

A woman with long, wavy brown hair, wearing a white sailor-style cap and a white, flowing, sleeveless dress, is walking away from the camera through a lush green park. The background is filled with out-of-focus trees and sunlight filtering through the leaves, creating a bokeh effect. A large, semi-transparent white number '4' is overlaid on the right side of the image.

Q4

August 31, 2021

Interim report presentation

July 2020 – June 2021

Marcus Strömberg, CEO

Katarina Wilson, CFO

Academedia

CEO introduction

- 2020/21 was a strong year, organic revenue growth of 8.1 percent, operating profit increased to SEK 934 million and the margin increased to 7.0 percent.
- AcadeMedia's adult education saw exceptional volume growth during the year and has never been stronger.
- In the last quarter corona restrictions eased and the school segments begun to return to normal. Capacity utilisation in Germany improved.
- In the fourth quarter organic revenue growth was 10.4 percent and the number of children and students increased by 8.5 percent. Adjusted operating profit was in line with last year, affected by higher activity levels and personnel costs.
- Growth will continue, with 18 new units planned to open during 2021/22 of which 15 are preschools in Germany. Further ahead, in 2022/23, our upper secondary school campuses in Stockholm will open.
- Preliminary student numbers for 2021/22 indicate 7 percent growth in total and the largest ever intake in the upper secondary school segment.



Highlights Q4

Higher activity levels and less vacation drove cost

- Student numbers grew by 8.5 percent.
- Net sales increased by 13.8 percent and the organic growth was 10.4 percent, adjusted for positive currency effects and the acquisition of Segab that contributed 3.0 p.p.
- Adjusted EBIT was in line with last year, SEK 280 million (279) and adjusted EBIT-margin decreased to 7.6 percent (8.6).
- Increased activity levels in the school segments, higher maintenance costs and higher personnel costs driven by fewer vacation days, were offset by continued high demand for adult education.
- EBIT excluding IFRS16 declined to SEK 266 million (279) including SEK -14 million (-) items affecting comparability.
- Free cash flow was weaker than last year SEK 341 million (560) mainly due to negative working capital development compared to last year as a result of calendar effects and somewhat higher investments in existing operation.

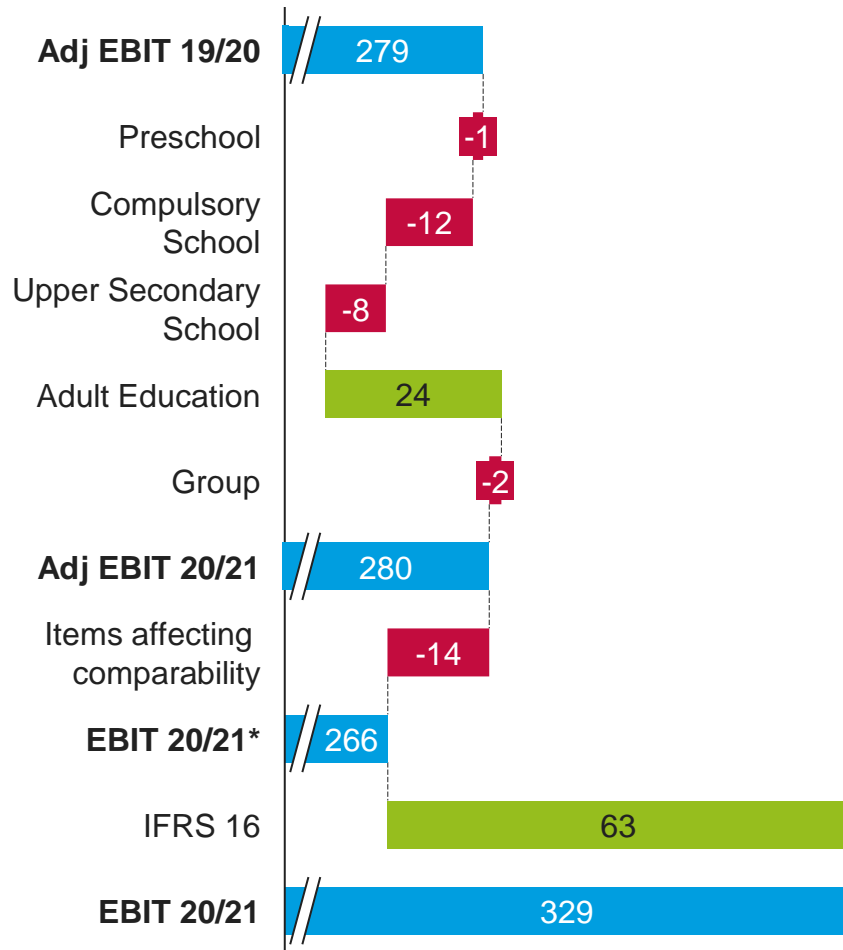
Key figures Q4 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21	2019/20	Change
# of Students	90,032	82,999	8.5%
Net sales	3,672	3,227	13.8%
EBIT	266	279	-4.7%
EBIT-margin	7.2%	8.6%	-1.4 p.p.
Adj. EBIT	280	279	0.4%
Adj. EBIT margin	7.6%	8.6%	-1.0 p.p.
Earnings after tax	201	206	-2.4%
Earnings per share ¹⁾ , SEK	1.91	1.96	-2.1%
Free cash flow	341	560	-39.0%

