

Q1

October 23, 2020

Interim report presentation July 2020 – September 2020

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AcademeMedia

CEO introduction

- Organic revenue growth of 7,4 percent.
- Nine new units have opened in the first quarter of 2020/21, four preschools, one integrated preschool included in the compulsory school segment, and four upper secondary schools.
- Operating profit (adjusted EBIT) increased to SEK 151 million (75) largely due to high demand and volumes in the Adult Education Segment but also due to more vacation days lowering personnel cost by SEK 20 million.
- Demand for preschool places in Germany is still very high despite additional places being created over the last five years. New starts in Germany delayed due to the pandemic.
- Despite the ongoing pandemic most of our operations are back to normal since the beginning of the autumn term.
- The Compulsory School Segment has after the quarter launched new educational profiles, rebranding 22 units to Noblaskolan and six to Montessori Mondial.



Highlights Q1

Adult Education volume increase, good student growth in the school segments and more vacation days increase EBIT

- Student numbers grew by 5.1 percent in the school segments following organic growth. In total nine new units opened in the period.
- Net sales increased by 5.6 percent with organic growth in all segments. Currency development impacted negatively, -1.9 percent, impacting the Preschool Segment. Organic growth adjusted for currency was 7.4 percent.
- Adjusted EBIT increased to SEK 151 million (75) and adjusted EBIT-margin increased to 5.7 percent (3.0), mainly driven by the Adult Education Segment but also more vacation days giving lower personnel cost.
- EBIT excluding IFRS16 improved to SEK 162 million (75) including SEK 10 million items affecting comparability.
- Free cash flow was stronger than last year SEK -42 million (-122).

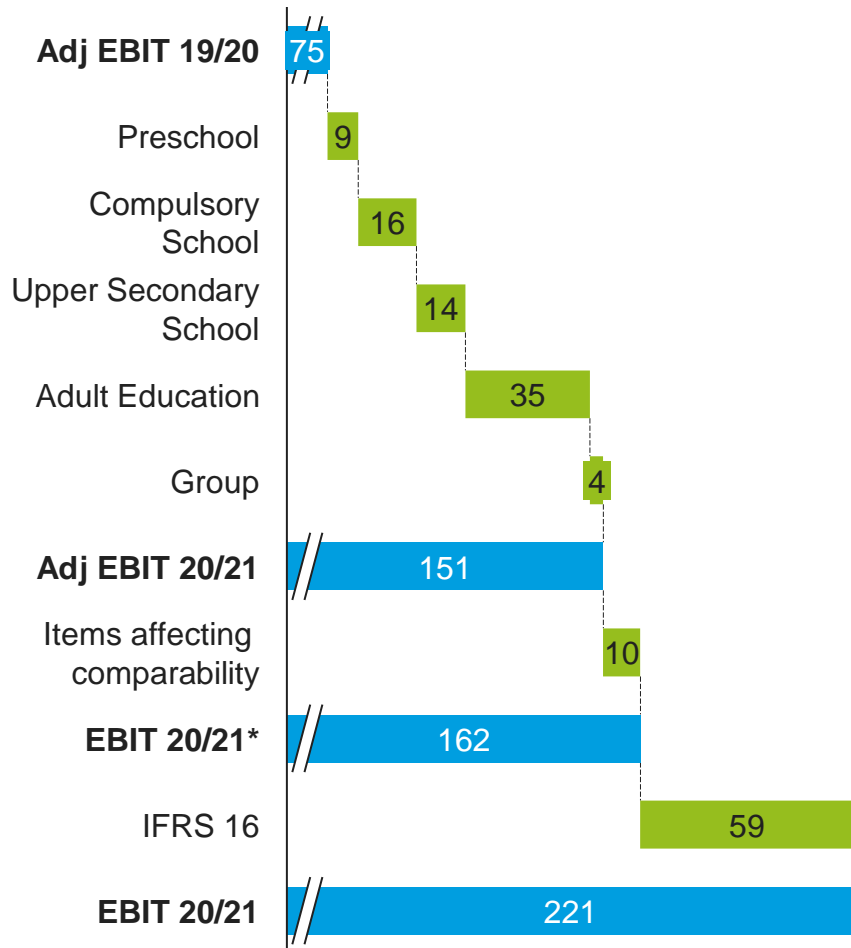
Key figures Q1 2020/21, excluding effects of IFRS 16

