

Q3

May 5, 2022

Interim report presentation July 2021 – March 2022

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AcademeMedia

CEO introduction

- Number of children and students increased by 3.8 percent and by 5.2 percent in the Preschool Segment.
- The independent school reform was introduced 30 years ago, the sector is large and growing. However changes would be welcomed, for example a common quality system to help all families to make informed school choices.
- The Adult Education Segment is adjusting capacity in the municipal operation to more normal volume levels. The segment is preparing to launch an apprenticeship programme in the UK in the autumn 2022.
- AcadeMedia can accommodate 2,500 children and young people from Ukraine and many of our schools have collected and donated money.
- Positive results in this year's student and employee survey.
- The Preschool Segment expands into the Netherlands with a platform acquisition.



Highlights Q3

Operating profit impacted by lower volumes in the Adult Education Segment and higher costs in Norway

- Student numbers grew by 3.8 percent.
- Net sales increased by 5.9 percent. Organic growth including bolt-on acquisitions, adjusted for positive currency was 4.7 percent.
- Adjusted EBIT was SEK 264 million (279) and adjusted EBIT-margin decreased to 6.9 percent (7.8). The decrease was due to volumes returning to more normal levels in the Adult Education Segment and higher costs in Norway. Lower costs in the school segments in Sweden to some extent caused by the pandemic, offset the decline somewhat.
- EBIT excluding IFRS 16 was SEK 237 million (285) including SEK -27 million (+6) items affecting comparability comprising additional cost relating to a fire (-12) and restructuring expenses in the Upper Secondary Segment (-15).
- FCF was weaker than last year SEK +19 million (+246) mainly due to favourable working capital in Norway last year as well as lower EBIT.

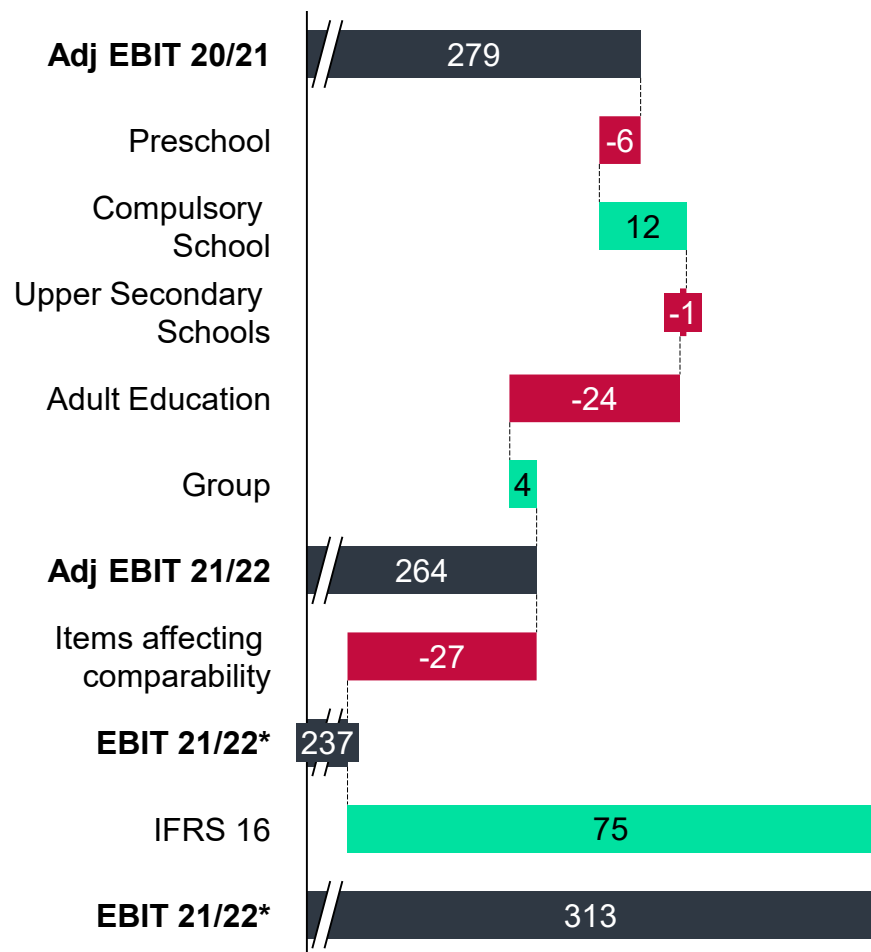
Key figures Q3 2021/22, excluding effects of IFRS 16