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

Highlights Q4

Higher activity levels and less vacation drove cost



* Excluding IFRS 16

Preschool: Increased school vouchers in Norway (4.4 percent) offset higher pension cost in Norway and higher maintenance cost in Sweden. German operation is improving with capacity utilisation returning to pre-covid levels.

Compulsory School: Higher personnel cost caused by fewer vacation days, costs related to new educational profiles and higher activity levels impacted operating profit.

Upper Secondary School: Higher personnel cost caused by fewer vacation days and higher activity levels impacted operating profit.

Adult Education: Continued high demand for adult education generating high capacity utilisation and improved operating profit. Sales increased by 21.5 percent where the Segab acquisition contributed 5.3 p.p.

Group: Group overhead expenses increased somewhat following increased activity levels.

Items affecting comparability amounted to SEK -14 million (-) relating to integration expenses SEGAB (-4) and restructuring expenses in the Upper Secondary School Segment (-10).

Highlights full year 2020/21

Strong growth and positive margin development

- Student numbers grew by 6.5 percent in the school segments, driven by acquisitions, organic growth including bolt-on acquisitions, and new establishments. In total, 26 new units were added during 2020/21 – 17 new starts and nine acquired.
- Net sales increased by 8.7 percent with organic growth in all segments. The acquisition of Segab contributed 1.6 p.p. The organic growth was 8.1 percent.
- Adjusted EBIT increased to SEK 934 million (728) and adjusted EBIT-margin increased to 7.0 percent (5.9), mainly driven by the Adult Education Segment. Acquisitions, more students in the school segments, and higher school voucher in Norway also contributed to the improvement.
- EBIT excluding IFRS16 improved to SEK 926 million (763) including SEK -8 million (36) items affecting comparability.
- Free cash flow was stronger than last year SEK 1.117 billion (805 million) due to higher operating profit and positive working capital development compared to last year.

