) and non-controlling interests. Accordingly, no goodwill arises in these transactions. The change in non-controlling interests is based on their proportional share of net assets.

Subsidiaries' financial statements are included in the consolidated accounts effective the acquisition date until the date that control ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated wholly when preparing the consolidated accounts. Unrealised gains arising from transactions with associated companies are eliminated to the extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same way, but only to the extent there is no impairment.

Foreign currency transactions and balance-sheet items
Foreign currency transactions are translated to the functional
currency at the rate of exchange on the transaction date. Foreign
currency monetary assets and liabilities are translated to the
functional currency at the rate of exchange on the reporting date.

Exchange rate gains and losses on operating receivables and operating liabilities are recognised in operating profit or loss, while exchange rate gains and exchange rate losses on financial receivables and liabilities are recognised as financial items.

Translation of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation to the Group's presentation currency, SEK, at the rate of exchange on the reporting date. The revenues and expenses of a foreign operation are translated to SEK at an average rate that is an approximation of the rates of exchange at each transaction date. Translation differences that arise on currency translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity termed the translation reserve. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are realised, whereupon they are reclassified from other comprehensive income to profit or loss for the year.

Revenue

The Group recognises revenue when its amount can be measured reliably, it is likely that future economic rewards will flow to the company and specific criteria have been satisfied for each of the Group's operations. Revenues include the fair value of what is to be received, or will be received, for services rendered in the Group's operating activities. Revenues are recognised excluding value added tax, returns and discounts, and after the elimination of intra-group sales.

Rendering services

The majority of revenue consists of student voucher funding received monthly over 12 months of the year and social subsidies. Both student voucher funding and social subsidies are compensation for rendering a service assignment, and accordingly, are recognised as revenue by referring to the stage of completion during the periods education is conducted. The social subsidies are

distributed based on the stage of completion during the periods in which education is conducted, which entails certain changes to allocations of revenues between the quarters compared with prior years.

Revenue for goods or services sold is recognised on delivery to students.

Financial income

Financial income consists of interest income and potential exchange-rate gains. Interest income is recognised in accordance with the effective interest method. Effective interest is the interest rate that discounts estimated future payments received and made during the expected term of a financial instrument, at the reported net value of the financial asset or liability. Measurement includes all expenses paid or received by contract parties that are a portion of effective interest, transaction expenses, and all other surpluses and deficits.

Exchange rate gains and exchange rate losses are not netted.

Government grants

Grants are measured at fair value when there is reasonable certainty that these grants will be received and that the Group will meet the conditions attached to the grant. Granted intended to cover costs are recognised in profit or loss as other operating income or through a reduction of the appropriate expense item.

Employee benefits

Short-term benefits

Short-term benefits for employees such as salary, social security contributions and holiday pay are expensed in the period when employees render services.

Pensions

The Group has defined contribution and defined benefit pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further charges if this legal entity does not possess sufficient assets to pay all compensation to employees associated with them rendering service during current or previous periods. Accordingly, the Group bears no further risk. For the Group's obligations regarding expenditure for defined contribution plans, an expense is recognised in profit or loss for the year at the rate accrued by employees rendering services for the Group in a period.

Defined benefit plans are plans other than defined contribution plans for compensation after terminated employment. The defined benefit pension plan in the Group consists of the ITP (Supplementary Pensions for Salaried Employees) plan's ITP 2 component collectively agreed in Sweden. This pension obligation is fully vested through insurance with Alecta. The Group does not have access to information to enable reporting of its proportional share of the plan's obligations, assets under management and expenses for the longer term, which means it has not been possible to account this plan as a defined benefit plan. Accordingly, the ITP 2 pension vested through insurance with Alecta is recognised as a defined contribution plan, and accordingly, no accounting of defined benefit pensions in the Group is conducted pursuant to the projected unit credit method.

In Spain, general provisions are made for pensions and social security expenses. These are paid every month by the employer (23.6% of gross salary) and directly by the employee (4.7% of gross salary).

Share-based payments

The company's share-based payments refer to the share matching programme and share warrant programme. The expenses for the share matching programme are recognised in accordance with IFRS 2, and measurements of entitlement to share matching and social security contributions is based on a customary valuation model (Monte Carlo simulation).

In addition to the share matching programme, IES has a share warrant programme that is valued according to the Black & Scholes model

For more information, refer to Note 7.

Compensation on termination

An expense for compensation in tandem with termination of staff is only recognised if the company has a demonstrable obligation with no realistic possibility of withdrawal, pursuant to a formal, detailed plan to terminate employment before the normal time. When compensation is made as an offer to encourage voluntary redundancy, an expense is recognised if it is likely that the offer will be accepted and the number of employees that will accept the offer can be reliably measured.

Financial expenses

Financial expenses mainly consist of interest expenses on loans and exchange rate losses. Interest expenses on loans are recognised in accordance with the effective interest method.

Exchange rate gains and exchange rate losses are not netted.

Tax

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss for the year apart from when underlying transactions are recognised in other comprehensive income or in equity, whereupon the associated tax effect is recognised in other comprehensive income and equity.

Current tax is tax to be paid or received in the current year, by applying those tax rates that are enacted or substantively enacted as of the reporting date. Current tax also includes restatements of current tax related to previous periods.

Deferred tax is recognised in total on all temporary differences arising between taxable values of assets and liabilities and their carrying amounts pursuant to the balance sheet method. Temporary differences are not considered in consolidated goodwill. Nor are temporary differences attributable to participations in subsidiaries not expected to be reversed within the foreseeable future considered. The measurement of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is computed by applying those tax rates and tax rules that are enacted or substantively enacted on the reporting date and are expected to apply when the affected deferred tax assets are realised or the deferred tax liability is settled.

Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised to the extent it is likely that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer likely that they can be utilised.

Earnings per share

Earnings per share before dilution are calculated based on profit for the year attributable to the Parent Company owners and the weighted average number of shares outstanding. Earnings per share after dilution are calculated based on profit for the year attributable to the Parent Company owners and the weighted average number of shares outstanding after dilution. Refer to Note 11.

Intangible assets

Goodwill

Goodwill is measured at cost less potential accumulated impairment losses. Goodwill is allocated to cash-generating units and subject to impairment tests at least once yearly.

Customer relations

Customer relations refer to the estimated value of existing customer relations on acquisition and are measured at cost less accumulated amortisation. The Group's customer relations in the balance sheet are amortised over 6–8 years.

Land concessions

Land concessions refer to the estimated value of a time-limited right to conduct school operations on land on which the Group has a school building. Land concessions are measured at cost less accumulated amortisation. The asset is amortised over the remaining contract term, which is 33 years.

Property, plant and equipment

Property plant and equipment in the Group is measured at cost less deductions for accumulated depreciation and any impairment. The cost includes the purchase price and expenditure directly attributable to the asset to bring it to the location and condition for use in accordance with its purchase.

The carrying amount of an asset is derecognised from the balance sheet on disposal or sale, or when no future economic rewards are expected from use or disposal/sale of the asset. Gains or losses arising from sale or disposal of an asset consist of the difference between the sales price and the carrying amount of the asset after deducting for direct selling expenses. Gains and losses are recognised in other operating income/expenses.

Leasehold improvements

When conducting leasehold improvements, a judgement of the useful life of the improvement is conducted. However, as a maximum, this period may be the estimated remaining term of the lease contract. Estimates should take special consideration of the fact that school operations involve substantial wear and tear on premises. Depreciation is then on a straight-line basis over the anticipated useful life of the asset.

Incremental expenditure

Incremental expenditure is added to cost only if it is likely that the future economic rewards associated with the assets will flow to the Group and the cost can be reliably measured. All other additional expenditure is recognised as an expense in the period it arises. Repairs are expensed immediately.

Depreciation principles

Anticipated useful lives of assets:

Depreciation periods

Permanent equipment, service facilities, etc. in buildings	10 years
Roof	25 years
Structure	30-50 years
Frontages	25 years
Inner surfaces such as floors, walls and ceilings	15 years
Installations such as electrical, plumbing and ventilation	18 years
Leasehold improvements	5-20 years
Other equipment	5 years
Photocopiers/printers	4 years
IT equipment	3 years

Depreciation is on a straight-line basis over the asset's anticipated useful life. The Group applies component depreciation, which means that depreciation is based on the anticipated useful lives of components. Depreciation methods, residual values and the useful lives of the assets are re-evaluated at each year-end.

Leases (applied from 1 July 2019)

IES primarily leases one class of asset – properties/premises. Rental contracts for properties and premises with a remaining term of more than 12 months from 1 July 2019 have been identified and recognised. A number of small storage rooms, parking spaces and offices were excluded. Newly signed leases normally have a term of 20 years when the lease is entered into. The average remaining contract term in IES's rental portfolio is approximately ten years. The leases usually contain extension options, and these are recognised if and when they are expected to the extended,

normally when two years remain on the lease, using the assumption that they will be extended in accordance with the extension option in the lease. In regard to indexation, the commencement date of the contract is used as the base date, with increases according to the actual indexation clause in the agreement.

Leases are recognised as a right-of-use asset and lease liability on the day on which the lease is deemed to comprise a commitment. Lease liabilities falling due within 12 months are classified as current liabilities and those due after 12 months are classified as non-current liabilities. Each lease payment is divided between repayment of the liability and interest expense. The interest component is distributed over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the lease liability recognised during that period (annuity). The right-of-use asset is depreciated straight-line over the lease term. The lease liability and right-of-use asset are initially valued at the present value of all future minimum lease payments.

The lease payment is discounted using the incremental borrowing rate for each property, taking into consideration market interest rates and external comparative figures for returns on public and school properties. The incremental borrowing rate is considered to differ between geographical areas, which is why IES's rental contracts have been classified according to their geographical location. In 2019, a rate of 2.9-4.5% was used for rental contracts in Sweden, and 4.5% for rental contracts in Spain. The average discount rate for the Group's lease liability is 4.0%.

In addition to rental contracts, IES also has short-terms leases and low-value leases, such as coffee machines and similar. Since the total value is considered insignificant, IFRS 16 is not applied to these leases. These lease payments are expensed on a straight-line basis.

Until 2018/19, the Group recognised leases in accordance with IAS 17, which distinguishes between operating and finance leases. The Group only had operating leases, which means that until 30 June 2019 lease payments were expensed on a straight-line basis in profit or loss over the lease term.

