



Q1

October 25, 2022

Interim report presentation July – September 2022

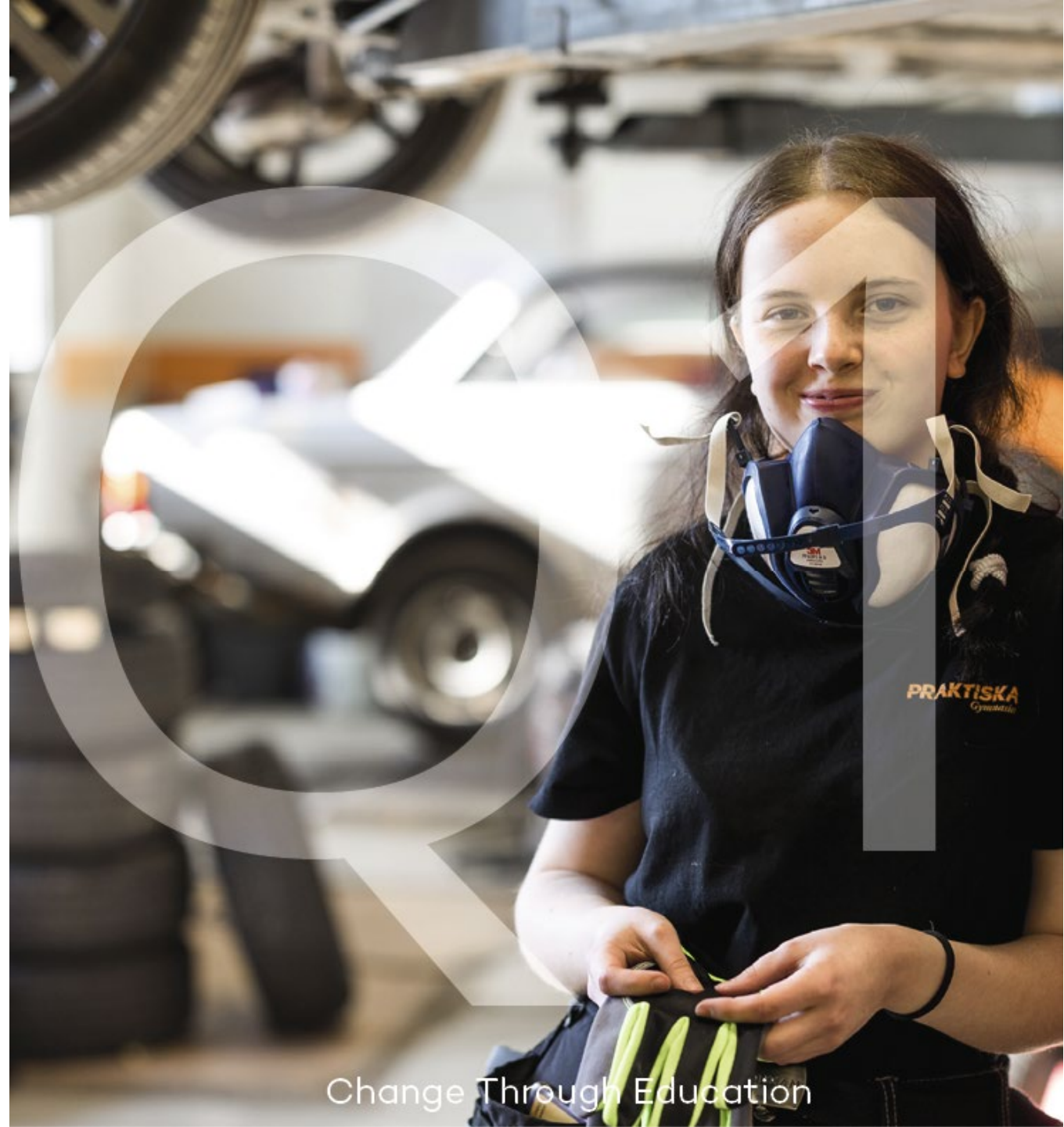
Marcus Strömberg, CEO

Katarina Wilson, CFO

AcademeMedia

CEO introduction

- 2022/23 started with strong demand in the school segments and in adult vocational training.
- 15 new units added in the quarter, of which 5 preschools acquired in the Netherlands. Number of children in the Preschool Segment increased by 8.1 percent.
- Higher cost for electricity and food impacting the quarter and estimated to continue to do so for some time. Measures taken to reduce cost.
- School voucher should over time reflect the underlying cost.
- Our new campuses in Stockholm started with strong demand with capacity to grow.
- In Adult Education, demand for municipal education contracted over summer and autumn due to strong labour market. However, unemployment expected to rise creating increased demand. Higher vocational education continued to grow with 7 percent more participants compared to last year.
- New government in Sweden proposing changes to education sector creating long-term regulatory framework for independent schools.