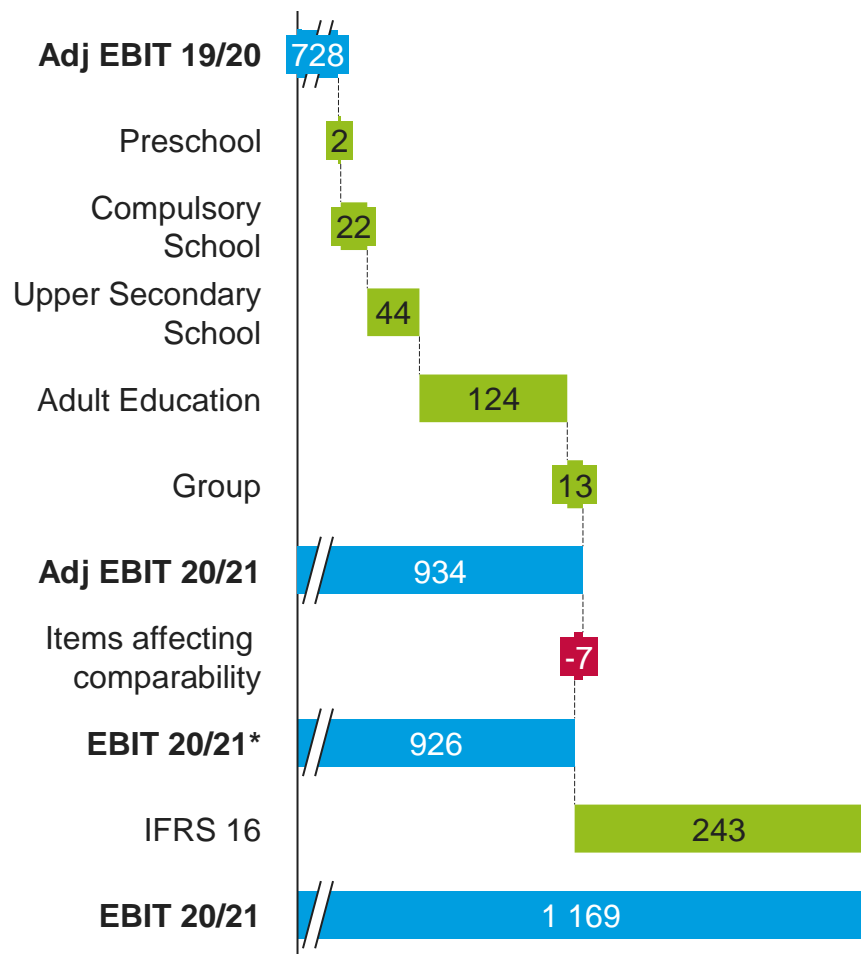
Key figures full year 2020/21, excluding effects of IFRS 16

(MSEK)	2020/21	2019/20	Change
# of Students	87,823	82,433	6.5%
Net sales	13,340	12,271	8.7%
EBIT	926	763	21.4%
EBIT-margin	6.9%	6.2%	0.7 p.p.
Adj. EBIT	934	728	28.3%
Adj. EBIT margin	7.0%	5.9%	1.1 p.p.
Earnings after tax	689	548	25.7%
Earnings per share ¹⁾ , SEK	6.54	5.21	25.6%
Free cash flow	1,117	805	38.7%

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

Highlights full year 2020/21

Strong growth and positive margin development



* Excluding IFRS 16

Preschool: Higher school voucher in Norway and good staff planning in Sweden offset higher pension costs in Norway and temporarily reduced capacity utilisation in Germany due to the pandemic.

Compulsory School: The increased operating profit was driven by a solid volume increase with student numbers growing 6.0 percent. Insurance reimbursement and lower social fees for young people also contributed to the development.

Upper Secondary School: The increased operating profit was driven by a solid volume increase with student numbers growing 9.0 percent where Segab contributed 3.2 p.p. Somewhat lower expenses following lower activity levels due to restrictions during the pandemic also impacted the year.

Adult Education: Exceptional volume growth increased sales by 19 percent, of which KYH contributed 3 p.p. High capacity utilisation improved margin to 13.8 percent.

Group: Cost reductions initiated last year resulted in lower expenses.

Items affecting comparability of SEK -7 million (36) related to integration Segab (-12), transaction cost (-2), restructuring cost in the Upper Secondary School Segment (-16) and retroactive revenue from previous years (22).