Impairment of non-financial assets

Assets with an indefinite useful life such as goodwill are not impaired, but are subject to impairment tests at least yearly. Assets subject to impairment are assessed for any decline in value whenever events or changed circumstances indicate that their carrying amount is not recoverable.

Impairment is executed at an amount whereby the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less selling expenses and value in use. Measurement of impairment involves assets being grouped at the lowest level where there are separate identifiable cash flows (cash-generating units). When impairment has been identified for a cash-generating unit (group of units), impairment is primarily allocated to goodwill. A proportional impairment of other assets included in the unit (group of units) is then carried out.

Previously reported impairment is reversed if the estimated recoverable amount exceeds the carrying amount. However, no reversal is conducted that would result in the carrying amount becoming higher than it would have been if no impairment had been recognised in previous periods. Goodwill impairment is never reversed

Financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes party to the instrument's contracted terms. Accounts receivable are recognised when invoices are sent. Liabilities are recognised when the counterparty has performed and there is a contracted liability to pay, even if no invoice has yet been received. Accounts payable are recognised when invoices are received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised, become due or the Group loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligations are fulfilled or otherwise cease to exist. The same applies to part of a financial liability.

A financial asset and financial liability are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset these amounts and there is an intention to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Purchases and sales of financial assets are recognised on the transaction date. The transaction date is the date the company undertakes to purchase or sell the asset.

Recognition and measurement

All financial assets are measured at amortised cost. The reason for this is that they are held under a business model whose objective is to collect the contractual cash flows and the cash flows from the assets are solely payments of principal and interest on the principal amount.

Financial liabilities are either measured at amortised cost or fair value through profit or loss. The Group's liabilities for additional consideration attributable to business combinations are measured at fair value through profit or loss. Other financial liabilities are measured at amortised cost.

A financial instrument is classified on initial recognition on the basis of considerations including the purpose for which the instrument was purchased. Recognition determines how the financial instrument is measured after initial recognition. The Group holds financial instruments in the following categories:

- Loan receivables and accounts receivable
- Other financial liabilities

Impairment of financial assets

The Group has only accounts receivable that are included in the assessment of expected future credit losses, for which the Group applies the simplified approach. This method entails that full lifetime expected credit losses are used as the basis. Accounts receivable are initially recognised at the enterprise value since they do not, as a rule, contain any material financing component. Impairment of expected credit losses is forward-looking. A loss allowance is established when there is exposure to credit risk. Such an assessment takes place on initial recognition. A loss allowance is recognised for the full lifetime of the credit loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash funds and immediately available balances with banks and corresponding institutions, as well as short-term, liquid investments with maturities of less than three months after the acquisition date that are exposed only to insignificant risk of value fluctuations.

Dividends

Dividends to Parent Company shareholders are recognised as a liability in the consolidated financial statements in the period when the dividend was approved.

Provisions

A provision differs from other liabilities because of the uncertainty prevailing on the timing of payment or the amount required to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or informal obligation resulting from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to fulfil the obligation and the amount can be measured reliably. A provision is made of an amount that is the best estimate of what is necessary to settle the existing obligation on the reporting date. Where the effect of when

in time the payment is executed is material, provisions are estimated by discounting expected future cash flow.

Pledged assets and contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from an event that has occurred and whose incidence is only confirmed by one or several uncertain future events, or where there is an obligation not recognised as a liability or a provision due to it not being likely that an outflow of resources will be necessary.

Operating segments

IFRS 8 Operating Segments stipulates that operating segments are reported in a manner that is consistent with internal reporting presented to the chief operating decision maker (CODM).

IES's Board of Directors is responsible for setting the Group's overall targets, progress and monitoring the company's overall strategy, making decisions on major business combinations, divestments and investments, and continuous monitoring of operating activities.

IES's CEO is responsible for leading and managing operations in accordance with the strategy set by the Board of Directors. Accordingly, the CEO is IES's CODM, and serves the function that allocates resources and evaluates results of operations within the Group. The CODM evaluates the progress and performance of operating segments based on operating profit before financial items and non-recurring items. Financial items and tax are reported for the Group as a whole.

IES's operations are organised, managed and reported on the basis of three operating segments: Sweden, Spain and the UK.

These three segments have slightly differing monitoring and reporting structures, as well as customer bases, and accordingly, differentiated risk exposure. The segments apply the same accounting policies as the Group, except for IFRS 16. Internal reporting within IES is structured in accordance with this segment division, which also serves as the basis for in-depth analysis.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. Reported cash flow only includes transactions that involve payments received or made. This means that there may be a departure due to changes in individual balance-sheet items.

2

Allocation by segment

IFRS 8 Operating Segments stipulates that operating segments are reported in a manner that is consistent with internal reporting presented to the chief operating decision maker (CODM).

Segments have been identified on the basis of the monitoring and reporting structures to the Board of Directors and CEO. Consolidated operating income and EBIT are allocated by geographical markets/operating segments as follows.

IES's operations are organised, managed and reported on the basis of three operating segments: Sweden, Spain and the UK.

The segment in Sweden has one customer whose revenue exceeds 10% of the total. Total revenues for the year amounted to MSEK 577.5 (519.4).

Geographical markets/Segments

deograpmear markets/segments		
Revenue	2019/20	2018/19
Sweden	2,687.9	2,489.0
Spain	253.4	174.5
UK	1.5	1.4
Group adjustments/eliminations	-5.3	-1.2
Group total	2,937.5	2,663.8
EBIT	2019/20	2018/19
Sweden	233.9	191.9
Spain	89.1	17.7
UK	0.2	-0.8
Effect of IFRS 16	69.7	-
Group adjustments/eliminations	-0.1	-0.2
Group total	392.8	208.6
Non-current assets by country	2019/20	2018/19
Sweden	828.0	847.5
Spain	787.3	537.2
UK	_	
Group total	1,615.3	1,384.8
Investments by country	2019/20	2018/19
Sweden	62.2	71.9
Spain	5.1	4.8
UK		
Group total	67.3	76.7
Depreciation and amortisation by country	2019/20	2018/19
Sweden	60.2	73.7
Spain	5.1	10.5
UK	-	-
Group total	65.3	84.2

Other operating income

	2019/20	2018/19
Subsidy for "Karriärtjänster"	17.8	16.8
Subsidy for "Lärarlönelyftet"	41.4	36.7
Subsidy for "Likvärdig skola"	53.3	32.1
Junior Club	15.2	13.8
Other operating income	16.8	17.9
	144.5	117.3



Remuneration to auditors

Elected auditors	2019/20	2018/19
Audit assignment	3.1	2.0
Auditing services over and above the audit assignment	1.3	2.0
Tax advisory services	-	-
	4.4	4.0
Harmer Slater Ltd		

0.1

0.1

0.1

0.1



Audit assignment

Non-recurring items

Non-recurring items consist of non-recurring revenues and

These items are disclosed separately to improve comparability between periods.

	2019/20	2018/19
Capital gain on sale of associated company in Spain	-24.7	-
Bargain purchase	-54.6	0.0
Expenses relating to acquisition in Spain	1.8	0.2
Severance pay, CEO	-	6.2
	-77.5	6.4

Leases

The Group has recognised leases in accordance with IFRS 16 Leases since 1 July 2019. The Group is only lessee of leased premises. Exemptions have been made for some low-value and short-terms leases, which are recognised straight-line in profit or loss instead. This primarily refers to IT equipment. A more detailed description is provided in Note 1 Accounting policies.

Expenses for leased assets	2019/20	
Depreciation of right-of-use assets	317.9	
Interest expense on lease liabilities	133.9	
Expense for short-term and low-value leases	8.8	
Expense for variable lease payments	1.4	
	462.0	

Right-of-use assets have increased since the start of the year primarily due to a new school opening, acquisitions made in Spain and extensions and indexation of existing leases.

New right-of-use assets at a value of MSEK 486.9 have arisen relating to the opening of a new school, index adjustments and extensions of existing leases.

Future minimum lease payments for non-cancellable operating leases - Premises

	2018/19
To be paid within 1 year	381.8
To be paid within 1-5 years	1,658.4
To be paid after more than 5 years	4,118.4
	6.158.6

Future minimum lease payments for non-cancellable operating leases - Other equipment

	2018/19
To be paid within 1 year	4.4
To be paid within 1–5 years	-
To be paid after more than 5 years	-
	4.4

The total cash outflow for leases for the year was MSEK 409.4 (393.0).



Employees and personnel expenses

	2019/20		2018	/19
Average no. of FTEs	No. of FTEs	f whom, men	No. of FTEs	Of whom, men
Sweden	2,887	37%	2,669	37%
Spain	523	32%	359	29%
UK	-	-	-	-
Group total	3,381	36%	3,028	36%
Salary and remur	neration		2019/20	2018/19
CEO, Board of Dire	ectors and senior		16.0	20.2
Other employees			1,250.7	1,107.1
			1,266.6	1,127.3
Directors and seni-	for CEO, Board of or executives		4.1	4.6
Directors and seni Other social securi Board of Directors	or executives ty expenses for CE		4.1 5.6	
Other social securi	or executives ty expenses for CE			7.0
Other social securi	or executives ity expenses for CE and senior execut	ives	5.6	7.0
Other social securi Board of Directors	or executives ty expenses for CE and senior execut for other employer	es	5.6 9.8	7.0 11.6 73.7
Other social securi Board of Directors Pension expenses Other social securi	or executives ty expenses for CE and senior execut for other employer	es	5.6 9.8 79.2	7.0 11.6 73.7 362.6
Other social securi Board of Directors Pension expenses Other social securi	or executives ty expenses for CE and senior execut for other employed ty expenses for other	ives es ner	5.6 9.8 79.2 412.0 491.2	7.0 11.6 73.7 362.6
Other social securi Board of Directors Pension expenses Other social securi employees	or executives Ity expenses for CE and senior execut for other employe Ity expenses for other men and men, sen mbers elected by	ives es ner	5.6 9.8 79.2 412.0 491.2	7.0 11.6 73.7 362.6 436.3
Other social securi Board of Directors Pension expenses Other social securi employees Proportion of wo Female Board mershareholders' mee Male Board memb	or executives Ity expenses for CE and senior execut for other employe Ity expenses for other men and men, sen The selected by tings, % ers elected by	ives es ner	5.6 9.8 79.2 412.0 491.2	7.0 11.6 73.7 362.6 436.3
Other social securi Board of Directors Pension expenses Other social securi employees Proportion of wo Female Board mer	or executives Ity expenses for CE and senior execut for other employed ty expenses for other men and men, sen nbers elected by tings, % ers elected by tings, %	ives es ner	5.6 9.8 79.2 412.0 491.2 stives 29%	4.6 7.0 11.6 73.7 362.6 436.3

Information is as of the reporting date.