Highlights Q1

Expansion in the Upper Secondary School Segment and lower volumes in Adult Education Segment impact profitability

- Student numbers grew by 4.8 percent.
- Net sales increased by 6.6 percent and organic growth was 4.5 percent, adjusted for positive currency effects and the acquisition of Sandviks that contributed 0.9 p.p.
- Adjusted EBIT was SEK 151 million (194) and adjusted EBIT-margin decreased to 4.9 percent (6.7).
- The decline was due to lower volumes in part of the Adult Education Segment, lower pension contribution and higher personnel expenses in Norway, increased capacity in the Upper Secondary School Segment, and increased operating costs in general .
- EBIT (excluding IFRS16) SEK 157 million (164) including SEK 6 million (-30) items affecting comparability related to insurance compensation from a fire.
- Free cash flow stronger than last year SEK -64 million (-99) mainly due to a less negative working capital.

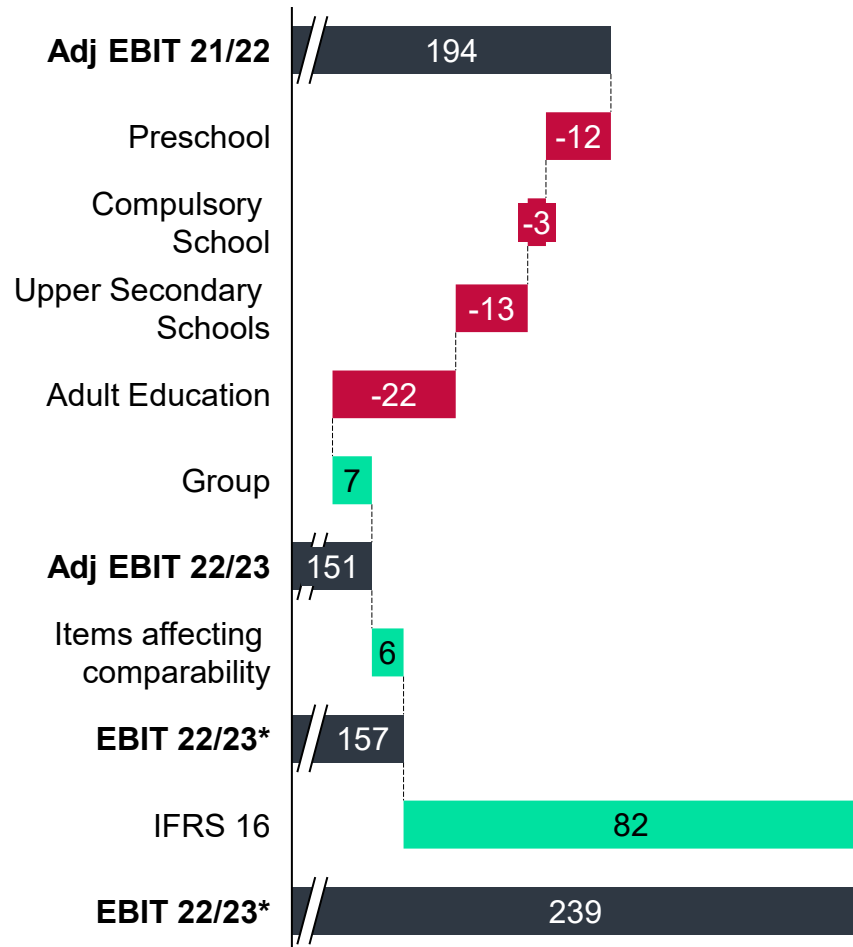
Key figures Q1 2022/23, excluding effects of IFRS 16

(MSEK)	2022/23	2021/22	Change
# of Students	95,834	91,431	4.8%
Net sales	3,104	2,911	6.6%
EBIT	157	164	-4.3%
EBIT-margin	5.1%	5.6%	-0.5 p.p.
Adj. EBIT	151	194	-22.2%
Adj. EBIT margin	4.9%	6.7%	-1.8 p.p.
Earnings after tax	115	121	-5.0%
Earnings per share ¹ , SEK	0.93	1.15	-19.2%
Free cash flow	-64	-99	-35.2%

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

Highlights Q1

Expansion in the Upper Secondary School Segment and lower volumes in Adult Education Segment impact profitability



* Excluding IFRS 16

Preschool: Continued impact from lower pension compensation and higher personnel expenses in Norway.

