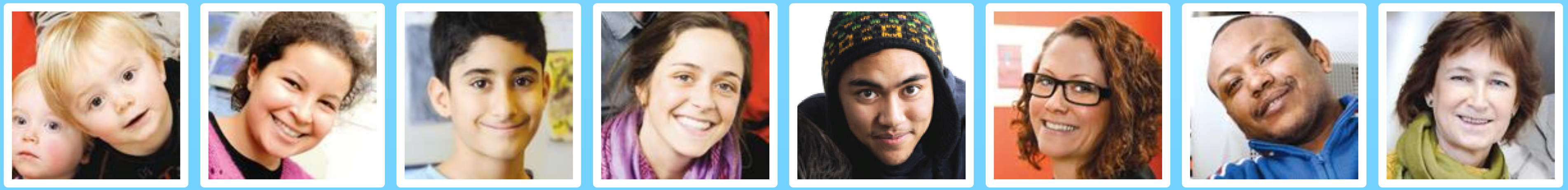
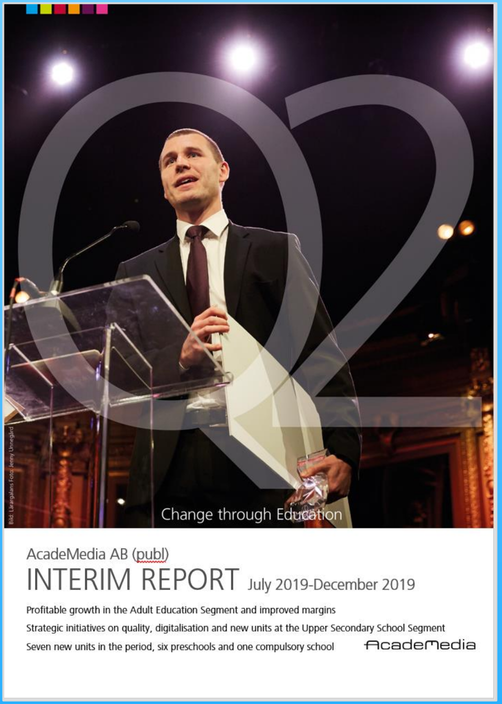


Interim Report

July – December 2019

2020-01-31



AcadeMedia

Today's presenters

Marcus Strömberg
Chief Executive Officer

With AcadeMedia
since 2005

Katarina Wilson
Chief Financial Officer

With AcadeMedia
since 2016

CEO introduction

- Seven new units in the second quarter contributed to solid organic revenue growth of 6.0 percent.
- Profitable growth in the Adult Education Segment where Labour Market Services now represent less than 10 percent of the segment's total portfolio.
- Higher capacity utilization from organic growth in the Compulsory School Segment and the acquisition of Pops Academy.
- Strategic initiatives on quality, digitalisation and new units at the Upper Secondary School Segment drives cost.
- Preliminary voucher increases in Sweden for 2020 amount to 1.8 (2.5) percent.
- Celebration of the teaching profession at the annual Teacher of the year gala (Lärargalan).

Largest independent education provider in Northern Europe

Overview

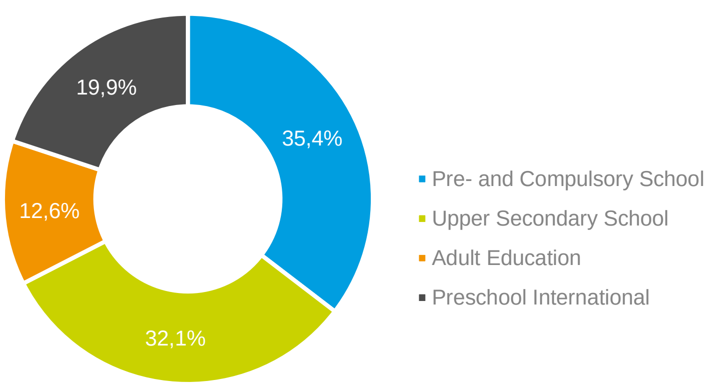
- Largest independent educational services provider in Northern Europe
- Comprehensive educational offering
- Unique quality assurance model – key for sustainable growth
- Multi-brand strategy
- International expansion initiated in 2014 through the acquisition of Espira and continued in 2016 and 2017 as AcadeMedia entered the German market through its acquisition of Munich based preschool operator Joki and through Stepke in Brandenburg and Nordrhein-Westfalen