| (MSEK) | 2020/21 | 2019/20 | Change |
|--|---------|---------|----------|
| # of Students | 85,642 | 81,468 | 5.1% |
| Net sales | 2,641 | 2,502 | 5.6% |
| EBIT | 162 | 75 | 116.0% |
| EBIT-margin | 6.1% | 3.0% | 3.1 p.p. |
| Adj. EBIT | 151 | 75 | 101.3% |
| Adj. EBIT margin | 5.7% | 3.0% | 2.7 p.p. |
| Earnings after tax | 117 | 46 | 154.3% |
| Earnings per share ¹⁾ , SEK | 1.11 | 0.43 | 156.0% |
| Free cash flow | -42 | -122 | -65.3% |

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

Highlights Q1

Adult Education volume increase, good student growth in the school segments and more vacation days increase EBIT



* Excluding IFRS 16

Preschool: Higher compensation for the staffing regulation in Norway and in Sweden continued work to increase capacity utilisation and staff planning contributed to the higher result.

Compulsory School: Student numbers grew 6.0 percent. Higher number of vacation days and insurance compensation also impacted earnings positively.

Upper Secondary School: Student numbers grew 5.6 percent. Higher number of vacation days impacted earnings positively.

Adult Education: Great volume growth in all business areas Higher Vocational Education, Municipality Adult Education and the Labour Market Services improved the operating profit significantly. Lagging expenses during the expansion phase gave a temporary positive margin effect.

Group: Cost reductions initiated last year and more vacation days contributed.

Items affecting comparability amounted to SEK 10 million (0) relating to retroactive compensation.

12 month rolling figures Q1 2020/21

Net sales R12 SEK 12.4 billion and EBIT SEK 850 million

- 12 month rolling net sales continue to grow and is now at SEK 12.4 billion.
- Rolling 12-month adjusted EBIT at SEK 805 million and adjusted EBIT margin rolling 12-months 6.5 percent.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 850 million.
- *NB Comparison between Q1 12-month rolling figures and full year 2019/20*

Key figures Q1 R12 2020/21, excluding effects of IFRS 16

| (MSEK) | 2020/21 R12 | 2019/20 | Change* |
|--------------------|----------------|---------|----------|
| Net sales | 12,410 | 12,271 | 1.1% |
| EBIT | 850 | 763 | 11.4% |
| EBIT-margin | 6.8% | 6.2% | 0.6 p.p. |
| Adj. EBIT | 805 | 728 | 10.6% |
| Adj. EBIT margin | 6.5% | 5.9% | 0.6 p.p. |
| Earnings after tax | 620 | 548 | 13.1% |
| Free cash flow | 885 | 805 | 9.9% |

* Change column refers to only one quarter year's growth.

pysslingen

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Q1 Segment reporting

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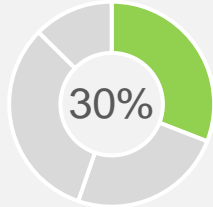
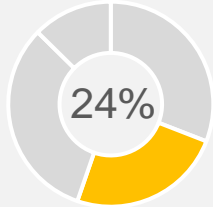
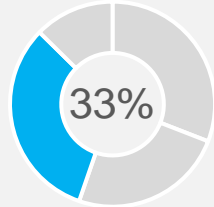
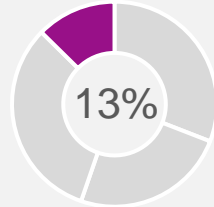
POPS
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4 business segments and presence in 3 countries