Pensions

The Group mainly has defined contribution pension plans, although Sweden also has defined benefit plans. The plans in Sweden consist of the ITP plan (Supplementary Pensions for Salaried Employees), which includes both ITP 1 defined contribution pensions and ITP 2 defined benefit pensions.

The defined benefit pension obligations of ITP 2 for retirement and survivors' pensions are fully vested through insurance with Alecta. This plan is a defined benefit multi-employer plan, but because there is no information for reporting as a defined benefit plan, it is reported as a defined contribution plan. Expected premiums to Alecta next year amount to MSEK 39.7. The Group's share of the total premiums to the plan amounts to 0.14%.

The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of insurance commitments measured in accordance with Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. At year-end 2019, Alecta's surplus in the form of the collective consolidation ratio was 148% (142).

The Group's aggregate expense for defined contribution pension plans amounted to MSEK 43.0 (29.4).

In Spain, general provisions are made for pensions and social security expenses. These are paid every month by the employer (23.6% of gross salary) and directly by the employee (4.7% of gross salary).

Disclosures regarding remuneration to the Board of Directors and senior executives

The CEO is an employee of Internationella Engelska Skolan i Sverige Holdings II AB. The other senior executives are employees of Internationella Engelska Skolan i Sverige AB.

Compensation, terms and conditions for senior executives The Board of Directors applies the following guidelines for compensation of the CEO and senior executives:

Internationella Engelska Skolan will offer overall compensation at market levels that enables the hiring and retention of qualified senior executives. Compensation within Internationella Engelska Skolan should be based on principles of performance, competitiveness and fairness. Variable compensation is not permitted. Pensions are to either be based on the ITP system or, if outside this system, be contribution based and in such a case amount to a maximum of 30% of fixed salary. Share-based incentive programmes are resolved by the shareholders' meeting following proposals by the Board.

Compensation to the CEO and other senior executives consists of basic salary, pension, company car and healthcare benefits. Senior executives mean the ten individuals who make up management jointly with the CEO on the reporting date.

The CEO has a notice period of six months and severance pay of six months for termination, which applies both when termination is initiated by the Group and when initiated by the CEO. Other senior executives have maximum notice periods of six months and maximum severance pay of six months.

Cecilia Marlow left her position as interim CEO and President on 25 November 2019. Anna Sörelius Nordenborg became CEO and President on the same date.

2019/20	Basic salary, directors' fee	Pension expenses	Other compensation*)	Other benefits	Total
Chairman					
Carola Lemne (elected Chairman 21 November 2019)	0.3	-	-	-	0.3
Board members elected by shareholders' meetings					
Cecilia Marlow (left 21 November 2019)	0.1	-	-	-	0.1
Maria Rankka	0.3	-	-	-	0.3
Robert Clark (elected 21 November 2019)	0.2	-	-	-	0.2
Brian Hatch	0.3	-	-	-	0.3
Peter Wikström	0.4	-	-	-	0.4
Lars Strannegård	0.3	-	-	-	0.3
Birker Bahnsen	-	-	-	-	-
Senior executives					
Former CEO *	-	-	0.9	-	0.9
Current CEO	1.7	0.5	-	0.0	2.2
Other senior executives (10)	11.2	3.6	-	0.2	15.1
Total	14.6	4.1	0.9	0.3	20.0

^{*} Other compensation to the former CEO comprises consulting fees.

2018/19	Basic salary, directors' fee	Pension expenses	Other compensation*)	Other benefits	Total
Chairman					
Per Båtelson (left 20 November 2018)	0.2	-	-	-	0.2
Birker Bahnsen (elected Chairman 20 November 2018)	-	-	-	-	-
Board members elected by shareholders' meetings					
Barbara Bergström (left 20 November 2018)	-	-	-	-	-
Cecilia Marlow	0.3	-	-	-	0.3
Maria Rankka	0.3	-	-	-	0.3
Gunilla Carlsson (left 17 May 2019)	-	-	-	-	-
Peter Wikström (elected 20 November 2018)	0.2	-	-	-	-
Brian Hatch (elected 20 November 2018)	0.2	-	-	-	-
Lars Strannegård (elected 20 November 2018)	0.2	-	-	-	-
Senior executives					
Former CEO *	2.1	0.9	4.3	-	7.4
Current CEO **	-	-	1.4	-	1.4
Other senior executives (10)	11.1	3.7	-	0.1	15.0
Total	14.5	4.6	5.7	0.1	24.9

^{*} Other compensation to the former CEO is severance pay. Pension expenses include pension provisions paid together with severance pay.

Incentive programmes

At an Extraordinary General Meeting (EGM) of Internationella Engelska Skolan i Sverige Holdings II AB (publ) on 13 June 2018, the shareholders resolved to introduce two long-term incentive programmes in the form of a share matching programme for a maximum of 50 principals and other key individuals within the Group, and a share warrant programme for a maximum of ten senior executives. These programmes have been designed to motivate and retain competent professionals, improve consistency between the individuals' and the company's objectives, and increase motivation to achieve, and exceed, the company's financial targets.

Share matching programme

The EGM resolved on a share matching programme for a maximum of 50 principals and other key individuals within the Group. This programme was offered to participants at the end of June 2018, and the subscription period ended on 11 July 2018.

Participation required the participants to acquire shares of IES with their own funds, or alternatively allocate previously held shares acquired after 1 January 2018 to the programme, termed savings shares. With certain exceptions, participants that retain savings shares during the term of the programme from 2 July 2018 until the publication date of the interim report for the period 1 July 2020 to 31 March 2021 inclusive, and are also employed by IES throughout the term, will receive one matching share for each saving share at the end of the period. However, the total value per right to receive a matching share is limited to three times the share price at the date of the programme's implementation. If the value of such a right exceeds this ceiling, the number of matching shares reduces proportionally.

As of 11 July 2018, nine principals and other key individuals within the Group had decided to participate in the programme to an extent implying that the total number of shares that could be

^{**} Other compensation to the current CEO is consulting fees.

granted pursuant to the share matching programme could amount to a maximum of 11,415 shares, corresponding to some 0.03% of the number of shares outstanding. The expenses for the share matching programme are recognised in accordance with IFRS 2, and measurements of entitlement to share matching and social security contributions is based on a customary valuation model (Monte Carlo simulation). The Group's expense for the share matching was MSEK 0.4 in the financial year.

The following parameters are applied to the valuation model (Monte Carlo simulation) in full-year and quarterly financial statements:

- The share price on the reporting date in SEK/share
- Expected volatility, %
- Expected share dividend is a parameter of the simulation. The Directors' Report states IES's dividend policy
- Risk-free interest rate, %
- Estimated staff turnover, %
- Maximum outcome, three times share price on implementation
- Exercise date, at the end of May 2021
- Number of shares remaining in the programme at the reporting date.

Share warrant programme

The EGM on 13 June 2018 also resolved on the issue of share warrants within the auspices of an incentive programme for the Group's senior executives. A maximum of ten senior executives, including the CEO, are entitled to participate in this programme. The issue involved a total of 468,000 share warrants that confer entitlement to subscribe for the same number of new shares of the company. This offering, which expired on 11 July 2018, was utilised by nine senior executives, who acquired a total of 284,000 share warrants. The participants acquired share warrants at SEK 5.00 per warrant, a total of SEK 1,420,000, which is considered at market value pursuant to external valuation according to the Black & Scholes model.

The share warrants have a subscription price per share of SEK 89.10 per share. The share warrants can be exercised in a period of two weeks directly after publication of the company's interim report for the period July 2020 – March 2021 (Q3), or a period of two weeks directly after publication of the company's year-end report for July 2020 – June 2021.

Subject to certain exceptions, the company has reserved the right to repurchase share warrants if the participant's employment with the company terminates, or if the participant wishes to transfer share warrants before the share warrants can be exercised.

On 21 February 2019, the company repurchased all 111,000 share warrants from the former CEO at the subscription price. The number of share warrants outstanding subsequently amounted to 173,000, held by eight senior executives.

If the maximum number of acquired share warrants are exercised and the total number of subscribed matching shares are granted, this would imply dilution corresponding to some 0.39% of the company's total number of shares and votes.

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Financial income

Financial income	2019/20	2018/19
Other interest income and similar profit/loss items	23.2	6.0
	23.2	6.0

All interest income is attributable to financial items measured at amortised cost.

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Financial expenses

Financial expenses	2019/20	2018/19
Other interest expenses and similar profit/ loss items	161.6	12.2
	161.6	12.2

IFRS 16 was implemented during the financial year and accounts for MSEK 133.9 of total interest expenses.

Other interest expenses are attributable to financial items measured at amortised cost.



Tax on profit for the year

	2019/20	2018/19
Current tax	52.8	42.5
Adjustment for preceding year	0.6	0.3
Change in deferred tax relating to temporary differences and customer relations	-14.3	5.0
Reported tax	39.1	47.8
Reconciliation of effective tax rate	2019/20	2018/19
Earnings before tax	254.6	202.4
Tax at applicable rate (21.4%)	54.5	44.5
Tax attributable to previous years	0.6	0.3
Non-deductible expenses	0.9	2.8
Non-taxable income	-18.5	-
Standard earnings, tax allocation reserves	1.4	0.2
Other tax rate, Spain	0.2	-
Reported tax	39.1	47.8
Average effective tax rate	15.4%	23.6%

The Group has no tax items recognised in other comprehensive income or directly against equity.