Geographical presence and selected brands 18/19

Country	Sweden	Norway	Germany	**Total**
Students[3]	~167.6k[1]	~9.4k	~2.5k	**~179.5k[1]**
FTEs[3]	~9.5k	~2.3k	~0.6k	**~12,4k**
Units[3]	371	100	36	**507**

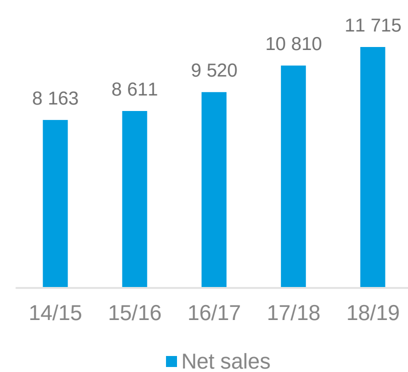
Financial overview

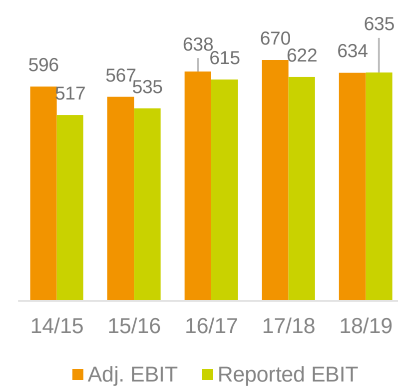
Net sales split 18/19²



SEKm

Financial development 14/15-18/19





Note: 1) ~100,000 of which are students within adult education during a specific year, but not necessarily full-year students (due to shorter courses). 2) Excl. group related revenue of SEK 4 million. 3) year average

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Key highlights Q2 2019/20

Adult Education and Compulsory School drive EBIT improvement

Comments for Q2 2019/20

- Student numbers grew by 3.8 percent in school segments following strong organic growth including 7 new units in the quarter.
- Net sales grew 6.0 percent organically with growth in all segments and Adult Education continued to contribute to growth in the quarter.
- EBIT improved 17% to SEK 150 million (128). Adult Education and Compulsory School segments were the main contributors.
- Adjusted EBIT improved to SEK 150 million (139) and adjusted EBIT-margin improved to 4.6 percent (4.5).
- Free cash flow in line with last year SEK 260 million (270).

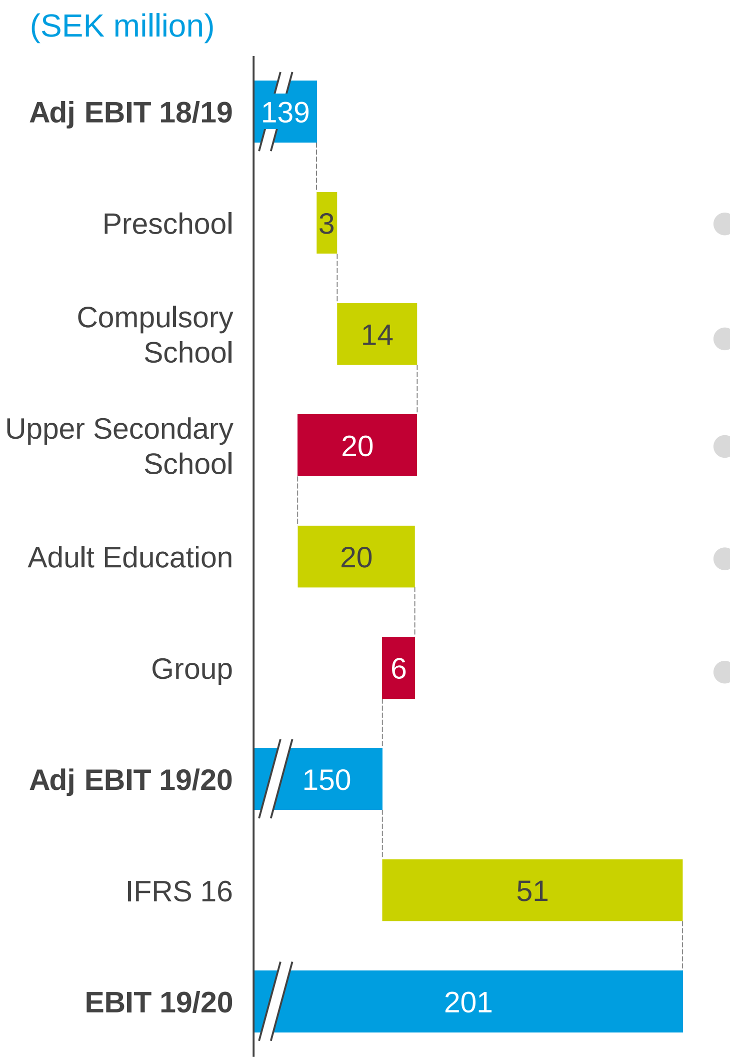
Key figures for Q2 2019/20, excluding effects of IFRS 16