We operate throughout the education chain

| | Preschool | Compulsory School | Upper Secondary School | Adult Education |
|------------------|--|---|--|--|
| Age group | 0-6 yrs | 6-16 yrs | 16-18 yrs | 18+ yrs |
| Geography |  |  |  |  |
| # FTE* | 4 788 | 3 083 | 3 292 | 1 331 |
| Net sales split* |  |  |  |  |

*) 2019/20

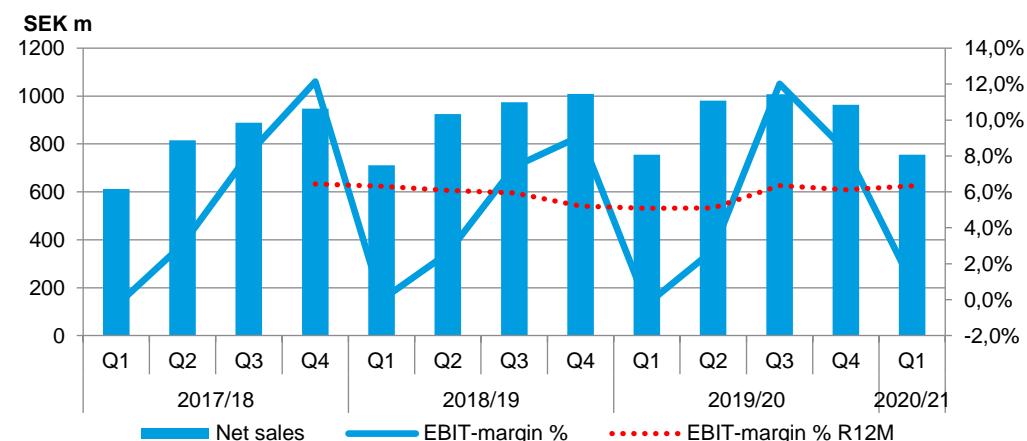


Preschool Segment

Higher cost compensation in Norway and continued work to increase efficiency in Sweden

- The segment has opened 4 new units in the quarter, one in Germany, one in Norway, and two in Sweden, which gives a total of 266 units (253). Sweden (111 units), Norway (105) and Germany (50).
- The number of children increased by 3.2 percent.
- Net sales was in line with last year SEK 755 million. Adjusted for negative currency development, SEK -43 million, net sales increased 6.0 percent.
- Adjusted EBIT and margin was positively impacted by higher cost compensation in Norway as well as continued work to increase capacity utilisation and staff planning in Sweden. Higher pension cost in Norway from 1 Jan 2020 of SEK 10 million per annum continue to have a negative impact.
- The pandemic has impacted the planned openings in Germany during 2020/21. The revised plan is to open 10 further units during the remainder of 2020/21, 11 in total during the financial year.

| Quarter results (MSEK) | 2020/21 | 2019/20 | Change |
|------------------------|---------|---------|----------|
| Net sales | 755 | 755 | 0.0% |
| EBIT | 7 | -2 | -450.0% |
| EBIT-margin | 0.9% | -0.3% | 1.2 p.p. |
| Adj. EBIT | 7 | -2 | -450.0% |
| Adj. EBIT-margin | 0.9% | -0.3% | 1.2 p.p. |
| # of children | 20,664 | 20,015 | 3.2% |