(MSEK)	2021/22	2020/21	Change
# of Students	93,092	89,691	3.8%
Net sales	3,802	3,591	5.9%
EBIT	237	285	-16.8%
EBIT-margin	6.2%	7.9%	-1.7 p.p.
Adj. EBIT	264	279	-5.4%
Adj. EBIT margin	6.9%	7.8%	-0.9 p.p.
Earnings after tax	177	214	-17.3%
Earnings per share ¹⁾ , SEK	1.68	2.02	-17.2%
Free cash flow (FCF)	19	246	-92.3%

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

Highlights Q3

Operating profit impacted by lower volumes in the Adult Education Segment and higher costs in Norway



* Excluding IFRS 16

Preschool: Higher costs in Norway were somewhat offset by return to normal operations in Germany and lower personnel expenses in Sweden.

Compulsory School: Adjusted EBIT was impacted by increased number of students and about 5 MSEK in lower personnel costs due to the pandemic.

Upper Secondary School: Adjusted EBIT was impacted by increased number of students and about SEK 5 million in lower costs due to the pandemic. Last year the pandemic reduced expenses by about 10 MSEK due to cancelled activities.

Adult Education: Operating profit was impacted by volumes in the municipal business area returning to more normal levels as well as contract transition in the labour market services business. AcadeMedia's higher vocational education continued to grow.

Group: Cost decreased due to a change in accounting rules.

Items affecting comparability SEK -27 million (6) includes additional cost related to a fire (-12) and restructuring expenses in the Upper Secondary Segment (-15).

12 month rolling figures Q3 2021/22

Net Sales rolling 12 months now above 14 billion

- 12 month rolling net sales continue to grow and are now at SEK 14.2 billion.
- Rolling 12-month adjusted EBIT at SEK 1,003 million and adjusted EBIT margin rolling 12-months at 7.1 percent.
- Adjusted EBIT margin profitability target of 7-8 percent over time is met for the 6th quarter running.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 938 million.

NB Comparison between Q3 12-month rolling figures and full year 2020/21

Key figures Q3 R12 2021/22, excluding effects of IFRS 16

(MSEK)	Apr 2021 – Mar 2022	2020/21	Change*
Net sales	14,160	13,340	6.1%
EBIT	938	931	0.8%
EBIT-margin	6.6%	7.0%	-0.4 p.p.
Adj. EBIT	1,003	939	6.8%
Adj. EBIT margin	7.1%	7.0%	0.1 p.p.
Earnings after tax	708	694	2.0%
Free cash flow	867	1,117	-22.4%

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

pyslingen

FÖRSKOLOR

RH
INTERNATIONELLA
HOTELL- OCH RESTAURANGSKOLAN



HAGSTRÖMSKA GYMNASIET

VITTRA

espira

KUNNSKAPSBARNEHAGEN

DROTTNING BLANKAS
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Q3 Segment reporting

NTI GYMNASIET

rytmus
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PRAKTISKA
Gymnasiet

LBS KREATIVA
GYMNASIET

DIDAKTUS
GYMNASIUM

eductus

Innovitaskolan

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STEPKE

KLARA
TEORETISKA GYMNASIUM







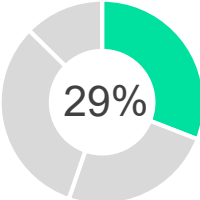
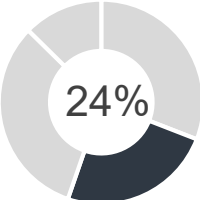
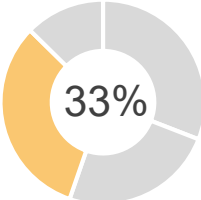
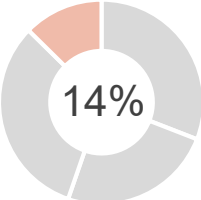
DESIGN
GYMNASIET