	2019/20	**2018/19**	**Change**
# of Students	82,325	79,335	3.8%
Net sales	3,258	3,076	5.9%
EBIT	150	128	17.2%
EBIT-margin	4.6%	4.2%	0.4 p.p.
Adj. EBIT	150	139	7.9%
Adj. EBIT margin	4.6%	4.5%	0.1 p.p.
Earnings after tax	104	79	31.6%
Earnings per share [1)], SEK	0.99	0.75	31.3%
Free cash flow	260	270	-3.8%

1) Earnings per share before dilution and based on average number of shares during the period.

Key highlights Q2 2019/20 (cont.)

Adult and Compulsory Schools continue to drive EBIT improvement



Preschool: Increased staffing levels and higher pension costs in Norway were temporarily offset by higher earnings in Sweden.

Compulsory School: Higher capacity utilization from organic growth continued to impact earnings positively. Vacant support positions temporarily impacted the result.

Upper Secondary School: Adj. EBIT decreased mainly as a result of marketing activities that last year primarily took place in the fourth quarter as well as continued efforts to enhance quality at Praktiska.

Adult Education: Segment mix has changed, and the more profitable areas now account for a larger proportion. Revenue growth in the profitable business areas further offset the low performing business.

Group: Increased expenses related to the new digitalisation organisation, implementation of a new pay-roll system in Sweden, and real estate projects due to expansion.

12 month rolling figures Q2 2019/20

Net sales surpassed SEK 12 billion and EBIT R12 at all time high

Comments for 12 month rolling figures

- 12 month rolling net sales has now surpassed SEK 12 billion.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 674 million which is at an all time high.
- EBIT-margin is rebounding following the EBIT improvement in Adult Education.
- *NB Comparison between Q2 12-month rolling figures and full year 2018/19.*

Key figures for Q2 R12 2019/20 vs FY 2018/19

	2019/20 R12	**2018/19**	**Change***
Net sales	12,057	11,715	2.9%
EBIT	674	635	6.1%
EBIT-margin	5.6%	5.4%	0.2 p.p.
Adj. EBIT	667	634	5.2%
Adj. EBIT margin	5.5%	5.4%	0.1 p.p.
Earnings after tax	470	431	9.0%

* Change column refers to only two quarter year's growth

Preschools

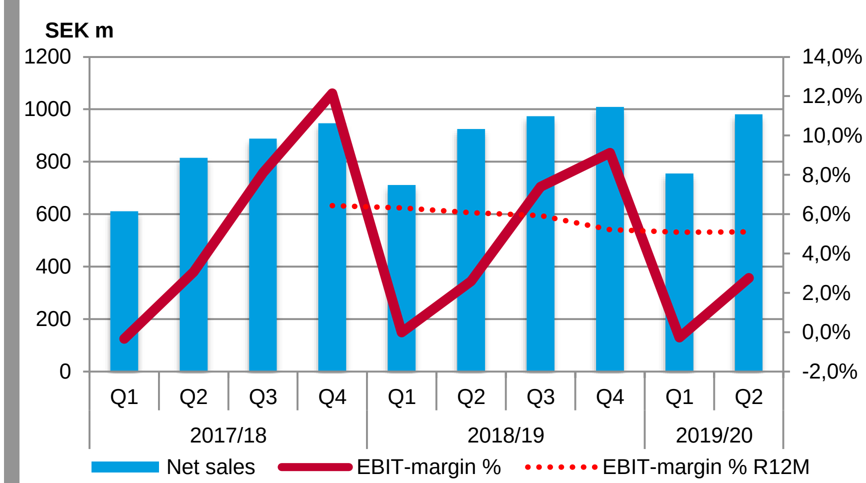
Improvements in Sweden temporarily offset increased staff costs in Norway