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Q4 Segment reporting

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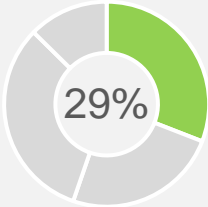
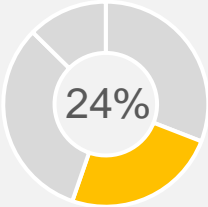
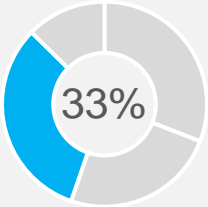
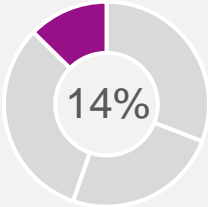
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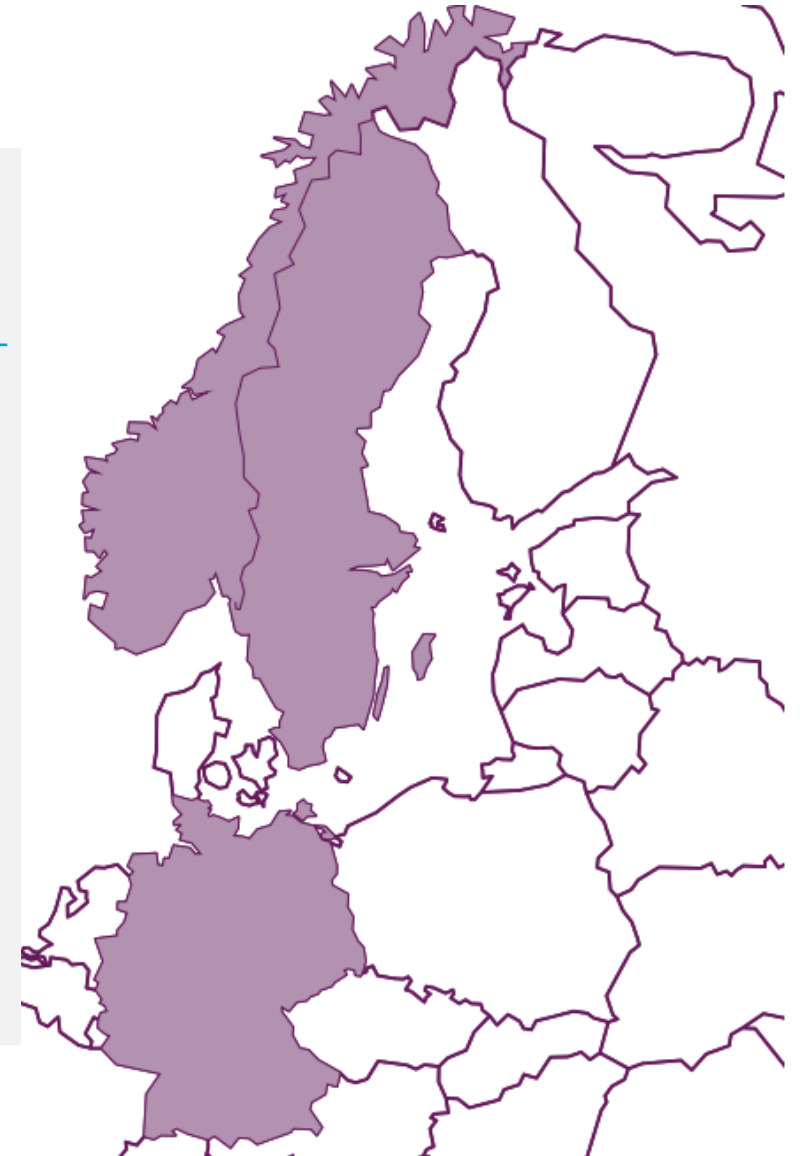
Hermod's

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*	4 987	3 276	3 469	1 400
Net sales split*				

*) 2020/21

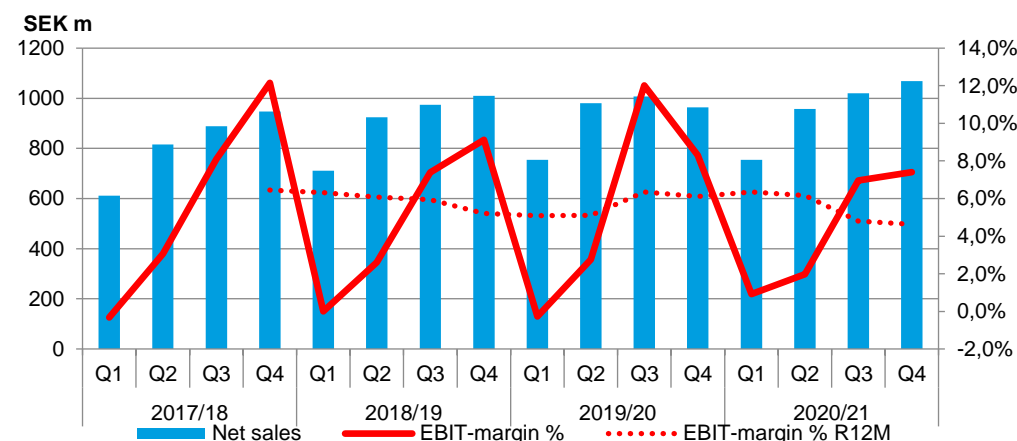


Preschool Segment

Capacity utilisation returning to pre-covid levels in Germany, higher costs in Sweden and Norway impact operating profit