POPS
ACADEMY

Hermods

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*				



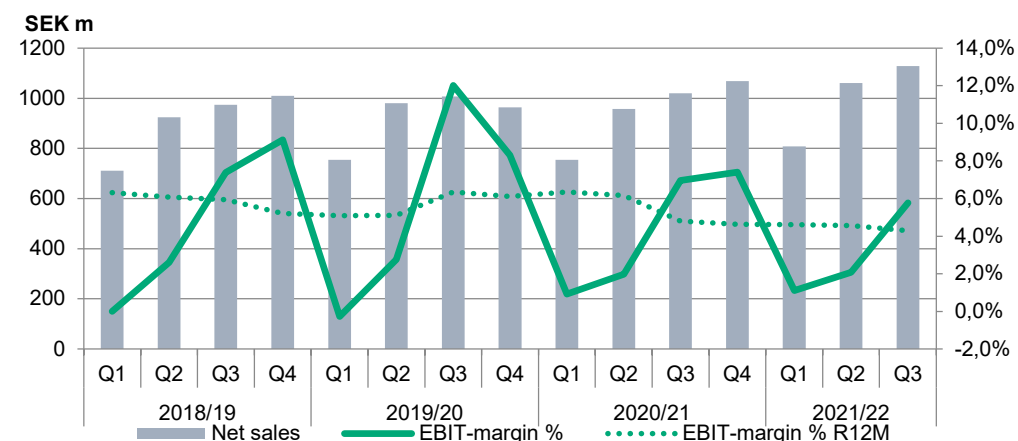
*) 2020/21

Preschool Segment

Higher costs in Norway partly offset by lower personnel expenses in Sweden

- 4 new units in Germany in the quarter, gives a total of 289 units, of which 72 in Germany.
- The number of children increased by 5.2 percent driven mainly by Germany. Net sales increased 10.6 percent to SEK 1,128 million. Adjusted for SEK 40 million of positive currency development, net sales increased by 6.4 percent.
- Norway was impacted by higher salary expenses and lower pension supplement, SEK 13 million, and by higher electricity costs and higher expenses for temporary staff SEK 8 million.
- The expected impact of changes to the pension supplement and higher salary expenses in Norway is estimated to SEK 20 million and SEK 17 million, for the financial year 2021/22.
- Higher costs in Norway was somewhat offset by Germany returning to more normal operations and lower personnel expenses in Sweden.
- The plan is to open one further unit in Germany in the next quarter, which gives 16 new units in Germany during 21/22.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	1,128	1,020	10.6%
EBIT	65	71	-8.5%
EBIT-margin	5.8%	7.0%	-1.2 p.p.
Adj. EBIT	65	71	-8.5%
Adj. EBIT-margin	5.8%	7.0%	-1.2 p.p.
# of children	23,020	21,891	5.2%

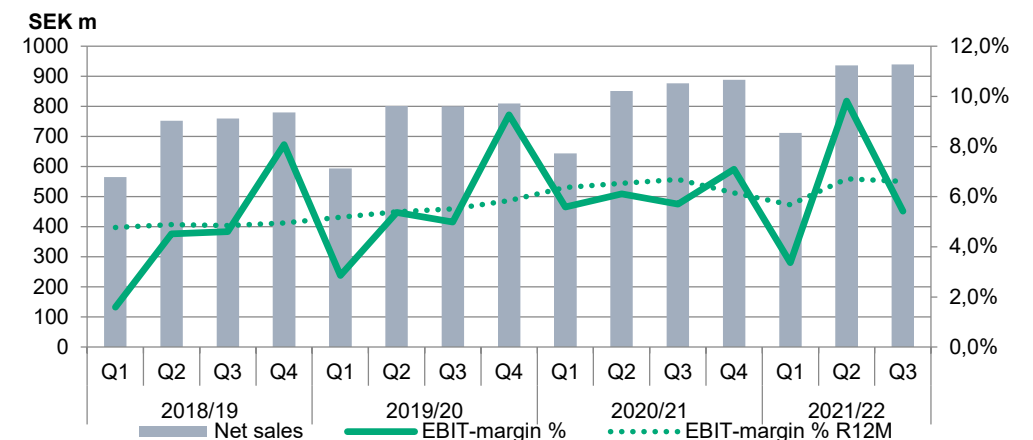


Compulsory School Segment

Increased number of students and lower personnel expenses caused by higher employee absence