Comments for Q2 2019/20

- Segment created 1 July 2019 includes preschools in Sweden (109 units), Norway (104) and Germany (46). Six new units were added in the period which gives a total of 259.
- Overall child numbers increased 2.1 percent. Adjusted for 12 divestments/closures in Sweden last year, the organic growth was 6.1 percent.
- Improved EBIT and margin was primarily due to lower costs for temporary staff in Sweden and effects of portfolio overview in Sweden last year.
- Adjustment to Norwegian staffing regulation is on plan and financial effects are so far as indicated.
- New defined contribution pension plan in Norway as of 1 Jan 2020.
  - Positive onetime effect of around 40 MSEK in quarter three.
  - Higher pension expenses of 10 MSEK per annum.
- 15-20 new preschools are planned to open in Germany during 2020/21.

Key figures for Q2 2019/20

	2019/20	2018/19	Change
Net sales	981	924	6.2%
EBIT	27	24	12.5%
EBIT-margin	2.8%	2.6%	0.2 p.p.
Adj. EBIT	27	24	12.5%
Adj. EBIT-margin	2.8%	2.6%	0.2 p.p.
# of children	20,686	20,267	2.1%



Compulsory Schools

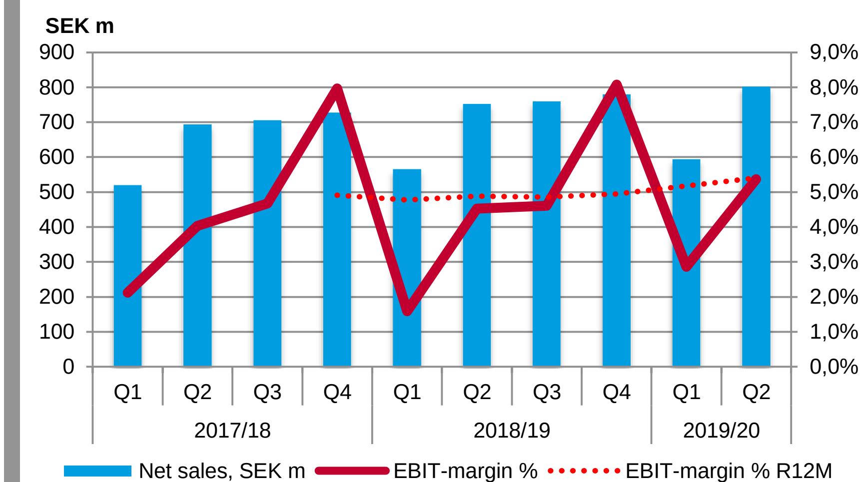
Strong organic growth delivered improved margins

Comments for Q2 2019/20

- Segment created 1 July 2019 includes 109 compulsory schools in Sweden under three brands. One new unit was acquired in the period, Pops Academy.
- Number of students increased by 3.3 percent.
- Sales growth of 6.5 percent as a result of increased number of students and annual voucher revisions.
- Adjusted EBIT and adjusted EBIT-margin improved. Main reason was volume growth in existing schools generating improved capacity utilization. Delayed hiring and vacant support positions temporarily impacted the result.
- EBIT-margin on a rolling 12-month basis continues to improve.

Key figures for Q2 2019/20

	2019/20	2018/19	Change
Net sales	801	752	6.5%
EBIT	43	34	26.5%
EBIT-margin	5.4%	4.5%	0.9 p.p.
Adj. EBIT	43	30	43.3%
Adj. EBIT-margin	5.4%	4.0%	1.4 p.p.
# of Students	24,983	24,195	3.3%



Upper Secondary Schools

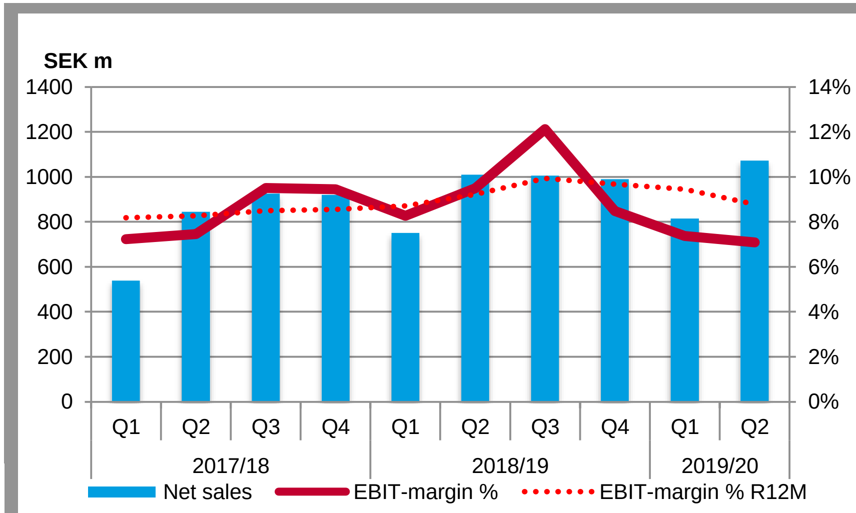
Earnings affected by strategic efforts driving cost