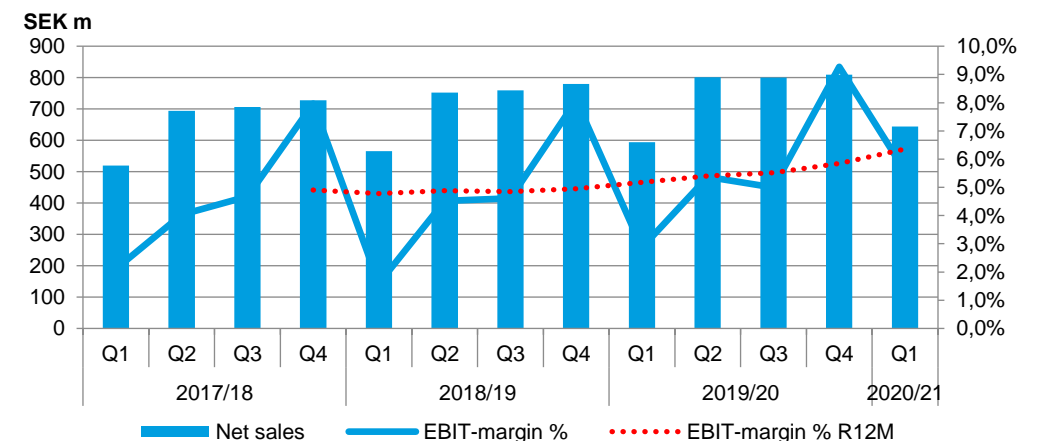


Compulsory School Segment

Number of students increased by 6,0%

- The segment includes 112 compulsory schools and integrated preschools in Sweden under three brands. Number of children and students increased by 6.0 percent due to more students in existing units as well as two smaller acquisitions during 2019/20.
- Net sales grew 8.4 percent as a result of increased number of students and annual voucher revisions. Insurance compensation of SEK 7 million also impacted positively.
- Adjusted EBIT and adjusted EBIT-margin improved due to a higher number of students as well as a more vacation days impacting EBIT by SEK 5 million.
- Items affecting comparability amounted to SEK 3 million related to retroactive income.
- The compulsory school Rudanskolan (picture on front page) has finally moved to its new larger premises. The popular school now also include a new integrated preschool, Lilla Rudan.

| Quarter results (MSEK) | 2020/21 | 2019/20 | Change |
|----------------------------|---------|---------|----------|
| Net sales | 644 | 594 | 8.4% |
| EBIT | 36 | 17 | 111.8% |
| EBIT-margin | 5.6% | 2.9% | 2.7 p.p. |
| Adj. EBIT | 33 | 17 | 94.1% |
| Adj. EBIT-margin | 5.1% | 2.9% | 2.2 p.p. |
| # of children and students | 26,170 | 24,689 | 6.0% |