- The segment includes 116 compulsory schools of which 38 integrated preschools in Sweden under six profiles.
- Number of children and students increased by 3.4 percent.
- Net sales grew 7.2 percent as a result of increased number of students, annual voucher revisions 3.1 percent (2.6) and increased government grants with corresponding costs.
- Adjusted EBIT increased due to a higher number of students and lower personnel expenses of about SEK 5 million. The pandemic caused high levels of absence in the beginning of the quarter due to sick leave and employees taking care of their own sick children (se. “vab”).
- Items affecting comparability include additional cost related to an earlier fire SEK -12 million. Additional insurance compensation is expected in the coming quarters, which will largely cover the costs.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	940	877	7.2%
EBIT	51	50	2.0%
EBIT-margin	5.4%	5.7%	-0.3 p.p.
Adj. EBIT	63	50	26.0%
Adj. EBIT-margin	6.7%	5.7%	1 p.p.
# of children	27,965	27,046	3.4%

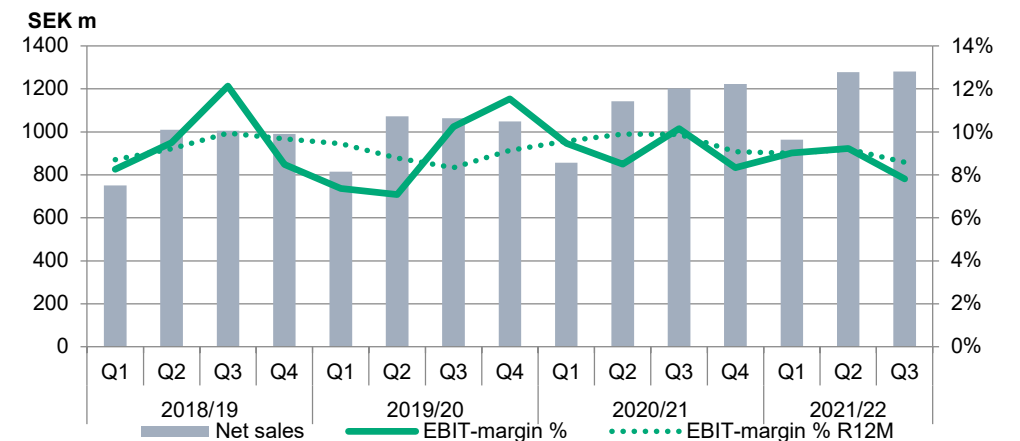


Upper Secondary School Segment

Increased number of students and lower personnel expenses caused by higher employee absence

- The segment includes 151 upper secondary schools in Sweden under 16 brands.
- Student numbers increased organically by 3.3 percent from 1,100 additional students enrolled at the 21 schools that started over the last five years.
- Net sales increased by 6.5 percent mainly as a result of increased number of students but also due to the annual school voucher revision of 2.3 percent (1.0) and higher government grants with corresponding costs.
- Adjusted EBIT was impacted by increased number of students and lower personnel costs, about SEK 5 million, relating to high sick leave and increased absence due to employees caring for own sick child mainly in the beginning of the quarter. Last year the pandemic reduced costs by about SEK 10 million.
- Activities postponed earlier in the year are expected to take place to some extent in the fourth quarter, which can impact cost.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	1,280	1,202	6.5%
EBIT	100	122	-18.0%
EBIT-margin	7.8%	10.1%	-2.3 p.p.
Adj. EBIT	115	116	-0.9%
Adj. EBIT-margin	9.0%	9.7%	-0.7 p.p.
# of children	42,106	40,753	3.3%