Comments for Q2 2019/20

- Student numbers increased by 5.1 percent as a result of 14 new schools that in total started over the last three years of which four started in the autumn of 2019.
- Net sales increased by 6.0 percent.
- Adjusted EBIT and adj EBIT margin decreased mainly as a result of marketing activities that last year primarily took place in Q4.
- Continued efforts to enhance quality in the Praktiska schools, digitalisation and new openings also impacted EBIT.
- For the autumn of 2020 six new openings are being marketed.
- For the full year, adjusted EBIT is expected to be in line with last year.

Key figures for Q2 2019/20

	2019/20	2018/19	Change
Net sales	1,072	1,011	6.0%
EBIT	76	96	-20.8%
EBIT-margin	7.1%	9.5%	-2.4 p.p.
Adj. EBIT	76	96	-20.8%
Adj. EBIT-margin	7.1%	9.5%	-2.4 p.p.
# of Students	36,656	34,873	5.1%



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Adult Education

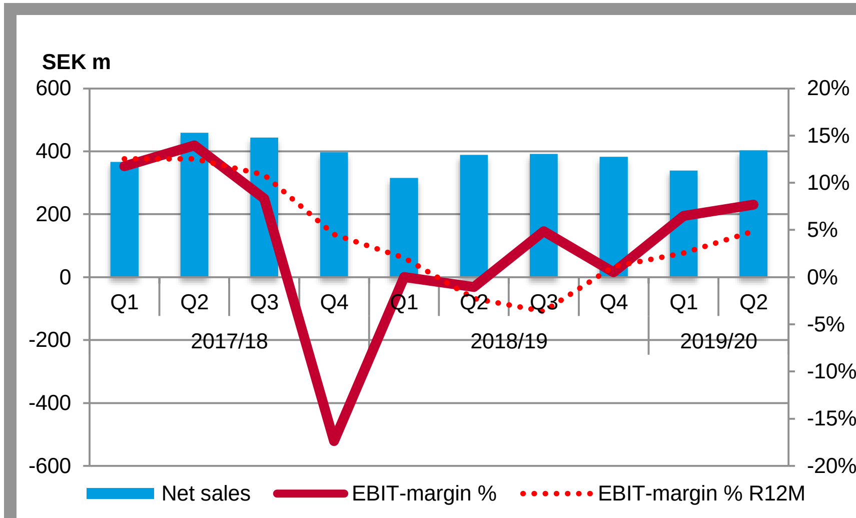
Profitable growth and continued positive margin development

Comments for Q2 2019/20

- Net sales increased by 3.9 percent in the quarter.
- Sales breakdown (percentage of segment):
  - municipal education 65 percent (62)
  - higher vocational training 24 percent (18)
  - public employment agency 9 percent (17)
- EBIT and EBIT-margin improved as a result of the more profitable areas growing and accounting for a larger proportion of the segment compared to last year.
- Efforts to reduce costs in the loss-making public employment business are ongoing.
- On a 12-month rolling basis the margin continues to improve.
- Contracts for Gothenburg and Stockholm have been extended until June 2020.