Compulsory School: Increased capacity, one new school, temporarily impacting negatively, higher electricity cost and initiatives to strengthen student health impacted the profit.

Upper Secondary School: Expansion including two new campuses and three new schools impact capacity utilisation and profitability. Higher electricity cost.

Adult Education: Lower in volumes in the municipal adult education business impacts profitability, somewhat offset by growth in vocational education.

Group: Lower activity levels and cost saving programs reduced cost.

Items affecting comparability SEK 6 million (-30) includes insurance compensation related to the fire in July 2021.

12 month rolling figures Q1 2022/23

EBIT on par with last year, margin affected by high inflation and lower volumes in the Adult education segment

- 12 month rolling net sales continue to grow and are now at SEK 14.5 billion.
- Rolling 12-month adjusted EBIT at SEK 958 million and adjusted EBIT margin rolling 12-months at 6.6 percent.
- Adjusted EBIT margin somewhat below target of 7-8 percent, impacted by higher cost and lower volumes in the Adult education segment.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 929 million, on par with previous year.
- Continued strong free cash flow SEK 957 million.

Key figures Q1 R12 2022/23, excluding effects of IFRS 16

(MSEK)	Oct 2021 – Sep 2022	2021/22	Change*
Net sales	14,532	14,339	1.3%
EBIT	929	936	-0.7%
EBIT-margin	6.4%	6.5%	-0.1 p.p.
Adj. EBIT	958	1,001	-4.3%
Adj. EBIT margin	6.6%	7.0%	-0.4 p.p.
Earnings after tax	686	692	-0.9%
Free cash flow	957	922	3.8%

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

NB Comparison between Q1 12-month rolling figures and full year 2021/22

pysslingen

FÖRSKOLOR

RH
INTERNATIONELLA
HOTELL- OCH RESTAURANGSKOLAN



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VITTRA

espira

KUNNSKAPSBARNEHAGEN

DROTTNING BLANKAS
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Q1 Segment reporting

NTI GYMNASIET

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PRAKTISKA
Gymnasiet

LBS KREATIVA
GYMNASIET

DIDAKTUS
GYMNASIUM

eductus

Innovitaskolan

joki

STEPKE

KLARA
TEORETISKA GYMNASIUM

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Gymnasium





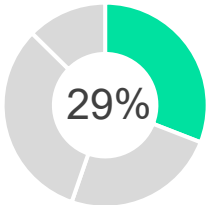
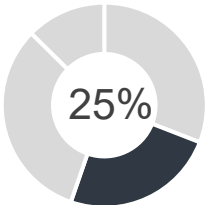
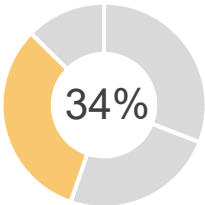
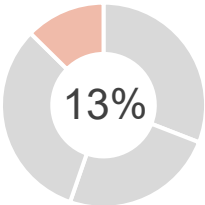
DESIGN
GYMNASIET