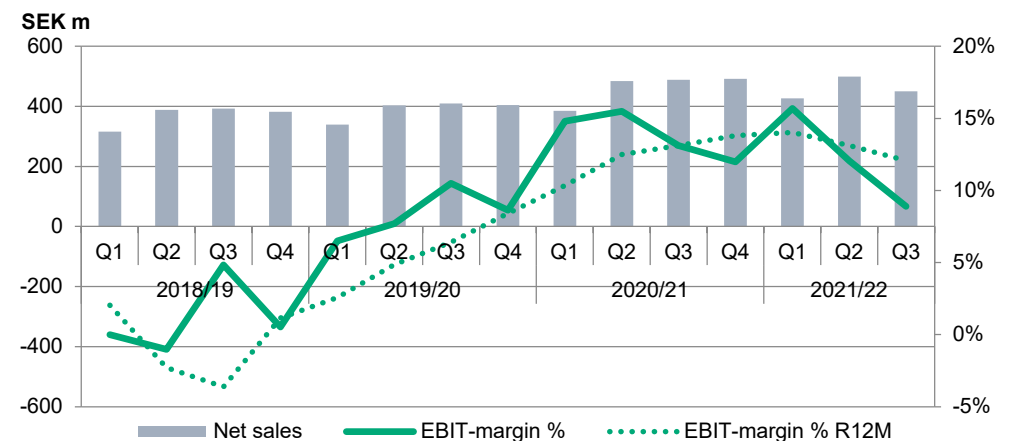


Adult Education Segment

Volumes in the municipal education business returning to more normal levels. Vocational business continued to grow.

- Net sales decreased by 7.8 percent and was attributable to the Labour Market Services and the Municipal Adult Education returning to more normal levels. The Vocational Education business continued to grow organically.
- Adjusted EBIT decreased to SEK 40 million mainly due to lower volumes in the municipal business caused by lower unemployment but also due to contract transition in the labour market services business.
- The SFI-operation in Stockholm is adjusting capacity to the lower demand. The transition is expected to be completed beginning of the next financial year.
- VAT reimbursement received from January 2022 and is fully compensating increased cost.
- The segment is planning to start an apprenticeship programme in the UK in the autumn 2022.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	450	488	-7.8%
EBIT	40	64	-37.5%
EBIT-margin	8.9%	13.1%	-4.2 p.p.
Adj. EBIT	40	64	-37.5%
Adj. EBIT-margin	8.9%	13.1%	-4.2 p.p.



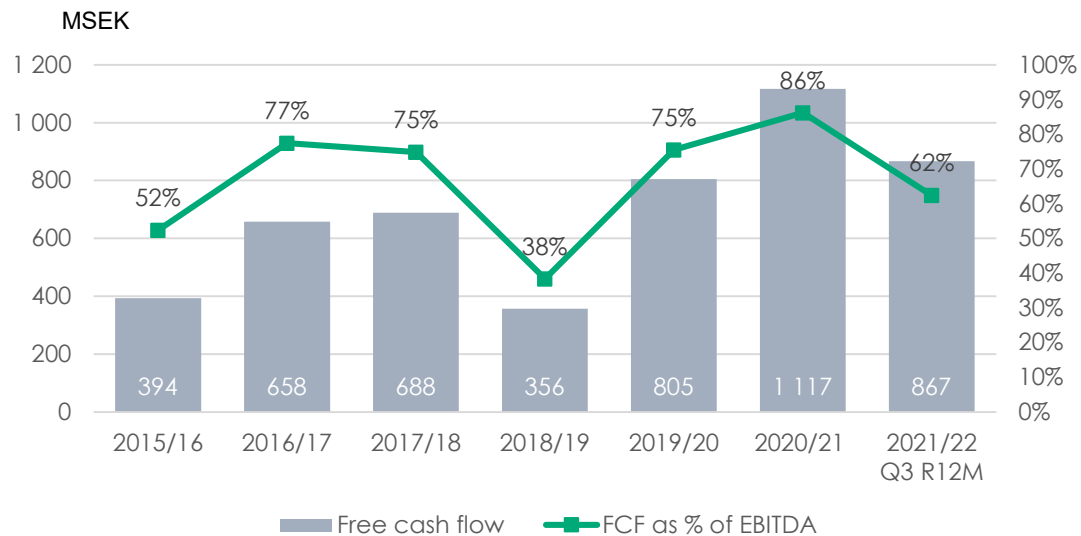
Q3 Financial position

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Free cash flow and investments