- Two new units opened in Germany and one preschool was acquired in Norway in the quarter, which gives a total of 273 units. The number of children increased by 4.0 percent.
- Net sales increased by 10.8 percent to SEK 1,068 million (964). Adjusted for positive currency development, SEK 8 million, net sales increased by 9.9 percent. The school voucher increase in Norway was 4.4 percent.
- Higher pension cost in Norway and higher maintenance cost in Sweden impacted the operating profit and margin negatively in the quarter.
- The German operation had a tough year due to the pandemic, but capacity utilisation returned to pre-covid levels in the last quarter.
- For 2021/22, 15 new units are planned to open in Germany, of which 8 units in the first quarter. In Norway the loss of two preschools in Oslo will impact the financials.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	1,068	964	10.8%
EBIT	79	80	-1.3%
EBIT-margin	7.4%	8.3%	-0.9 p.p.
Adj. EBIT	79	80	-1.3%
Adj. EBIT-margin	7.4%	8.3%	-0.9 p.p.
# of children	22,265	21,404	4.0%

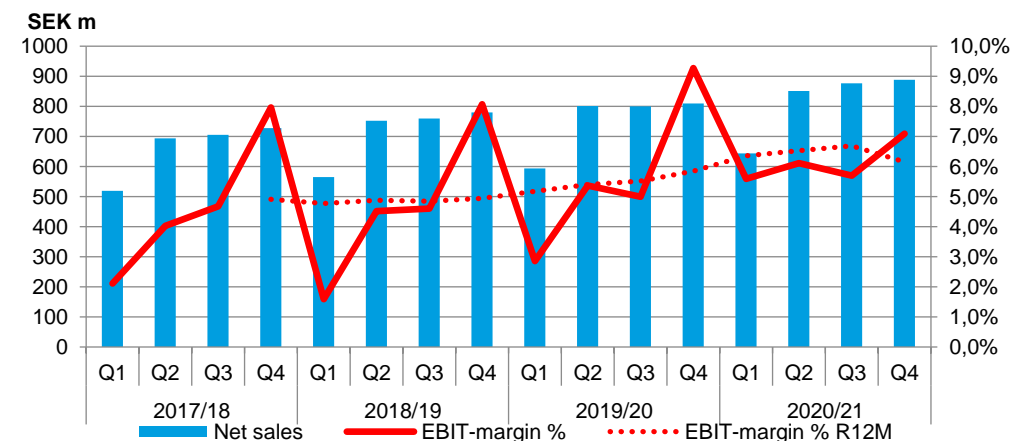


Compulsory School Segment

Higher activity levels and higher personnel costs impact earnings in the quarter

- The segment includes 116 compulsory schools and integrated preschools in Sweden.
- The number of children and students increased by 6.5 percent, of which Segab and Stims together contributed 1,050 children and students.
- Net sales grew 9.8 percent as a result of increased number of students and annual voucher revisions.
- Higher personnel cost caused by fewer vacation days in the quarter (SEK 15 million), cost related to new educational profiles and higher activity levels (SEK 10 million) impacted EBIT and margin.
- At the beginning of 2021/22 a compulsory school with an integrated preschool with 175 children and students was acquired.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	888	809	9.8%
EBIT	63	75	-16.0%
EBIT-margin	7.1%	9.3%	-2.2 p.p.
Adj. EBIT	63	75	-16.0%
Adj. EBIT-margin	7.1%	9.3%	-2.2 p.p.
# of children and students	27 374	25 706	6.5%