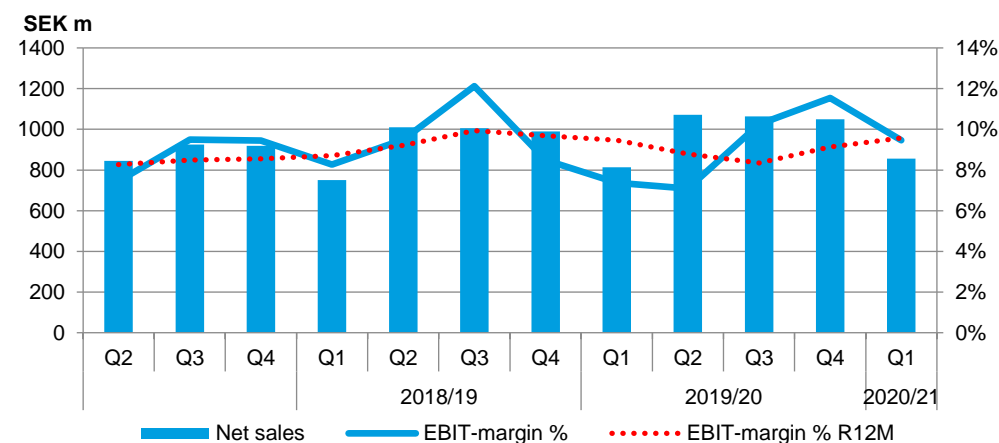


Upper Secondary School Segment

Number of students increased by 5,6%

- The segment opened 4 new units in the quarter and now includes 147 upper secondary schools in Sweden under 13 brands.
- All upper secondary schools have resumed classroom teaching this quarter. However, with some degree of distance education to minimize the risk of spreading the virus.
- Student numbers increased by 5.6 percent as a result of additional students enrolled in the 18 new schools that in total started over the last four years.
- Net sales increased by 5.2 percent.
- Adjusted EBIT and adjusted EBIT-margin improved due to more students. A higher number of vacation days impacting EBIT by SEK 10 million. Adjusted EBIT-margin was 8.5 percent in the quarter.
- Items affecting comparability amounted to SEK 8 million related to retroactive income.

| Quarter results (MSEK) | 2020/21 | 2019/20 | Change |
|------------------------|---------|---------|----------|
| Net sales | 856 | 814 | 5.2% |
| EBIT | 81 | 60 | 35.0% |
| EBIT-margin | 9.5% | 7.4% | 2.1 p.p. |
| Adj. EBIT | 73 | 60 | 21.7% |
| Adj. EBIT-margin | 8.5% | 7.4% | 1.1 p.p. |
| # of children | 38,808 | 36,764 | 5.6% |

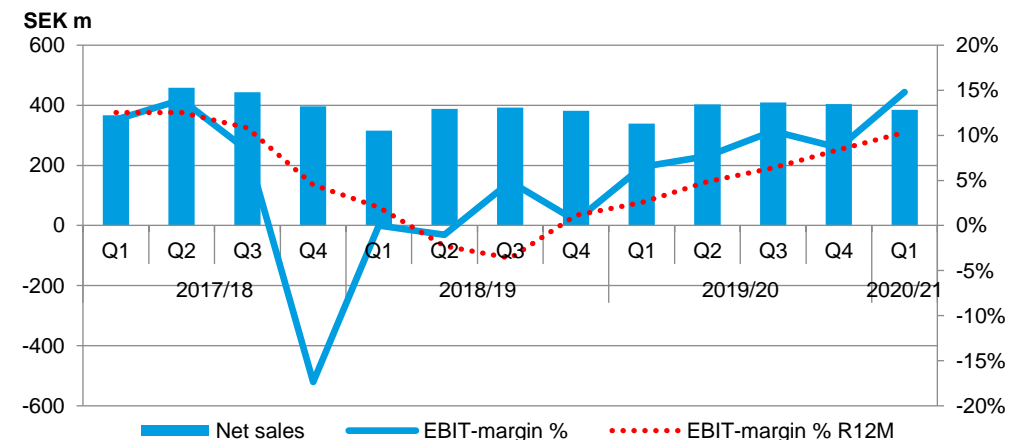


Adult Education Segment

Rapid volume growth impacts the margin

- Rising unemployment has created a high demand for adult education resulting in exceptionally rapid volume increase.
- All adult education has gradually started to returned to normal from earlier distance education.
- Net sales increased by 13.6 percent in the quarter and all business areas contributed to the growth.
- EBIT and EBIT-margin improved significantly due to the volume increase but also to some extent as a result of expenses lagging behind during the expansion phase giving a temporary positive margin impact.
- The margin in this segment should over a period be 9-11 percent.
- Demand for more digital teaching compared to traditional classroom education is increasing. Our long experience from distance education makes us well prepared for further growth in this area. We believe that adult education will continue to be a priority for some time to come.

| Quarter results (MSEK) | 2020/21 | 2019/20 | Change |
|------------------------|---------|---------|----------|
| Net sales | 385 | 339 | 13.6% |
| EBIT | 57 | 22 | 159.1% |
| EBIT-margin | 14.8% | 6.5% | 8.3 p.p. |
| Adj. EBIT | 57 | 22 | 159.1% |
| Adj. EBIT-margin | 14.8% | 6.5% | 8.3 p.p. |