Disclosures on deferred tax assets and tax liabilities

The following table specifies the tax effect of temporary differences:

Deferred tax assets	30 Jun. 2020	30 Jun. 2019	30 Jun. 2018
IFRS 16 Leases	13.9	-	-
Temporary differences on property, plant and equipment	7.0	-	-
	20.8	_	_

Specification of deferred tax liabilities:

Deferred tax liabilities	30 Jun. 2020	30 Jun. 2019	30 Jun. 2018
Tax allocation reserves	64.6	60.1	54.1
Customer relations	12.3	10.9	-
Other	5.9	5.8	-
Carrying amount	82.8	76.8	54.1

Specification of change in deferred tax liabilities:

	30 Jun. 2020	30 Jun. 2019	30 Jun. 2018
Opening carrying amount	76.8	54.1	48.6
Change in temporary differences	6.1	22.7	5.5
Translation difference	-0.1		
Closing carrying amount,	82.8	76.8	54.1

Earnings per share

Earnings per share before and after dilution

	2019/20	2018/19
Profit for the year, MSEK	215.3	154.6
Average number of shares before and after dilution, million	40.1	40.1
Earnings per share, basic and diluted, SEK	5.37	3.85

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Goodwill

	30 Jun. 2020	30 Jun. 2019
Opening cost	824.8	661.0
Acquisition in Spain for the year	31.6	163.8
Translation difference	-1.8	_
Closing accumulated cost	854.7	824.8
Closing carrying amount	854.7	824.8

Impairment test

Consolidated goodwill of MSEK 854.7 (824.8) arose on the acquisition of Internationella Engelska Skolan i Sverige AB and subsidiaries (661.0) and on the acquisition of schools in Spain (195.4). Goodwill is subject to impairment tests at the lowest levels where there are separate identifiable cash flows (cash-generating units). As of 30 June 2020, the Group has three cash-generating units, which comprise the operations in Sweden, Spain and the UK.

The impairment test consists of estimating whether a unit's recoverable amount is greater than its carrying amount. The recoverable amount is calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without considering future operational expansion and restructuring. These computations proceed from estimated cash flows based on financial budgets and cover a four-year period. Cash flow beyond the four-year period is extrapolated using estimated growth rates according to the following information. A ten-year period has been applied to Spain since this better represented the expected trend.

Material assumptions utilised for measuring the value in use (excluding IFRS 16):

Sweden	30 Jun. 2020	30 Jun. 2019	30 Jun. 2018
EBITDA margin *	10.3%	11.0%	10.0%
Growth rate **	2.0%	2.0%	2.0%
Discount rate ***	9.6%	11.6%	11.3%

- * Estimated average gross margin for the next four years.
- ** Weighted average growth rate applied to extrapolate cash flows after the budget period.
- *** Discount rate before tax applied for calculating the present value of estimated future cash flows.

The discounted cash flow model involves forecasting future cash flows from operations including estimates of revenue volumes and production expenses. The material assumptions governing estimated cash flows over the next four years are the EBITDA margin and growth rate. The values of these variables have been estimated, primarily based on, and in accordance with, historical experience. These measurements reveal no impairment and do not indicate that any reasonable potential changes in material assumptions would result in impairment.

A sensitivity analysis demonstrates that:

- a one percentage point reduction in the EBITDA margin in the model would negatively affect value in use by MSEK 643.
- a one percentage point reduction in the growth rate beyond the four-year budget period would negatively affect value in use by MSEK 307.
- a one percentage point increase in the discount rate would negatively affect value in use by MSEK 351.

Spain	30 Jun. 2020	30 Jun. 2019	30 Jun. 2018
EBITDA margin *	20.0%	-	-
Growth rate **	2.0%	-	-
Discount rate ***	9.0%	_	-

- * Estimated average gross margin for the next ten years.
- ** Weighted average growth rate applied to extrapolate cash flows after the budget period.
- *** Discount rate before tax applied for calculating the present value of estimated future cash flows.

The discounted cash flow model involves forecasting future cash flows from operations including estimates of revenue volumes and production expenses. The material assumptions governing estimated cash flows over the next ten years are the EBITDA margin and growth rate. The values of these variables have been estimated, primarily based on, and in accordance with, historical experience. These calculations did not indicate any impairment requirement. A change in each of the material assumptions included in the calculation shows that the recoverable amount exceeds the carrying amount by a healthy margin.

A sensitivity analysis demonstrates that:

- a one percentage point reduction in the EBITDA margin in the model would negatively affect value in use by MSEK 45.
- a one percentage point reduction in the growth rate beyond the ten-year budget period would negatively affect value in use by MSEK 32.
- a one percentage point increase in the discount rate would negatively affect value in use by MSEK 85.

Customer relations

	30 Jun. 2020	30 Jun. 2019
Opening cost	47.4	_
Acquisition of operations	14.1	46.5
Translation difference	-0.4	0.9
Closing accumulated cost	61.1	47.4
Opening amortisation	-3.9	-
Amortisation for the year	-7.8	-3.9
Translation difference	-0.1	-
Closing accumulated amortisation	-11.8	-3.9
Closing carrying amount	49.3	43.5

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Land concessions

	30 Jun. 2020	30 Jun. 2019
Opening cost	24.6	-
Acquisition of operations	-	24.6
Translation difference	-0.2	-
Closing accumulated cost	24.4	24.6
Opening amortisation	-	-
Amortisation for the year	-0.7	-
Closing accumulated amortisation	-0.7	-
Closing carrying amount	23.7	24.6



Other intangible assets

	30 Jun. 2020	30 Jun. 2019
Opening cost	0.2	_
Acquisition of operations	2.3	0.2
Reclassification	-3.5	-
Translation difference	1.6	-
Closing accumulated cost	0.6	0.2
Opening amortisation	-	-
Amortisation for the year	-3.5	-
Reclassification	3.5	-
Closing accumulated amortisation	0.0	_
Closing carrying amount	0.6	0.2

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Buildings

	30 Jun. 2020	30 Jun. 2019
Opening cost	252.3	8.4
Acquisition of operations	178.2	231.9
Reclassification	3.5	-
Translation difference	-1.0	12.0
Closing accumulated cost	433.1	252.3
Opening depreciation	13.5	-3.8
Depreciation for the year	-14.2	-9.7
Reclassification	-3.5	-
Translation difference	0.2	-
Closing accumulated depreciation	-31.0	-13.5
Closing carrying amount	402.0	238.8

^{*} These comparative figures refer to "Property on leasehold sites."

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Land

	30 Jun. 2020	30 Jun. 2019
Opening cost	39.1	-
Acquisition of operations	45.2	39.1
Translation difference	-0.1	-
Closing accumulated cost	84.2	39.1
Closing carrying amount	84.2	39.1

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Construction in progress and advance payments for property, plant and equipment

	30 Jun. 2020	30 Jun. 2019
Opening cost	2.9	_
Acquisition of operations	0.7	2.9
Closing accumulated cost	3.6	2.9
Opening depreciation	-	-
Depreciation for the year	-	_
Closing accumulated depreciation	-	_
Closing carrying amount	3.6	2.9

Machinery and equipment

	30 Jun. 2020	30 Jun. 2019
Opening cost	518.90	438.0
Acquisition of operations	0.5	28.8
Purchases for the year	62.7	67.0
Sales/retirements	-	-15.0
Translation difference	0.3	-
Closing accumulated cost	582.4	518.9
Opening depreciation	-359.2	-305.9
Depreciation for the year	-72.6	-67.8
Translation difference	2.6	14.5
Closing accumulated depreciation	-429.1	-359.2
Closing carrying amount	153.3	159.7



Improvements to own property and leasehold improvements

	30 Jun. 2020	30 Jun. 2019
Opening cost	55.1	49.4
Purchases for the year	1.5	4.9
Acquisition of operations	-	0.8
Closing accumulated cost	56.6	55.1
Opening depreciation	-19.7	-17.0
Depreciation for the year	-	-2.7
Closing accumulated depreciation	-19.7	-19.7
Closing carrying amount	36.9	35.4



Group companies

Entity	Main activity	Participating interest 2019/20 (2018/19)
Internationella Engelska Skolan i Sverige Holdings II AB	Owning and managing shares in subsidiaries	-
- Internationella Engelska Skolan i Sverige AB	Conducting school operations	100% (100)
English Summer School AB	Conducting school operations	100% (100)
– IES UK Schools LLP, UK	Owning and managing shares in subsidiaries in the UK	100% (100)
IES International English Schools Ltd	Educational provider	100% (100)
– International Education Partnership S.L.	Owning and managing shares in subsidiaries in Spain	100% (100)
Elian's Boston S.A	Conducting school operations	100% (100)
Elian's Londres S.A	Conducting school operations	100% (100)
The English School of Asturias S.L	Conducting school operations	99.7% (99.5%).
Colegio Internacional de Valladolid S.A	Conducting school operations	99.4% (99.4%).

Entity	Main activity	Participating interest 2019/20 (2018/19)
Colegio 67, S.L	Conducting school operations	100% (100)
– International School of Zaragoza, S.L	Conducting school operations	100% (–).
– International Education Partnership Madrid, S.L .	Owning and managing shares Uin subsidiaries in Spain	100% (-).
Enseñanzas Puer, S.L	Conducting school operations	100% (-).
Garcos Educación, S.L	Conducting school operations	100% (-).
Colegio Joyfe, S.L	Conducting school operations	100% (-).
Ciclos Formativos de Graa Superior, S.L	OConducting school operations	100% (-).



Joint ventures

Entity	Main activity		Participating interest in joint venture 30 Jun. 2020	Participating interest 2019/20 (2018/19)
Colegio IALE, S.A	Conduct operation	ting school ons	_	0% (50%)
Participations in	joint vei	ntures	30 Jun. 2020	30 Jun. 2019
Opening cost			15.8	54.1
Profit contribution	for the	year	-	2.2
Effect of acquisition in IEP Spain	on of rem	aining 50%	-	-40.4
Sale of participation	ons in joi	nt ventures	-15.8	-
Closing accumul	ated cha	nge	-15.8	-38.3
Closing carrying	amount		-	15.8
2019/20 Entity		Profit, IES's share, 50%	o Other Scomprehensive of income	Total comprehensive income
Colegio IALE, S.A	-			_
	-	-		-
2018/19 Entity		Profit, IES's share, 50%	o Other comprehensive of income	Total comprehensive income
Colegio IALE, S.A	4.3	2.2	2 –	2.2



Current receivables

4.3

	30 Jun. 2020	30 Jun. 2019
Receivables with joint ventures	_	8.9
	-	8.9
Participations in joint ventures	30 Jun. 2020	30 Jun. 2019
Opening carrying amount	8.9	22.0
Effect of acquisition of remaining 50% in IEP Spain	-	-13.3
Sale of participations in joint ventures	-8.9	-
Translation difference	-	0.2
Closing carrying amount	_	8.9

2.2

0.0

2.2

Financial assets and liabilities

The table below presents the Group's financial assets and liabilities, recognised at carrying amounts or measured at fair value, respectively, classified in accordance with IFRS 9 categories. The carrying amount for current receivables and liabilities comprises a reasonable estimate of the fair value meaning that these amounts are the same in the table below.