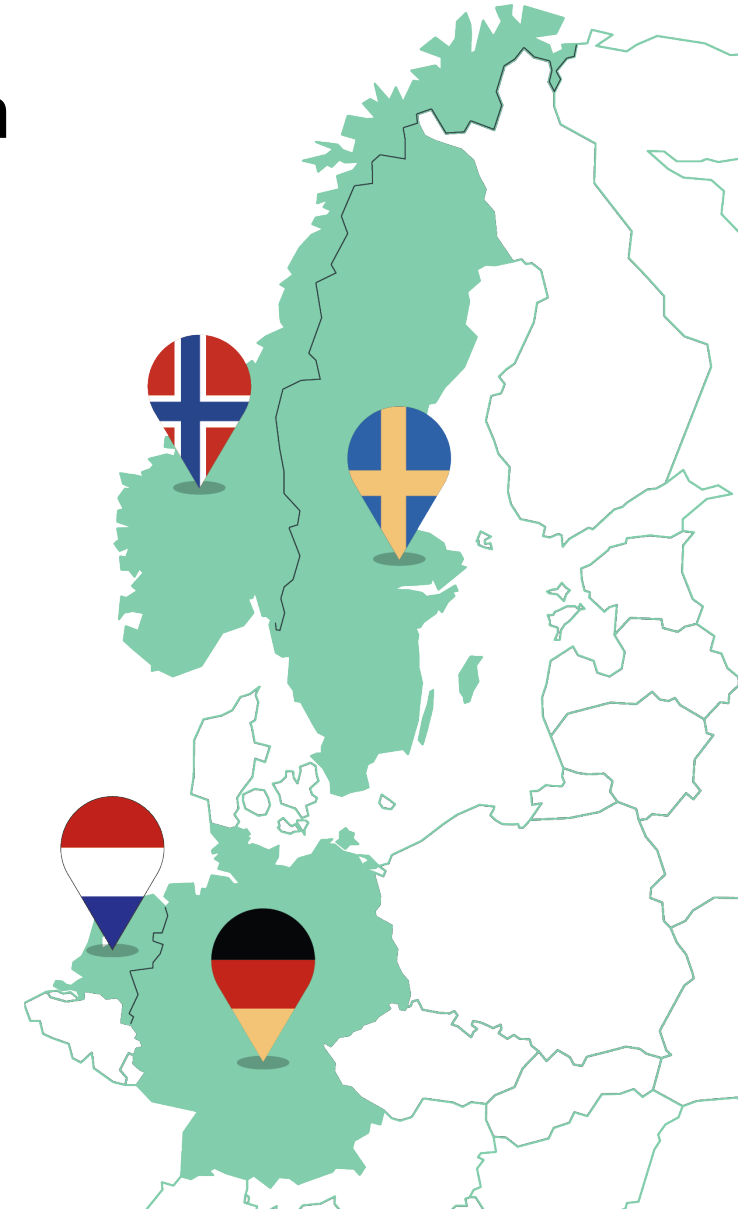
POPS
ACADEMY

Hermods

4 business segments and presence in 4 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*	5 156	3 417	3 681	1 366
Net sales split*				



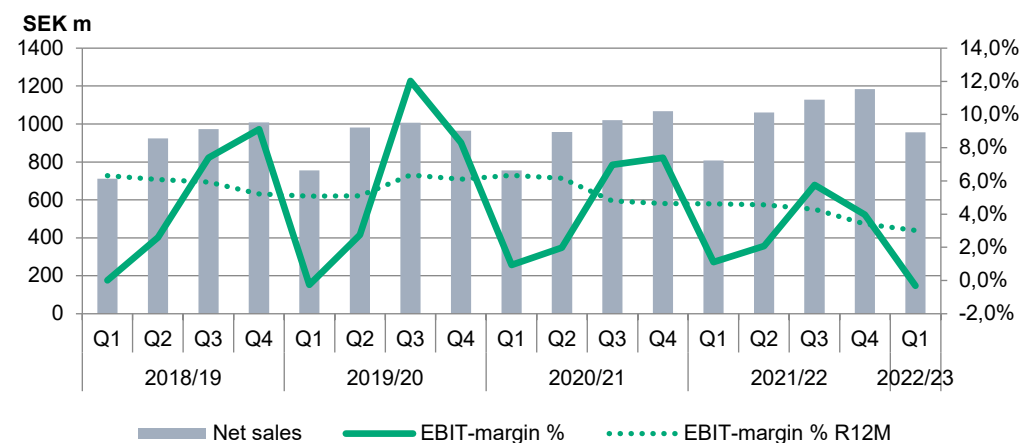
*) 2021/22

Preschool Segment

Continued effect from lower pension supplement and higher salary expenses in the Norwegian business

- Six new units opened in the quarter, one in Sweden and five in Germany. In the end of the period, five units were acquired in the Netherlands.
- The number of children increased by 8.1 percent with growth in all countries.
- Net sales were SEK 956 million. Organic growth was 10.4 percent, adjusted for positive currency development and the acquisition of Sandviks in Norway.
- Adjusted EBIT and margin decreased compared to last year due to lower pension supplement and higher salary expenses in the Norwegian business and increased operating costs, driven by inflation.
- In Germany, the new start plan for 2022/23 has been reduced to 12 units from earlier 15 in order to reduce the effects of higher inflation.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	956	808	18.3%
EBIT	-3	9	-133.3%
EBIT-margin	-0.3%	1.1%	-1.4 p.p.
Adj. EBIT	-3	9	-133.3%
Adj. EBIT-margin	-0.3%	1.1%	-1.4 p.p.
# of children	22,702	20,999	8.1%