Q1

2020/21

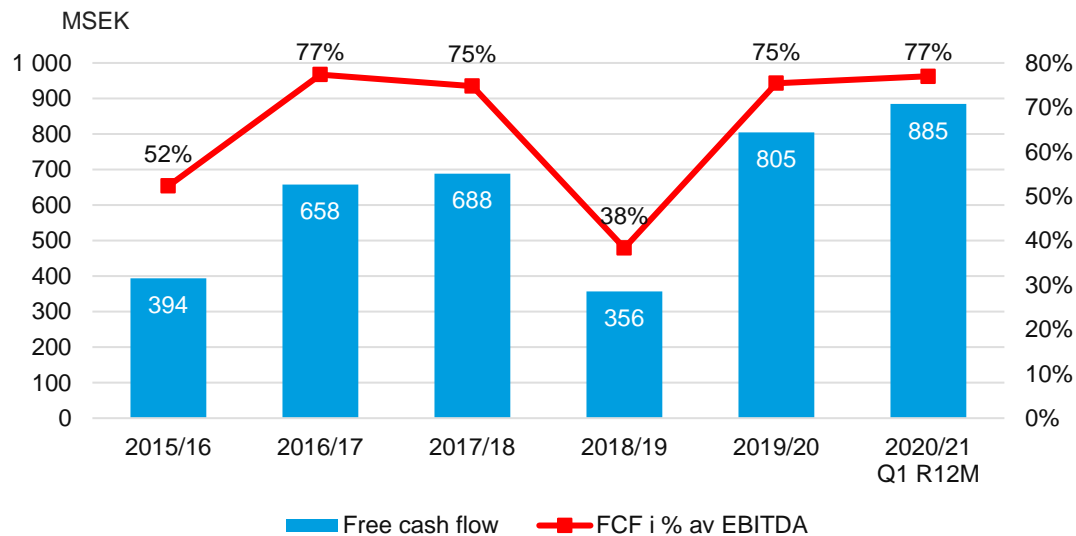
Financial position

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Free cash flow and investments

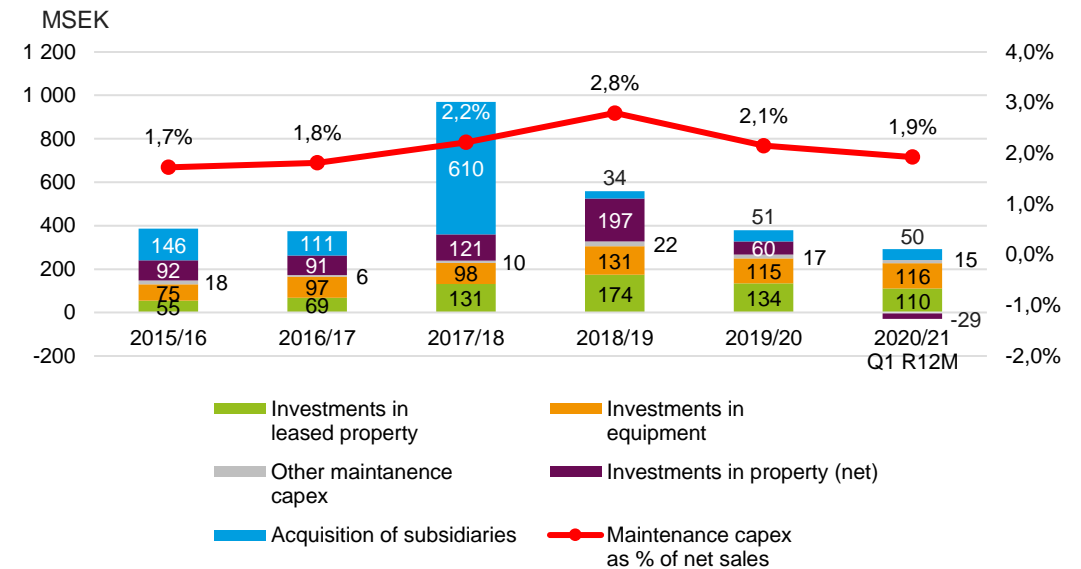
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- 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 and Maintenance capex as % of net sales



- Capex in current operations ("maintenance capex") has declined compared to last year.
- Growth capex can largely be funded by free cash flow except for large acquisitions.
- In the period, cash flow was positively impacted from the divesture of one property in Oslo, SEK 62 million.