Financial assets Financial assets

Since liabilities to credit institutions carry floating interest and no major changes in the credit margin are have taken place, the market value is deemed to correspond to the carrying amount.

Total

Total

Financial

Financial assets and liabilities as of 30 June 2020

	measured at fair value through profit or loss	measured at amortised cost	liabilities measured at fair value through profit or loss	liabilities measured at amortised cost	carrying amount	fair value
Financial assets						
Accounts receivable	-	20.5	-	-	20.5	20.5
Other current receivables	-	1.4	-	-	1.4	1.4
Prepaid expenses and accrued income	-	85.5	-	-	85.5	85.5
Cash and cash equivalents	_	290.6	-	-	290.6	290.6
	-	398.0	-	-	398.0	398.0
Financial liabilities						
Liabilities to credit institutions – non-current	-	-	-	213.8	213.8	213.8
Liabilities to credit institutions – current	-	-	-	28.9	28.9	28.9
Accounts payable	-	-	-	92.4	92.4	92.4
Other current liabilities	-	-	-	3.1	3.1	3.1
Accrued expenses	-	-	-	182.5	182.5	182.5
	_	_	-	520.7	520.7	520.7
Financial assets and liabilities	Financial assets	Financial assets	Financial liabilities	Financial liahilities	Total carrying	Total fair value
	-	Financial assets measured at	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
Financial assets and liabilities	Financial assets measured at fair value through	Financial assets measured at	liabilities measured at fair value through	liabilities measured at	carrying	
	Financial assets measured at fair value through	Financial assets measured at	liabilities measured at fair value through	liabilities measured at	carrying	
Financial assets	Financial assets measured at fair value through	Financial assets measured at amortised cost	liabilities measured at fair value through	liabilities measured at	carrying amount	fair value
Financial assets Accounts receivable	Financial assets measured at fair value through	Financial assets measured at amortised cost	liabilities measured at fair value through	liabilities measured at	carrying amount	fair value
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5	liabilities measured at fair value through	liabilities measured at	carrying amount 21.6 2.5	fair value 21.6 2.5
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0	liabilities measured at fair value through	liabilities measured at	21.6 2.5 117.0	21.6 2.5 117.0
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9	liabilities measured at fair value through	liabilities measured at	21.6 2.5 117.0	fair value 21.6 2.5 117.0 8.9
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at	21.6 2.5 117.0 8.9 245.0	21.6 2.5 117.0 8.9 245.0
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture Cash and cash equivalents	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at	21.6 2.5 117.0 8.9 245.0	21.6 2.5 117.0 8.9 245.0
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture Cash and cash equivalents Financial liabilities Liabilities to credit institutions	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at amortised cost	21.6 2.5 117.0 8.9 245.0 394.9	21.6 2.5 117.0 8.9 245.0 394.9
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture Cash and cash equivalents Financial liabilities Liabilities to credit institutions – non-current Liabilities to credit institutions	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at amortised cost	21.6 2.5 117.0 8.9 245.0 394.9	21.6 2.5 117.0 8.9 245.0 394.9
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture Cash and cash equivalents Financial liabilities Liabilities to credit institutions – non-current Liabilities to credit institutions – current	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at amortised cost 171.3	21.6 2.5 117.0 8.9 245.0 394.9	21.6 2.5 117.0 8.9 245.0 394.9
Financial assets Accounts receivable Other current receivables Prepaid expenses and accrued income Current receivables, joint venture Cash and cash equivalents Financial liabilities Liabilities to credit institutions – non-current Liabilities to credit institutions – current Liabilities to joint ventures	Financial assets measured at fair value through	Financial assets measured at amortised cost 21.6 2.5 117.0 8.9 245.0	liabilities measured at fair value through	liabilities measured at amortised cost 171.3 24.4 9.7	21.6 2.5 117.0 8.9 245.0 394.9 171.3 24.4	21.6 2.5 117.0 8.9 245.0 394.9 171.3 24.4

Financial

Management judges that there is no material difference between carrying amounts and fair values.

485.1

485.1

485.1

The table below illustrates financial instruments, classified in the following value hierarchy:

Level 1 - (unadjusted) quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly

Level 3 - unobservable inputs for the asset or liability.

30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Receivables with joint ventures	-	-	-	-
	-	-	-	_
Financial liabilities				
Liabilities to credit institutions	-	242.7	0.0	242.7
	-	242.7	0.0	242.7
30 June 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Receivables with joint ventures	-	8.9	-	8.9
	-	8.9	-	8.9
Financial liabilities				
Liabilities to credit institutions	-	195.7	-	195.7
	-	195.7	-	195.7
Liabilities to credit institutions of June 2020 are specified by the fo currencies. Closing carrying amo	ollowing	Lo currer	cal ncy	MSEK

The Group's liabilities to credit institutions comprises loans raised by IEP and its subsidiaries in Spain. At the end of the period, the Group had outstanding acquisition loans of MEUR 16.5, or MSEK 172.9, and property loans and other loans totalling MEUR 6.7, or MSEK 69.8. Collateral was obtained for the above loans by pledging collateral in properties and Parent Company guarantees.

23.2

242.7

25

Financial risks

As a result of its operations, the Group is exposed to various types of financial risk: credit risk, market risks (currency risk, interest risk and other price risk) and liquidity risk.

The Group's overall risk management is focused on the unpredictability of the financial markets and endeavours to minimise potential unfavourable effects on the results of the Group's operations.

The Group's financial transactions and risks are managed centrally by the Group's central accounting function. The overall objective of financial risks is to provide cost-efficient financing and liquidity management.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligations and thus causes a financial loss to the Group. The Group has no material concentration of credit risks.

Credit risk in accounts receivable

Credit losses amount to insignificant sums in relation to the Group's operating income.

The age analysis of accounts receivable on the reporting date is stated below. Accounts receivable are invoiced voucher funding and expenses for Junior Club.

	30 Jun. 2020	30 Jun. 2019
Accounts receivable – not overdue	14.8	18.0
Accounts receivable overdue by 31–90 days	3.8	2.6
Accounts receivable overdue by >90 days	1.9	0.9
Carrying amount	20.5	21.6

Expected credit loss reserve	30 Jun. 2020	30 Jun. 2019
Opening balance	0.4	_
Expected credit loss reserve	-0.4	0.4
Confirmed losses	-	_
Closing balance	0.0	0.4

The Group did not recognise any impairment for the year. Customers are mainly municipalities with high credit ratings. The recognised reserve is for expected credit losses and guarantee commitments under IFRS 9. The Group establishes provisions for expected credit losses based on individual assessment of the receivables, which includes information known about the counterparty and forward-looking information.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument vary due to fluctuations in market prices. IFRS classifies market risks in three types: currency risk, interest risk and other price risks. The market risk affecting the Group primarily consists of currency risk and interest risk.

The Group's objective is to manage and control market risks within the framework set by the Board of Directors.

Currency risk

Currency risk is the risk that the fair value of, and future cash flows from, a financial instrument vary due to fluctuations in foreign exchange rates. The primary exposure is sourced from the Group's sales and purchases in foreign currency. This exposure is termed transaction exposure. Currency risk also exists in the translation of

MFUR

assets and liabilities in foreign currencies, and in the translation of the assets and liabilities of foreign operations to the functional currency of the Parent Company, termed translation exposure.

Transaction exposure

Currency risk related to fluctuations in contracted payment flows increased during the year due to the acquisition in Spain, although the Sweden segment continues to account for more than 90% of the Group's operating income.

Currency exposure 2019/20 (%)	Operating income	Operating expenses
EUR	8.31%	8.82%
GBP	0.05%	0.05%
Currency exposure 2018/19 (%)		
EUR	6.30%	6.03%
GBP	0.05%	0.09%

As stated in the above table, the Group's transaction exposure is in EUR and GBP. A 10% fluctuation of the SEK against the EUR would have an impact on profit after tax and equity of approximately MSEK +/–17.4 (11.9). A 10% fluctuation of the SEK against the GBP would have an impact on profit after tax and equity of approximately MSEK +/–0.0 (0.1).

Translation exposure

The Group also has translation exposure arising from the translation of assets and liabilities in foreign currencies and the results of operations and net assets of foreign operations into SEK. The translation exposure is to the EUR and GBP, where exposure on the reporting date for EUR amounts to MSEK 228.8 (190.2), and for GBP, to MSEK 4.2 (3.0). A 10% fluctuation of the SEK against the EUR would have an impact on profit after tax and equity of approximately MSEK +/-15.6 (13.0), and a 10% fluctuation of the SEK against the GBP would have an impact on profit after tax and equity of approximately MSEK +/-0.4 (0.3).

Interest risk

Interest risk is the risk that the fair value of, or future cash flows from, a financial instrument changing due to fluctuations in market interest rates. A significant factor affecting interest risk is fixed-interest terms. Over and above equity, the Group's operating activities are also financed through borrowings from credit institutions, with more information under "Credit agreements." If the interest rate were to increase by 1%, earnings would decline by MSEK 2.5.

Liquidity risk

Liquidity risk is the risk of the Group encountering difficulties in fulfilling the obligations associated with financial liabilities. The Board of Directors manages liquidity risks by continuously monitoring cash flow to reduce liquidity risk and ensure solvency. To some extent, the Group also has the potential to alter the rate that investments are executed to attempt to adapt its yearly capital requirement to the Group's actual financial resources. Additionally, the Parent Company possesses a MSEK 100 overdraft facility to be able to manage unexpected liquidity contingencies.

Refinancing risk means the risk that cash and cash equivalents are not available and that finance can only be arranged partly, or is not available, or alternatively, is subject to increased cost.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are stated in the following table. Amounts in foreign currency have been translated to SEK at closing day rates. Financial instruments accruing floating interest have been measured at the interest rate applying on the reporting date. Liabilities have been included in the earliest period when repayment can be required.