Key figures for Q2 2019/20

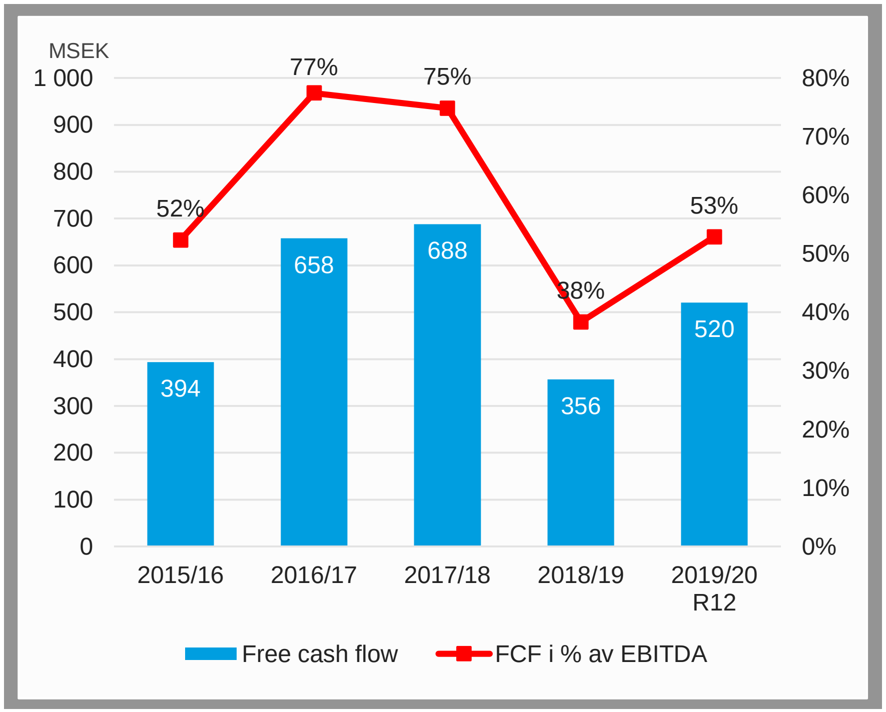
	2019/20	2018/19	Change
Net sales	403	388	3.9%
EBIT	31	-4	n.m.
EBIT-margin	7.7%	-1.0%	8.7 p.p.
Adj. EBIT	31	11	181.8%
Adj. EBIT-margin	7.7%	2.8%	4.9 p.p.



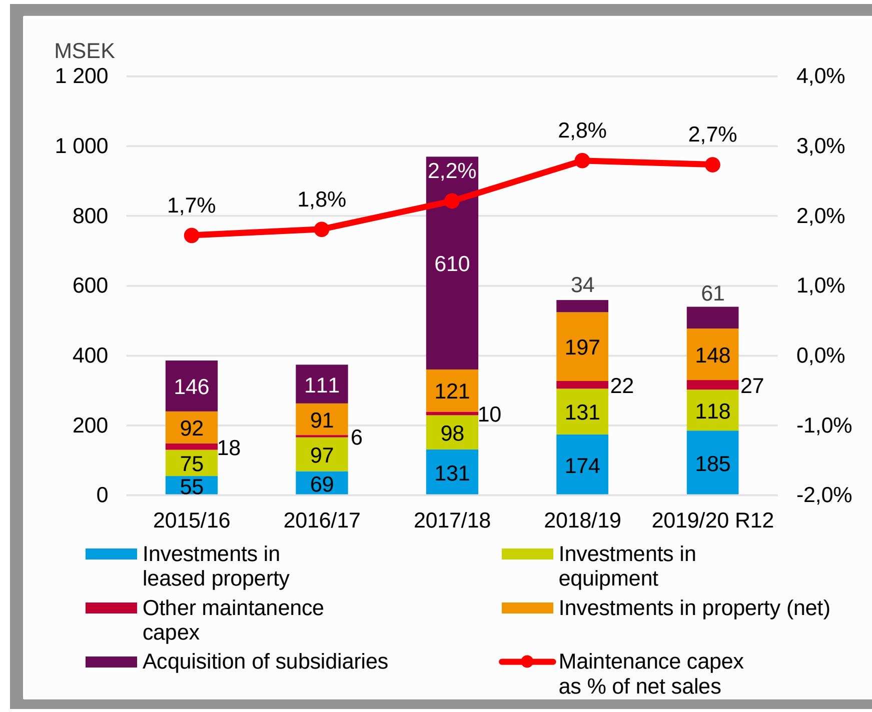
Free cash flow and investments

Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



Capex and Maintenance capex as % of net sales



- AcadeMedia has a strong Free cash flow.
- Swings between years are mainly an effect of changes in net working capital. Free cash flow for 2017/18 and 2018/19 were distorted by an unusually strong net working capital position at the end of June 2018.