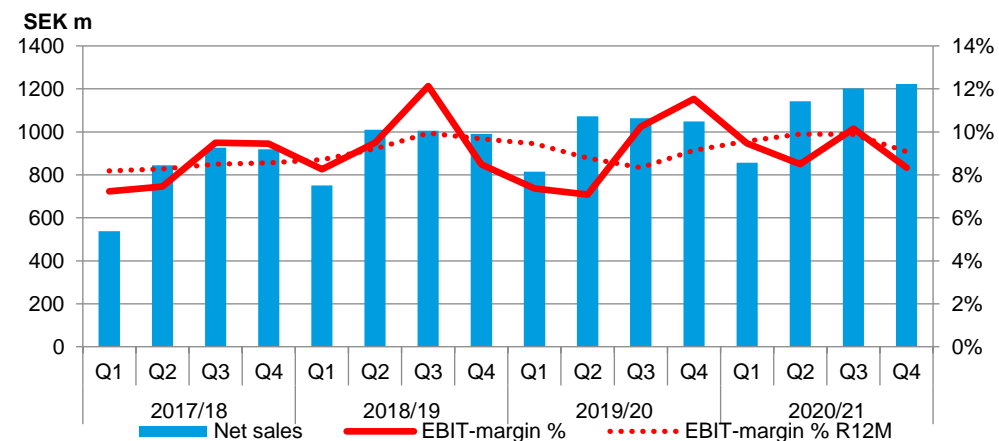


Upper Secondary School Segment

Student numbers increased by 12.6% driven by the acquisition of Segab as well as organic growth

- The Upper Secondary School Segment includes 150 schools in Sweden.
- Student numbers increased by 12.6 percent. Segab contributed 6.4 p.p and the organic growth was 6.2 p.p. Net sales increased by 16.6 percent.
- In the quarter only part of the curriculum had to be conducted through distance education when some of the national recommendations regarding distance education ended. Last year all education was distance leading to somewhat lower cost in the comparable period.
- Higher personnel cost caused by fewer vacation days in the quarter (SEK 10 million) as well as higher cost due to higher activity levels (SEK 10 million) impacted adjusted EBIT and margin.
- Items affecting comparability SEK -10 million related to restructuring expenses.
- Three additional schools opened for the autumn start 21/22.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	1 223	1 049	16.6%
EBIT	102	121	-15.7%
EBIT-margin	8.3%	11.5%	-3.2 p.p.
Adj. EBIT	112	121	-7.4%
Adj. EBIT-margin	9.2%	11.5%	-2.3 p.p.
# of students	40 394	35 889	12.6%

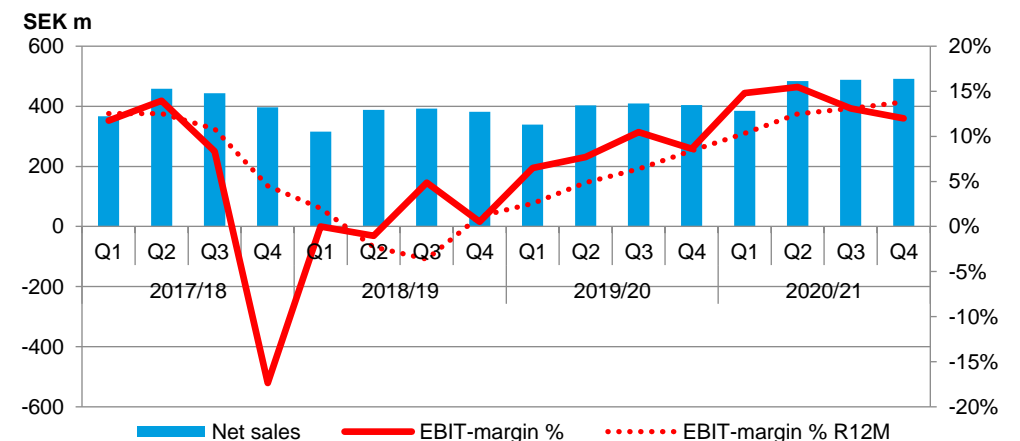


Adult Education Segment

High volume and capacity utilization continue to impact earnings and margin. The acquisition of Segab contributed to the growth.