30 Jun. 2020

Maturity analysis	<1 year	1-3 years	>3 years
Liabilities to credit institutions	28.9	84.8	129.0
Lease liability	409.6	908.9	5,387.5
Liabilities to joint ventures	-	-	-
Accounts payable	92.4	-	-
Other current liabilities	2.9	-	-
Accrued expenses	182.5	-	-

30 Jun. 2019

Maturity analysis	<1 year	1-3 years	>3 years
Liabilities to credit institutions	24.4	75.6	95.7
Liabilities to joint ventures	9.7	-	-
Accounts payable	109.2	-	-
Other current liabilities	2.3	-	-
Accrued expenses	167.9	-	-

Credit agreements

At year-end, the Group had a credit agreement, via the Parent Company, involving an overdraft facility of MSEK 100. As of 30 June 2020, MSEK 0 (0) of this facility was utilised. The overdraft facility is subject to annual contractual interest on the credit amount plus an arrangement rate on amounts outstanding from time to time. The overdraft facility matures on 31 December 2020. As collateral for the above loan, Internationella Engelska Skolan i Sverige AB holds a floating charge of MSEK 62.5. Alongside of the general terms of the credit facilities described above, Internationella Engelska Skolan i Sverige Holdings II AB's (publ) obligations to the relevant credit institutions are regulated in a covenant agreement from 29 June 2018. The contract includes customary commitments for Internationella Engelska Skolan i Sverige Holdings II AB (publ) and its subsidiaries, such as restrictions on the provision of collateral and the raising of borrowings. The credit facilities also include financial covenants stipulating that the Group's net debt/EBITDA ratio must not exceed certain levels.

At the end of the period, the Group had, outstanding acquisition loans of MEUR 16.5, or MSEK 172.9, and property loans and other loans totalling MEUR 6.7, or MSEK 69.8, through IEP and its subsidiaries in Spain. Collateral was obtained for the above loans by pledging collateral in properties and Parent Company guarantees.

Covenants

The following covenants apply for the Parent Company's credit agreements.

Covenant, leverage = net debt/EBITDA.

The Group had satisfied the covenant with a comfortable margin as of 30 June 2020. Covenant reporting continues to take place excluding IFRS 16.

Capital management

The Group's target for its capital structure is to maintain an optimal asset and capital structure over time that is well adapted to the Group's operating activities. Capital is defined as equity, which amounts to MSEK 1,270.4 (1,113.9). The Board of Directors has set a financial target of the Group's minimum equity/assets ratio being 40%. At the end of the financial year on 30 June 2020, the equity/assets ratio excluding IFRS was 64.3% (61.9).

Prepaid expenses and accrued income

	30 Jun. 2020	30 Jun. 2019
Prepaid rent	65.4	96.1
Prepaid licences and applications	4.6	3.8
Prepaid educational materials	1.3	1.2
Other prepaid expenses	14.2	15.8
	85.5	117.0

Accrued expenses and deferred income

	30 Jun. 2020	30 Jun. 2019
Accrued holiday pay liability	108.2	98.2
Accrued social security contributions on holiday pay liability	34.0	30.8
Accrued other personnel-related expenses	6.1	5.6
Accrued government grants	3.6	4.0
Other prepaid expenses	30.7	29.3
	182.5	167.9

Cash and cash equivalents

Cash in hand	30 Jun. 2020	30 Jun. 2019
Bank balances	290.6	245.0
	290.6	245.0

Related-party transactions

Between July and November, the Group had a related-party relationship through the Parent Company with a company wholly owned by a Board member. During the year, consulting fees paid and the reimbursement of costs relating to an interim CEO position amounted to MSEK 0.9. The amount is considered market-based.

For information on remuneration to senior executives, refer to Note 7 Employees and personnel expenses.

Equity

Share capital and other capital contributed, in SEK

	No. of shares S		Other capital contributed
As of 30 June 2019	40,130,000	1,003,250	361,281,624
As of 30 June 2020	40,130,000	1,003,250	361,656,472

Share capital

On 30 June 2020, the number of registered shares totalled 40,130,000, of which 40,050,000 were ordinary shares and 80,000 were Class C treasury shares issued in July 2018. Each ordinary share carries one vote and each Class C share carries one-tenth of a vote. The quotient value is SEK 0.025 (0.025).

The Board of Directors has decided not to propose a dividend for the 2019/20 financial year, SEK 0.00 (1.16).

Other capital contributed

Other capital contributed consists of capital provided by the company's owner in August 2012 for the acquisition of subsidiaries and capital contributed in 2019 for the share matching programme.

Translation reserve

The translation reserve covers all exchange rate differences arising from the translation of the financial statements of foreign operations.

Translation reserve	2019/20	2018/19
Opening carrying amount	6.3	0.5
Change for the year	-6.0	5.8
Closing carrying amount	0.3	6.3



Pledged assets and contingent liabilities

Floating charges for the subsidiary Internationella Engelska Skolan i Sverige AB were submitted for credit agreements with credit institutions, at an amount of MSEK 62.5 (62.5).

The Parent Company guarantees 100% of the property loan of MEUR 3.8 in Elians Boston (Elian's British School of La Nucia). In addition, the Parent Company issued a guarantee for the acquisition loan, which amounted to MEUR 16.5 at the end of the

The property loan in Elians Londres (International English School of Castellón) was redeemed and the final payment was made in the second quarter, which is why no guarantee remains in place for this

The Parent Company's guarantee for 50% of the property loan in the former joint venture Colegio IALE was discontinued during the

Internationella Engelska Skolan i Sverige AB guarantees its subsidiary IES International English Schools UK Ltd.'s compliance with a management agreement with Sabres Educational Trust for a school in the UK, with some 500 students and a contract term until 31 August 2022 inclusive.

32 Acquisitions

There was no outstanding additional consideration for the Group as a whole as of 30 June 2020.

No adjustments were made during the year as regards previously recognised preliminary purchase price allocation for Colegio Internacional de Valladolid or Engage Independent School.

Acquisition of Colegio Joyfe, in Madrid, Spain

On 10 January 2020, through its wholly owned Spanish subsidiary International Education Partnership S.L ("IEP"), IES acquired 100% of the shares in Colegio Joyfe, a private school in Madrid, Spain, with about 2,000 students. This acquisition is in line with IES's growth strategy in Spain and the main reason for the acquisition was geographic expansion. The acquisition includes the school building and the enterprise value amounts to MEUR 16. The surplus value in the property was the main reason for the bargain purchase recognised during the period. IEP partly financed the acquisition through additional loans of MEUR 11. Receivables and liabilities are recognised at the amounts at which they are expected to be received. Acquisition expenses amounted to KEUR 99 and were recognised under other external expenses.

During the 2019/20 financial year, Colegio Joyfe's operating income amounted to approximately MEUR 9.6 and EBITDA to approximately MEUR 2.5, of which approximately MEUR 4.4 in operating income and MEUR 1 in EBITDA was consolidated in the IES Group during the period. If the acquisition had taken place on 1 July 2019, IES assesses that the Group's total earnings would have been impacted by about MEUR 1.

The preliminary purchase price allocation is presented below. The purchase price allocation is preliminary and final adjustment will take place no later than one year after the acquisition date.

Preliminary purchase price allocation Colegio Joyfe	KEUR	KSEK
Property, plant and equipment	21,189	223,453
Intangible assets	2	19
Current receivables	308	3,249
Cash and cash equivalents	6,427	67,776
Provisions and liabilities	-226	-2,384
Other liabilities	-576	-6,073
Net identifiable assets and liabilities	27,124	286,040
Fair value of previous holdings	-	-
Purchase price	22,000	232,008
Total purchase price	22,000	232,008
Acquired net assets	27,124	286,040
Bargain purchase	-5,124	-54,032
Total acquired assets	22,000	232,008
Total remuneration for the acquisition	22,000	232,008
- Of which fair value of previous holdings	-	_
- Of which unpaid additional consideration	-	-
Cash and cash equivalents in acquired operations	6,427	67,776
Impact on the Group's cash and cash equivalents	15,573	164,232

Acquisition of the operations in Colegio Inglés Zaragoza, Spain On 3 February 2020, through its wholly owned Spanish subsidiary IEP, IES completed the acquisition of 100% of the school operations of Colegio Inglés Zaragoza, a fee-based private school in Zaragoza, Spain, with about 270 students. This acquisition is in line with IES's growth strategy in Spain and the main reason for the acquisition was geographic expansion.

This transaction comprised an acquisition of assets and liabilities that was financed without any external loans. The building was not included in the acquisition and is rented from the former owners. Receivables and liabilities are recognised at the amounts at which they are expected to be received. Acquisition expenses amounted to KEUR 73 and were recognised under other external expenses.

During the 2019/20 financial year, Colegio Inglés Zaragoza's operating income amounted to approximately KEUR 1,859 and EBITDA to approximately KEUR 576, of which approximately KEUR 670 in operating income and KEUR 212 in EBITDA was consolidated in the IES Group during the period. If the acquisition had taken place on 1 July 2019, IES assesses that the Group's total earnings would have been impacted by about KEUR 308.

The preliminary purchase price allocation is presented below. The purchase price allocation is preliminary and final adjustment will take place no later than one year after the acquisition date.

NCEN

Proliminary purchase price allocation

Preliminary purchase price allocation Colegio Inglés Zaragoza	KEUR	KSEK
Property, plant and equipment	46	492
Customer relations	1,317	14,053
Deferred tax, customer relations	-329	-3,513
Net identifiable assets and liabilities	1,034	11,031
Fair value of previous holdings	-	-
Purchase price	4,000	42,680
Total purchase price	4,000	42,680
Acquired net assets	1,034	11,031
Goodwill	2,966	31,649
Total acquired assets	4,000	42,680
Total remuneration for the acquisition	4,000	42,680
– Of which fair value of previous holdings	-	-
– Of which unpaid additional consideration	-	-
Cash and cash equivalents in acquired operations	-	-
Impact on the Group's cash and cash equivalents	4,000	42,680

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Post balance sheet events

CFO Lars Jonsson took up his new position on 17 August 2020.

NOTES PARENT COMPANY

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Accounting policies

Accounting standards applied

The Parent Company applies the Swedish Annual Accounts Act and the RFR's (the Swedish Financial Reporting Board) recommendation RFR2 "Accounting for Legal Entities." This recommendation entails the Parent Company applying the same accounting policies as the Group except in those instances where the Swedish Annual Accounts Act or applicable tax regulations limit the scope to apply IFRS.