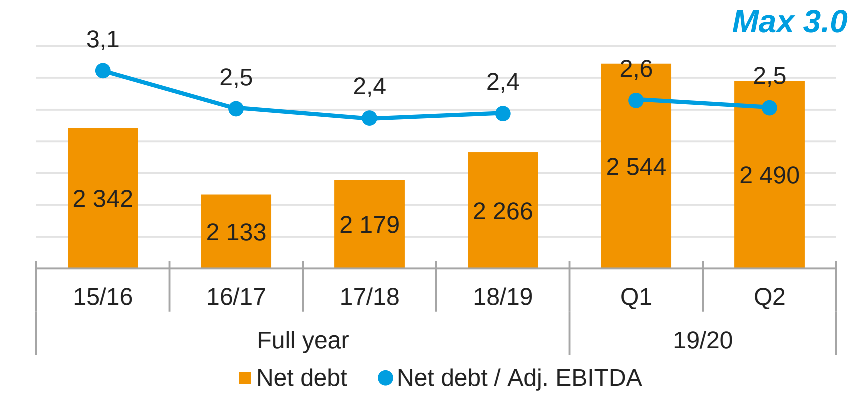
- Capex in current operations (”maintenance capex”) have increased to around 3 percent of sales due to organic growth and increased investments in leased property.
- Growth capex can largely be funded by Free cash flow except for large acquisitions.

Financial position

Financial position is stable

- Net debt is somewhat higher than last year, but decreased compared to last quarter.
- Leverage ratio improved from previous quarter and is lower than the same period last year 2.5x (2.7) and well below AcadeMedia's financial target of maximum 3.0x.
- In the period, a dividend of 1.25 SEK per share was paid out, corresponding to SEK 132 million.
- Debt related to right-of-use assets has been included as of 2019/20 and amounted to 7,295 as per 31 of December 2019.
- Book value of property in Norway and Germany is SEK 1,170 million (970).

Net debt and Net debt / Adj. EBITDA



Key figures for Q2 2019/20

	2019/20 31 Dec	**2018/19 31 Dec**	**Change**
Total equity	4,594	4,262	7.8%
Net debt	2,490	2,405	3.5%
Adj. net debt[1)]	1,716	1,770	-3.1%
Property (BV)	1,170	970	20.6%
Lease liabilities	7,295		-

1) Adjusted Net Debt excludes real estate loans, purpose being to show the amount of net debt required to finance operations

Financial performance vs targets

Performance largely in line with targets. Margin improving

Financial targets are unchanged

			Q2/R12M (FY 18/19)
Growth	**5-7%**	• Annual revenue growth rate of 5-7% including organic growth and smaller bolt-on acquisitions but excluding larger strategic acquisitions and FX	**5.6%[1]** (4.4%)
Profitability	**7-8%**	• Adj. EBIT margin of 7-8% over time	**5.5%** (5.4%)
Capital structure[2]	**<3.0x**	• Net debt / adj. EBITDA below 3.0x • Leverage may temporarily, exceed the maximum level	**2.5x** (2.4x)
Use of free cash flow	**n.a.**	• Free cash flow primarily to be reinvested • Excess cash distributed to the shareholders while still maintaining quality and leverage targets	1.25 SEK/ share (0)

[1] Q2R12 19/20 vs Q2R12 18/19
[2] Defined excluding effects of IFRS 16

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IFRS 16 leasing has no commercial impact

- The implementation of IFRS 16 has a large impact on AcadeMedia's financial reporting. This involves recalculating operational leases, primarily leased premises, as if they were debt financed assets on the balance sheet.
- IFRS 16 has impacted the financial reports in that 7,334 MSEK of right-of-use assets have been added to the balance sheet per 31 June 2019. Consequently, year to date, 682 MSEK of rental costs have been replaced with 577 MSEK of depreciation and 180 MSEK of interest expense related to leased assets. The impact on net profit for the first six months was -59 MSEK.
- In order to facilitate a like for like comparison, AcadeMedia also shows financials for 2019/20 excluding the effects of IFRS 16 in this interim report.
- IFRS 16 is only reported on group level so the accounting principles of the business segments are unchanged and segment costs include rent for premises.
- Many key ratios are shown excluding the effects of IFRS 16.
- Prior years have not been recalculated.

All figures in this presentation exclude the effects of IFRS 16 in order to better reflect the development of the underlying business.


Thank you,
questions?

This presentation may contain forward-looking statements which reflect AcadeMedia's current view on future events and financial and operational development, and the current expectations of the AcadeMedia Group's management. Forward-looking statements are all statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. Although the management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Forward-looking statements are subject to risks, uncertainties, and other factors which may entail that the actual results may differ materially from what is stated in the forward-looking information.