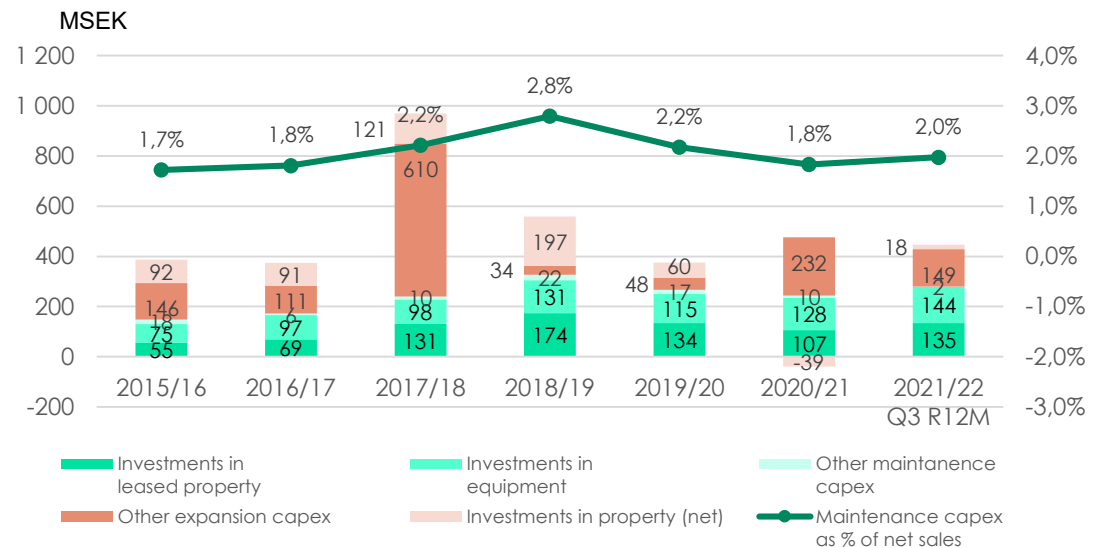
Strong free cash flow can fund investments in current operations and growth

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 increased compared to last year.
- Growth capex can largely be funded by free cash flow except for large acquisitions.

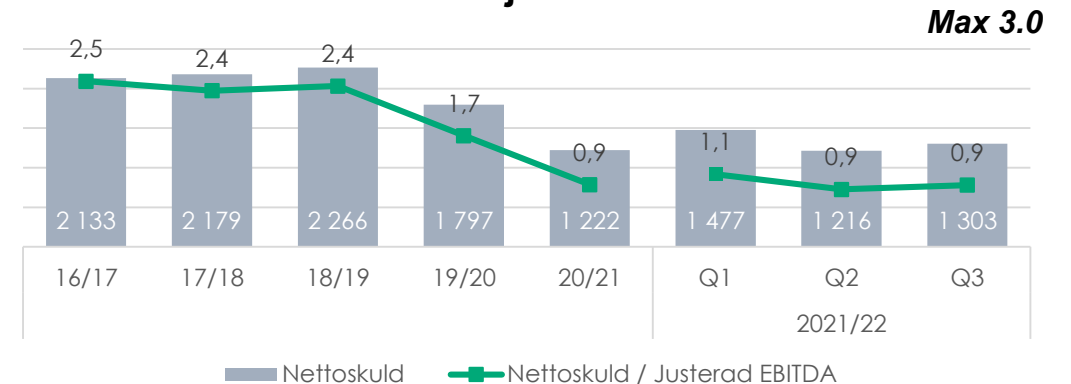
Financial position

Continued strong financial position

- Net debt excluding IFRS 16 is significantly lower than the same period last year. Cash position improved.
- Leverage ratio is lower than the same period last year 0.9x (1.2) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 7,846 million as per 31 March 2022 (7,462).
- Book value of property increased to SEK 1,119 million (1,061), in part due to currency, but also acquisitions in Norway.

SEK m	2021/22 31 Mar	2020/21 31 Mar	Change
Total equity (excl IFRS 16)	5,925	5,321	11.4%
Net debt (excl IFRS 16)	1,303	1,554	-16.2%
Net debt (incl IFRS 16)	9,149	9,016	1.5%
Property related lease liabilities	7,846	7,462	5.1%
Property BV	1,119	1,061	5.5%

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Performance continue to be in line with financial targets

			Q3 R12M (FY 20/21)
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 	6.9%¹ (8.1%)
Profitability²	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	7.1% (7.0%)
Capital structure²	<3.0x	<ul style="list-style-type: none"> Net debt / adj. EBITDA below 3.0x Leverage may temporarily, exceed the maximum level 	0.9x (0.9x)
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 Q3R12 21/22 vs Q3R12 20/21

² Defined excluding effects of IFRS 16



Q&A

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