Differences between the Group's and Parent Company's accounting policies are stated below. The following accounting policies for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

The Parent Company's revenues are for management services and interest from subsidiaries.

Receivables with jointly controlled entities are items including bank balances in central accounts.

Subsidiaries

Participations in subsidiaries and associated companies are recognised in the Parent Company in accordance with the cost method, which means that transaction expenses are included in the carrying amount of participations in subsidiaries.

Financial assets and liabilities

Due to the relationship between accounting and taxation, the regulations governing financial instruments pursuant to IRFS 9 are not applied in the Parent Company as a legal entity, but rather, the Parent Company applies the Swedish Annual Accounts Act's cost method. Accordingly, the Parent Company's financial assets are measured at cost less any impairment, and financial current assets are measured in accordance with the lower of cost or market value principle. The impairment rules of IFRS 9 are applied to financial assets recognised at amortised cost.

Leases

The Parent Company recognises all leases as operating leases regardless of their economic substance.

Group contributions and shareholders' contributions

The Parent Company applies the alternative rule for Group contributions, and recognises Group contributions received and paid as year-end appropriations. Shareholders' contributions are recognised directly against equity with the recipient and capitalised in shares and participations with the issuer, to the extent impairment is not required.

Tax

The Parent Company recognises untaxed reserves including deferred tax liabilities on the basis of the relationship between accounting and taxation.

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Revenue

	2019/20	2018/19
Management fee to Group companies	5.3	4.2
Management fee to associated companies and jointly controlled entities	-	0.3
	5.3	4.5

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Other operating income

	2019/20	2018/19
Exchange rate gains	-	_
Other operating income	-	0.5
	_	0.5

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Remuneration to auditors

Elected auditors	2019/20	2018/19
Audit assignment	0.6	0.6
Auditing services over and above the audit assignment	0.9	0.9
Tax advisory services	-	-
	1.5	1.5

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Employees and personnel expenses

Average number of employees

The average number of employees is based on hours of attendance paid by the company in relation to normal working hours.

	2019/20	2018/19
Men	-	_
Women	1.0	1.0
	1.0	1.0
Salary and remuneration	2019/20	2018/19
Board of Directors and CEO	4.5	7.7
	4.5	7.7
Pension and other social security expenses	2019/20	2018/19
Pension expenses for the Board of Directors and CEO	0.5	0.9
Other social security expenses for the Board of Directors and CEO	1.2	2.5
	1.7	3.5

Proportion of women and men, senior

executives, %	30 Jun. 2020	30 Jun. 2019
Female Board members elected by shareholders' meetings, %	29	33
Male Board members elected by shareholders' meetings, %	71	67
Proportion of women among senior executives	100	100
Proportion of men among senior executives	0	n/a

Information is as of the reporting date.



Year-end appropriations

	30 Jun. 2020	30 Jun. 2019
Group contribution received	90.0	235.0
	90.0	235.0
Provision, tax allocation reserve	30 Jun. 2020	30 Jun. 2019
Provision, tax allocation reserve Opening carrying amount	30 Jun. 2020 –90.2	30 Jun. 2019 -37.2

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Tax on profit for the year

	2019/20	2018/19
Current tax	12.6	35.7
Total reported tax	12.6	35.7
Average effective tax rate	14.5%	22.1%
Reconciliation of effective tax rate		
Reported earnings before tax	86.4	161.5
Tax on reported profit at applicable tax rate (21.4%)	18.5	35.5
Tax effect of:		
Other non-deductible expenses	-0.7	0.2
Non-taxable income	-5.3	0.0
Standard earnings, tax allocation reserves	0.1	0.0
Tax attributable to previous years	0.1	0.0
Reported tax	12.6	35.7
Effective tax rate	14.5%	22.1%



Participations in Group companies

		30	Jun. 2020	30 Jun. 2019
Opening cost			605.7	361.9
Purchases for the y	ear		-	243.9
Closing accumulat	ted cost		605.7	605.7
Closing carrying amount			605.7	605.7
Company/ corporate ID no./ Reg. office	Participating interest 2019/20	Share of vote 2019/20	No. participatio 2019/	ns amount
	(004040)	(004040)		

Company/ corporate ID no./ Reg. office	Participating interest 2019/20 (2018/19)	Share of vote 2019/20 (2018/19)	No. of participations 2019/20 (2018/19)	Carrying amount 2019/20 (2018/19)
Internationella Engelska Skolan i Sverige AB, 556462-4368, Stockholm	100% (100)	100% (100)	1,002 (1,002)	361.9 (361.9)
International Education Partnership S.L. 98993306, Spain	100% (100)	100% (100)	12,543 (12,543)	243.9 (243.9)

	Equity	Profit for the year
Internationella Engelska Skolan i Sverige AB, 556462-4368, Stockholm	327.7	38.0
International Education Partnership S.L. 98993306, Spain	140.4	-7.5



Participations in associated companies and jointly controlled entities

	30 Jun. 2020	30 Jun. 2019
Opening cost	15.9	53.2
Acquisition of subsidiaries	-	-37.3
Sale of participations in joint ventures	-15.9	-
Closing accumulated change	-	0.0
Closing carrying amount	-	15.9

Company/ corporate ID no./ Reg. office	Participating interest 2019/20 (2018/19)	Share of vote 2019/20 (2018/19)	participations 2019/20	Carrying amount 2019/20 (2018/19)
Internation Education Partnership S.L.	0% (0)	0% (0)	0% (0)	0% (0)
Colegio IALE S.A, Valencia, Spain	0% (50)	0% (50)	0% (50)	0% (50)

Related-party transactions

2019/20	Sales of goods/services	Purchases of goods/ services	Interest	Receivable on reporting date	re	Liability on eporting date
Subsidiaries	5.3	-	1.5	22.1		-
	5.3	-	1.5	22.1		-
	Sales of goods/services	Purchases of goods/ services	Interest	Receivable on reporting date	re	Liability on eporting date
Associated companies and jointly controlled entities	-	-	-	-		_
	-	-	-	-		-
2018/2019	Sales of goods/services	Purchases of goods/ services	Interest	Receivable on reporting date	re	Liability on porting date
Subsidiaries	4.7	0.0	0.8	13.4		0.0
	4.7	0.0	0.8	13.4		0.0
	Sales of goods/services	Purchases of goods/ services	Interest	Receivable on reporting date	re	Liability on eporting date
Associated companies and jointly controlled entities	0.3	-	0.5	8.9		-
	0.3	-	0.5	8.9		_
Non-current receivab	les – associated companies and j	ointly controlled entities		30 Ju	ın. 2020	30 Jun. 2019
Opening carrying amou	unt				_	22.0
Transfer of current rece	eivables				-	-8.9
Effect of acquisition of r	remaining 50% in IEP Spain				-	-13.4
Exchange rate fluctuation	on for the year				-	0.3
Closing carrying amou	unt				-	0.0



Other liabilities

4	5
	4

Prepaid expenses and accrued income

	30 Jun. 2020	30 Jun. 2019
Current liability, associated companies and jointly controlled entities	-	26.4
Other liabilities	1.9	1.1
	1.9	27.5

	30 Jun. 2020	30 Jun. 2019
Accrued interest income	-	_
Other interim receivables	0.6	0.4
	0.6	0.4

No. of shares

The total number of ordinary shares is 40,050,000 (40,050,000) and the total number of Class C shares is 80,000 (80,000). All share classes have a quotient value of SEK 0.025 (0.025).

	Outstanding				Total issued	
	Quotient value per share, SEK	Ordinary shares	Total	Class C shares	Total	Share capital, SEK
Opening balance, 1 July 2019	0.025	40,050,000	40,050,000	_	40,050,000	1,001,250
Issue of Class C shares	0.025	-	-	80,000	80,000	2,000
Closing balance, 30 Jun. 2020	0.025	40,050,000	40,050,000	80,000	40,130,000	1,003,250

Average number of shares before and after dilution, thousand

	2019/20	2018/19
Average number of shares before dilution	40,130	40,130
Estimated number of potential shares on average in options programme	-	-
Average number of shares after dilution	40,130	40,130



Accrued expenses and deferred income

	30 Jun. 2020	30 Jun. 2019
Accrued holiday pay liability	0.2	-
Other prepaid expenses	2.1	1.0
	2.3	1.0



Allocation of profit

The following	funds are	at the c	dienneal n	f the AGM	SEK.
THE TOHOWING	iuiius ai e	י מנ נוופ ט	iispusai u	ii tile Adivi,	JLIN.

The Board of Directors and CEO propose that:	
Total	551,853,608
Profit for the year	73,759,612
Retained earnings	478,093,996

Total	551,853,608
To be carried forward	551,853,608
Dividends to shareholders of SEK 0.00 (1.16) per share	-



Pledged assets and contingent

The Parent Company guarantees 100% of the property loan of MEUR 3.8 in Elians Boston (Elian's British School of La Nucia). In addition, the Parent Company issued a guarantee for the acquisition loan, which amounted to MEUR 16.5 at the end of the period.

The property loan in Elians Londres (International English School of Castellón) was redeemed and the final payment was made in the second quarter, which is why no guarantee remains in place for this loan.

The Parent Company's guarantee for 50% of the property loan in the former joint venture Colegio IALE was discontinued during the year.



Post balance sheet events

CFO Lars Jonsson took up his new position on 17 August 2020.

ASSURANCE

The Board of Directors and CEO hereby certify that these annual accounts and consolidated accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) no. 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles, and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Directors' Reports of the Group and Parent Company give a true and fair view of the Group's and Parent

Company's operating activities, financial position and results of operations, and state the material risks and uncertainty factors facing the Parent Company and Group companies. These annual accounts and consolidated accounts were approved for issuance by the Board of Directors on 9 October 2019. The Consolidated Income Statement and Consolidated Balance Sheet, and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the Annual General Meeting on 24 November 2020.