- Net sales increased by 21.5 percent where the acquisition of KYH, part of Segab, contributed 5.3 percentage points.
- Increased number of participants in all business areas, driven by continued high unemployment and high demand for adult education, generated higher capacity utilisation. EBIT margin improved to 12.0 percent (8.6).
- The Higher Vocational Education business represents 26 percent (20) of the total sales of the segment where the acquisition of KYH contributed to the increase. Higher allocation of places in January 2021 shows that AcadeMedia is gaining market share.
- Labour Market Services make up 13 percent (11) of the total segment. The transition to the new matching service continues albeit at a slower pace than anticipated.
- The Municipal Adult Education business now comprises 58 percent (65) and has a solid contract portfolio.
- AcadeMedia has a relatively young contract portfolio, and no larger changes to the portfolio are expected in the coming year.

Quarter results (MSEK)	2020/21	2019/20	Change
Net sales	492	405	21.5%
EBIT	59	35	68.6%
EBIT-margin	12.0%	8.6%	3.4 p.p.
Adj. EBIT	59	35	68.6%
Adj. EBIT-margin	12.0%	8.6%	3.4 p.p.



Q4 Financial position

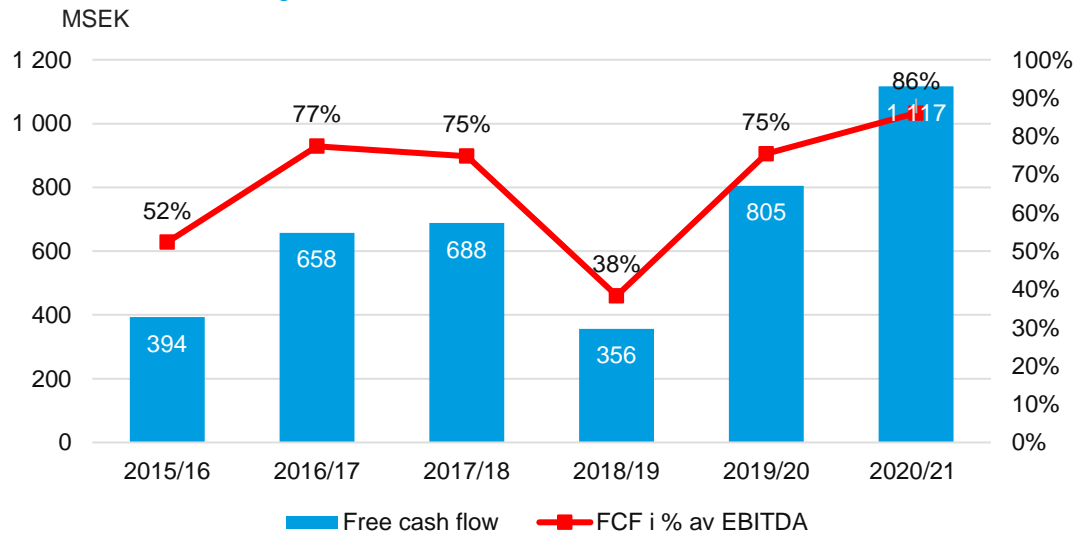
2020/21

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Free cash flow and investments

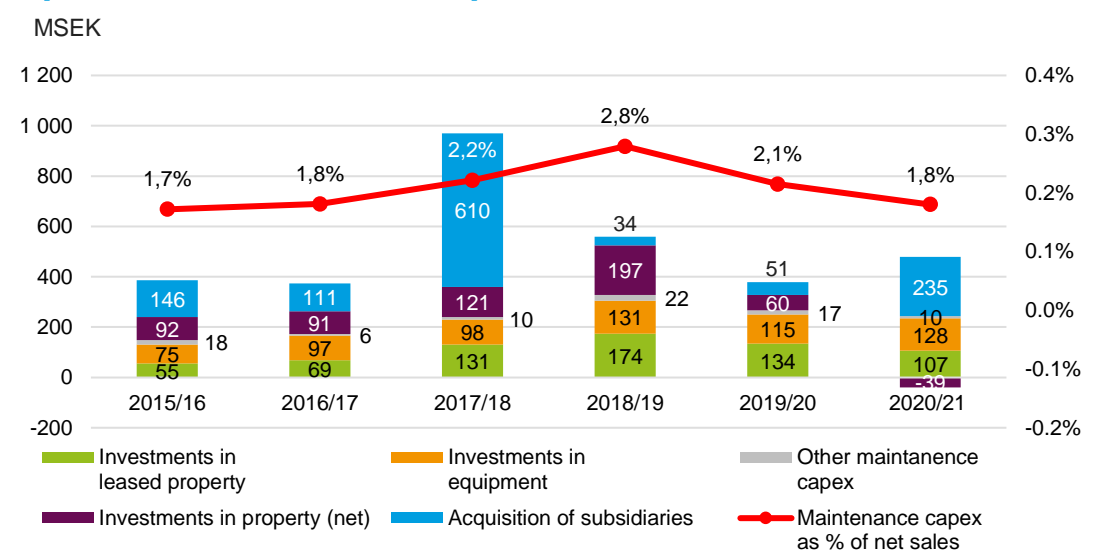
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- AcadeMedia has a strong free cash flow (FCF) and swings between years and quarters are mainly an effect of changes in working capital.
- FCF 2020/21 was strong following high operating profit and a favourable net working capital position at the end of June 2021.