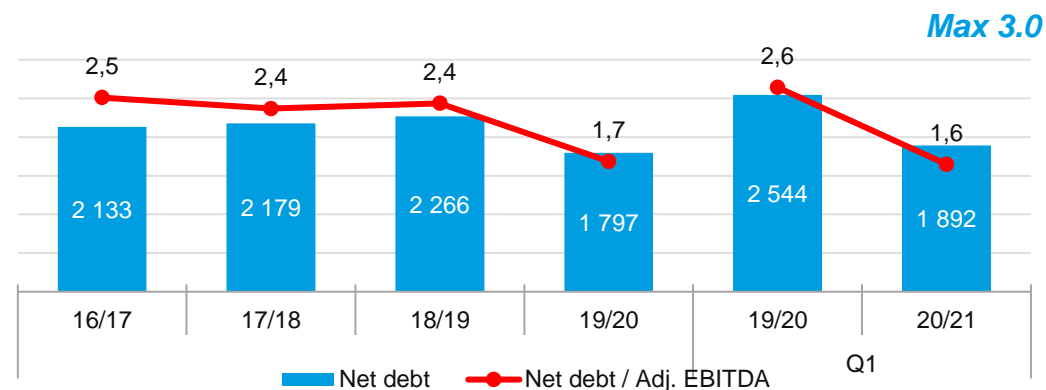
Financial position

Financial position continues to improve

- Cash flow is negative at the beginning of the school year, a normal seasonal effect mainly related to working capital. However the strong operating profit in the quarter reduced the negative impact. In the period, cash flow was positively impacted from the divesture of a property in Oslo, SEK 62 million.
- Net debt is significantly lower than the same period last year. Cash position improved.
- Leverage ratio improved from previous quarter and is lower than the same period last year 1.6x (2.6) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 7,350 million as per 30 September 2020 (7,372).
- Book value of property in Norway and Germany is lower at SEK 989 million (1,148) due to currency as well as the divesture of a property in Oslo.

| SEK m | 2020/21 30 Sep | 2019/20 30 Sep | Change |
|------------------------------------|-------------------|-------------------|--------|
| Total equity | 5,038 | 4,634 | 8.7% |
| Net debt | 1,892 | 2,544 | -25.6% |
| Adj. net debt ¹⁾ | 1,210 | 1,780 | -32.0% |
| Property (BV) | 989 | 1,148 | -13.9% |
| Property related lease liabilities | 7,350 | 7,372 | -0.3% |

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Performance largely in line with targets, margin improving further

| | | | Q1 R12M (FY 19/20) |
|--------------------------------------|-----------------|--|---|
| Growth | 5-7% | Financial targets are unchanged <ul style="list-style-type: none"> 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 (5.4%) |
| Profitability² | 7-8% | <ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time | 6.5% (5.9%) |
| Capital structure² | <3.0x | <ul style="list-style-type: none"> Net debt / adj. EBITDA below 3.0x Leverage may temporarily, exceed the maximum level | 1.6x (1.7x) |
| Use of free cash flow | n.a. | <ul style="list-style-type: none"> Free cash flow primarily to be reinvested Excess cash distributed to the shareholders while still maintaining quality and leverage targets | 1.50³ SEK/ share (1.25) |

¹ Q1R12 20/21 vs Q1R12 19/20

² Defined excluding effects of IFRS 16

³ Dividend proposed



Thank you,
questions?

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