Stockholm, 9 October 2020

Carola Lemne Birker Bahnsen Robert Clark Chairman Board member Board member Brian Hatch Maria Rankka Albert Lauschus Board member Board member Employee representative Lars Strannegård Peter Wikström Jessica Fryksten Board member Board member Employee representative

> Anna Sörelius Nordenborg **CEO** and President

Our audit report was presented on 9 October 2020 KPMG AB

> Håkan Olsson Reising Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Internationella Engelska Skolan i Sverige Holdings II AB (publ), corp. id 556900-7254

Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Internationella Engelska Skolan i Sverige Holdings II AB (publ) for the financial year 2019-07-01–2020-06-30, except for the corporate governance statement on pages 56–65 and the sustainability report on pages 66–72. The annual accounts and consolidated accounts of the company are included on pages 48–108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 30 June 2020 and its financial performance and 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 30 June 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 56–65 and sustainability report on pages 66–72. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent

company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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 includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other Matter

The audit of the annual accounts for the financial year 2018-07-01-2019-06-30 was performed by another auditor who submitted an auditor's report dated 15 October 2019, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 of the current period. 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.

The implementation of new accounting principle regarding leases

See disclosure 1 and accounting principles on pages 89–90 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The accounting standard IFRS 16 Leases is applicable for the financial year beginning on 1 January 2019. Internationella Engelska Skolan applied IFRS 16 using the modified retroactive approach as the transition method, under which the cumulative effect of initial application is recognized in retained earnings at 1 July 2019. At the date of transition to IFRS 16 a number of practical expedients were applicable,

which Internationella Engelska skolan has chosen to apply. The implementation of IFRS 16 Leases led to recognition of right-of-use assets of SEK 3 515 million and lease liabilities of SEK 3 477 million in the opening balance at 1 July 2019. Accounting in accordance with IFRS 16 is based on a number of significant assessments of, among other things, discount rates and lease periods. With regards to the significant impact on Internationella Engelska Skolan's financial statements and the significant assessments on which the new accounting are based, both the implementation and the accounting in accordance with IFRS 16 constitute a particularly significant area in our audit.

Response in the audit

In our audit, we have created an understanding of Internationella Engelska Skolan's process for implementing IFRS 16 as of the opening balance sheet date and the accounting thereafter. Furthermore, we have on a sample basis recalculated calculations that support the reporting of right-of-use assets and lease liabilities. We have also on a sample basis reconciled the input data in calculations against lease agreements or other supporting information. We have also taken note of the Internationella Engelska Skolan's assessments, including the discount rates used, and examined the reasonableness of these.

In addition to the above, we have also, among other things, assessed the implemented accounting principles and aligned them with the new accounting standard. Furthermore, we have checked the recalculated opening balance, including associated disclosures. We have also checked the disclosures in the annual report and examined whether it is in accordance with the assessments applied by Group management and that they essentially correspond to the disclosures to be provided in accordance with IFRS.

Valuation of goodwill

See Note 12 and accounting principles on page 89 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill is MSEK 855 as at 30 June 2020. Annually, or if certain indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgement. The impairment test as required by IFRS is to be performed taking into account both forecasted internal and external assumptions and plans. Examples of such judgements are future cash flows and the discount rate to be used considering that estimated future payments are subject to risk.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–47 and 113–114. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is 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 concerning 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 Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by

Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed. In addition, we have assessed the reasonableness of future cash flows and discount rate by obtaining and evaluating managements written documentation and plans. We have also interviewed management. An important part of our work has also been to look at the Group's sensitivity analysis of their own assessment to evaluate how changes in assumptions may affect the valuation. We have reviewed the Annual Report disclosures and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with disclosures required by IFRS.

the EU. The Board of Directors and the Managing Director 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 Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to 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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 issue 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Internationella Engelska Skolan i Sverige Holdings II AB (publ) for the financial year 2019-07-01–2020-06-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Managing Director 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

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 Managing Director 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 Managing Director 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 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 56–65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 66–72, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Internationella Engelska Skolan i Sverige Holdings II AB (publ) by the general meeting of the shareholders on the 21 November 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019/20.

Stockholm 9 October 2020

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant

ETHICAL GUIDELINES FOR IES

Ever since its inception in 1993, Internationella Engelska Skolan (IES) has been driven by strong values. Basic among those is the conviction that education and enlightenment are the keys to success for young people and to progress for society. In order to provide schools of high quality, IES as an organisation carries three core heliafs:

- 1. The need for a calm and orderly learning environment, in which teachers can teach and students learn.
- 2. The importance to learn to command the English language, as the key to the world.
- The value of showing high expectations for every student, irrespective of background, and preach the norm of working hard, through thick and thin, to reach your full potential.

The promise from IES as an organisation is to always place these fundamental convictions at the centre of everything it does. Leaders at all levels must strive to work towards them, as their foremost task, by recruiting competent people who share these beliefs, by assembling and motivating members of staff to go in this same direction, by supporting people in the organisation in these efforts and to constantly make clear that our purpose is about results and character for the students.

As an organisation with strong norms and values, IES also is governed by the following basic views:

- Laws and regulations are to be followed, even if we may be working to change some of them for the better.
- Honesty shall characterise everything we do. We do not say one thing in public and deliberately act differently in practice. We set correct grades in our schools after a professional assessment, not bending to undue pressure.
- When marketing our schools, we present what we can offer in education, never offer benefits not relevant to education.
- We show openness and a constructive attitude to other forces for the good of the students, like when municipalities, politicians and organisations want to visit, learn and cooperate for valid purposes.
- We take with utmost seriousness our assignment to operate a school, plan responsibly and respond quickly and forcefully to correct problems. No organisation can avoid problems, but our organisation shall be dedicated to not let them persist without taking action.
- We handle resources and finances in a responsible way, to secure that we can meet all our obligations and that IES schools can be relied upon as stable and long-term.
- We expect dedicated and professional efforts from our employees, with a preparedness to "go the extra mile", while offering a work environment where members of staff can thrive in exercising their profession and advance in responsibilities when excelling. Every employment, every assignment, every promotion is to be based on merit, only.
- We uphold a climate of trust and transparency in the organisation, in which wrongdoings or unprofessional behaviour can be reported to management, for objective handling.

 We respect the professional integrity of different roles, like teachers' assessment of correct grading and our principals' sphere of autonomy to be the true leaders of their schools, within the framework of what IES stands for.

Within and beyond what is stated above, each individual working for IES must keep in mind:

- That adult guardianship of young people requires that you never, ever, allow any breakdown in the role as a responsible guardian.
 Adults in the school are not "buddies", not "friends on social media", not "romantically alluring" with students. They are adults.
- That any type of action bordering on corruption is absolutely
 forbidden. This includes, but is not limited to, any attempt to
 give favours to friends or relatives in being admitted to a school,
 accepting benefits for setting higher grades, using the position
 at IES for personal gain, buying equipment or services based on
 a personal relationship, etc. In case of any uncertainty on what is
 bordering on corruption, it is the responsibility of an employee
 to confer with his or her principal or superior.
- That employment at IES, and embracing its values, entails giving
 the school your full professional dedication. Anything that interferes with that professional focus should be discussed with your
 principal. The task of educating and supporting young people
 for life is a demanding one, requiring full use and focus of your
 energy.

A culture of strong values in conviction and action cannot be regulated in every detail - that's why it is called a "culture." Every member of the IES organisation has a personal responsibility to act so that the culture is confirmed and renewed every day, with every action. Ask yourself:

- Is my way of acting and thinking in accordance with the core values of IES?
- Do I contribute to a positive, upbeat and constructive atmosphere in the school, and by my way of interacting with students and colleagues?
- Can I explain and defend my actions with a clear conscience, should they be scrutinised in public, for example in a newspaper article or through a school inspection?
- Do I contribute positively to the strong and good reputation
 of IES? This entails also how I am perceived outside of school,
 for example when a parent happens to run into me in a public
 environment. Impressions are created not only in school, but
 also by what others can see outside of school, including how I act
 on social media.
- What consequences could my behaviour have for IES and the school? Go for the good, dare to stand up for strong values. Try to be someone to emulate also in civil life.

As a member of the Swedish Association of Independent Schools, IES also adheres to the "Etiska riktlinjer for Friskolornas Riksforbund", which is published on its website www.friskola.se.

DEFINITIONS

Key figures defined according to IFRS are indicated by *

Alternative performance measures

The Group uses alternative performance measures to increase the reader's understanding of the performance of operations. We believe these alternative performance measures facilitate evaluation and analysis of the Group's performance in important segments such as the potential for dividends and execution of future strategic investments, as well as the Group's ability to satisfy its various financial obligations. Some alternative performance measures, such as adjusted EBIT and adjusted EBIT margin, also enable investors to better judge the earnings trend between years, excluding items affecting comparability.

Number of shares *

Number of shares as stated in the share register.

Return on equity

Profit for the year divided by average equity (opening balance plus closing balance divided by two).

EBITDA

(Earnings before interest, taxes, depreciation and amortisation) operating profit before depreciation/amortisation and impairment and before financial items and tax.

ETE

Full-time equivalent, average number of full-time employees.

Heads

Number of employees at the end of the period disregarding utilisation.

Revenues per student

Total revenues divided by average number of students during the period.

Investments

The net of investments and disposals of tangible and intangible assets excluding acquisition-related investments.

Adjusted EBIT

Operating profit refers to profit after amortisation of acquisition-related intangible assets and before financial items and tax, excluding non-recurring items.

Adjusted EBIT margin

Adjusted EBIT as a percentage of operating income.

Non-recurring items

Items affecting comparability are reported separately to illustrate the performance of underlying operations. Items affecting comparability are items such as advisory services in connection with acquisitions, costs resulting from strategic decisions and significant restructuring of operations. However, government grants such as Likvärdighetsbidrag, Lärarlönelyftet and Karriärtjänster, are not included in items affecting comparability, because they are expected to recur for several years, and are part of operating activities.

Cash and cash equivalents

Cash and bank balances, and current investments.

Net margin

Profit for the period divided by total operating income.

Revenue *

School voucher funding and social subsidies in Sweden and school fees in Spain.

Net debt (+)/net cash (-)

Interest-bearing liabilities less cash and cash equivalents.

Earnings per share *

Profit for the period divided by the number of shares.

Working capital

Current assets, excluding current receivables, joint ventures and cash and cash equivalents, less operating liabilities.

Operating profit (EBIT)

Operating profit refers to profit before financial items and tax.

Segment *

Internationella Engelska Skolan reports geographical markets as operating segments.

Equity/assets ratio

Equity divided by total assets.

Total costs per student

Operating expenses including depreciation divided by the average number of students during the period.

Other operating income

Revenues from Junior Club and compensation for Karriärtjänster, Likvärdighetsbidrag, Lärarlönelyftet and other government grants (for government grants, refer also to revenue recognition in Note 1 on page 88).

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