Capex and Maintenance capex as % of net sales



- Capex in current operations ("maintenance capex") was lower compared to last year.
- Growth capex can largely be funded by free cash flow except for large acquisitions.
- The acquisition of Swedish Education Group and Stims has impacted capex.

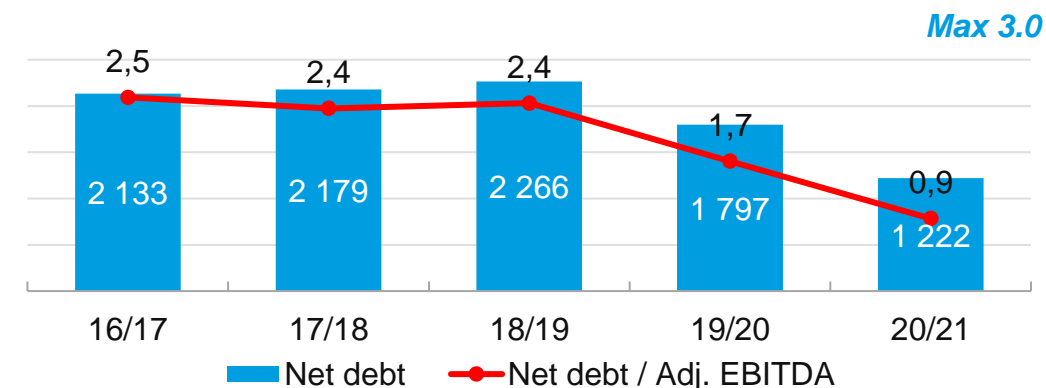
Financial position

Financial position continues to improve

- Net debt is significantly lower than last year.
- Leverage ratio improved from previous quarter and is lower than last year 0.9x (1.7) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities increased to SEK 7,428 million as per 30 June 2021, mainly due to the acquisitions of Segab and Stims that contributed with SEK 330 million.
- In the second quarter 20/21, a dividend of 1.50 SEK per share was paid, corresponding to SEK 158 million.
- Book value of property in Norway and Germany in line with last year, SEK 1,044 million (1,001).

SEK m	2020/21 30 June	2019/20 30 June	Change
Total equity	5,529	4,925	12.3%
Net debt	1,222	1,797	-32.0%
Adj. net debt ¹⁾	526	1,138	-53.8%
Property (BV)	1,044	1,001	4.3%
Property related lease liabilities	7,428	7,214	3.0%

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Dividend of SEK 1.75 (1.50) per share proposed, corresponding to 27 percent (29) of net profit excluding IFRS 16

			2020/21 (19/20)
Growth	5-7%	<p>Financial targets are unchanged</p> <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 	8.1% (5.4%)
Profitability¹	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	7.0% (5.9%)
Capital structure¹	<3.0x	<ul style="list-style-type: none"> Net debt / adj. EBITDA below 3.0x Leverage may temporarily, exceed the maximum level 	0.9x (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 	1.75 SEK/ share (1.50)

¹ Defined excluding effects of IFRS 16



Thank you,
questions?

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