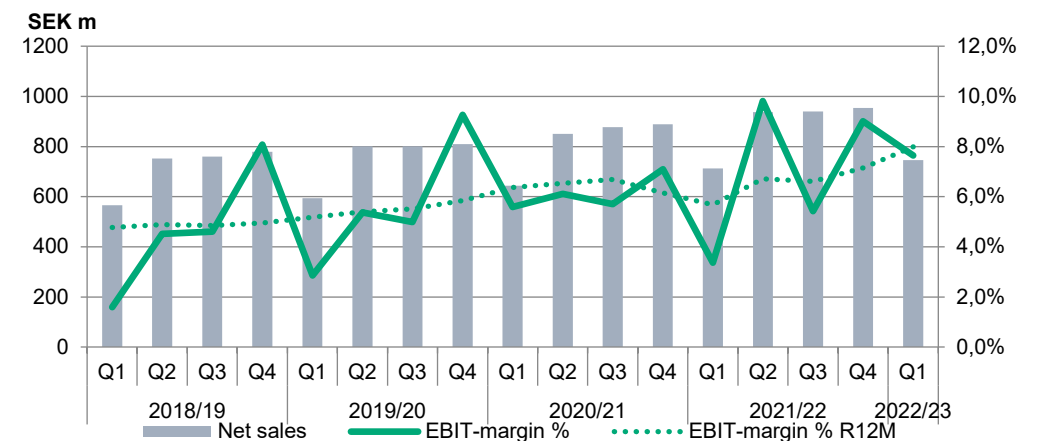


Compulsory School Segment

New opening and a general higher cost level impact earnings

- The segment includes 116 compulsory schools and integrated preschools in Sweden under six profiles. One new unit opened in the period.
- Number of children and students increased by 2.6 percent. Net sales grew 4.6 percent as a result of increased number of students, annual voucher revisions and increased government grants.
- Adjusted EBIT was impacted by the opening of one new unit and higher inflation, electricity costs increased by SEK 3 million. Initiatives to strengthen student health also increased cost.
- Items affecting comparability amounted to SEK 6 million (-30) and relates to insurance compensation related to a fire at a school in July 2021.
- EBIT SEK 57 million was significantly higher than last year.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	746	713	4.6%
EBIT	57	24	137.5%
EBIT-margin	7.6%	3.4%	4.2 p.p.
Adj. EBIT	51	54	-5.6%
Adj. EBIT-margin	6.8%	7.6%	-0.8 p.p.
# of children	28,416	27,697	2.6%

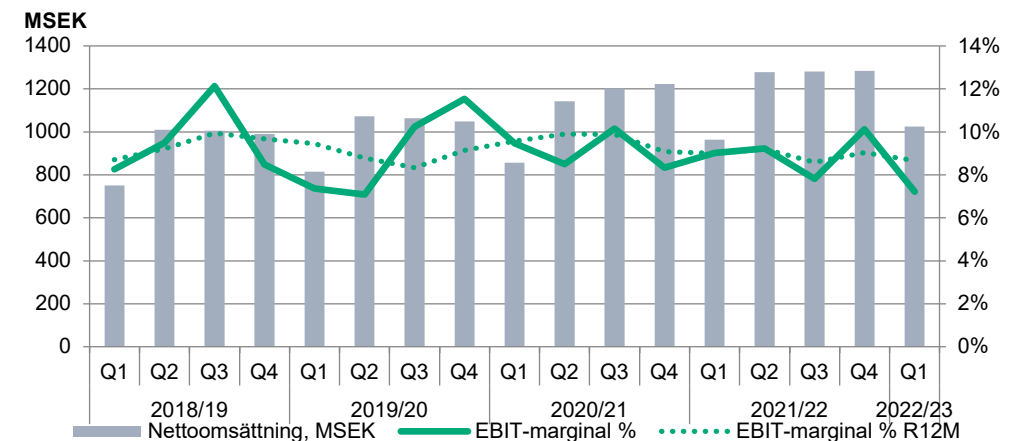


Upper Secondary School Segment

Expansion impacts capacity utilisation and profitability, inflation is driving cost

- Two state of the art campuses opened in Stockholm and 3 further new units opened at the beginning of the new school year. The segment now includes 152 upper secondary schools in Sweden under 16 brands.
- Student numbers increased by 4.6 percent of which the 24 new units since 2017 have admitted about 1,250 additional students compared to the same period last year.
- Net sales increased by 6.3 percent.
- Adjusted EBIT decreased due to expansion and generally higher cost levels. The new campuses and new openings will temporarily impact capacity utilisation, which decreased to 85.2 percent (88.0) and put pressure on profitability. Electricity and other operating cost increased by SEK 7 million.
- Adjusted EBIT-margin decreased to 7.2 percent.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	1 025	964	6.3%
EBIT	74	87	-14.9%
EBIT-margin	7.2%	9.0%	-1.8 p.p.
Adj. EBIT	74	87	-14.9%
Adj. EBIT-margin	7.2%	9.0%	-1.8 p.p.
# of children	44 716	42 735	4.6%

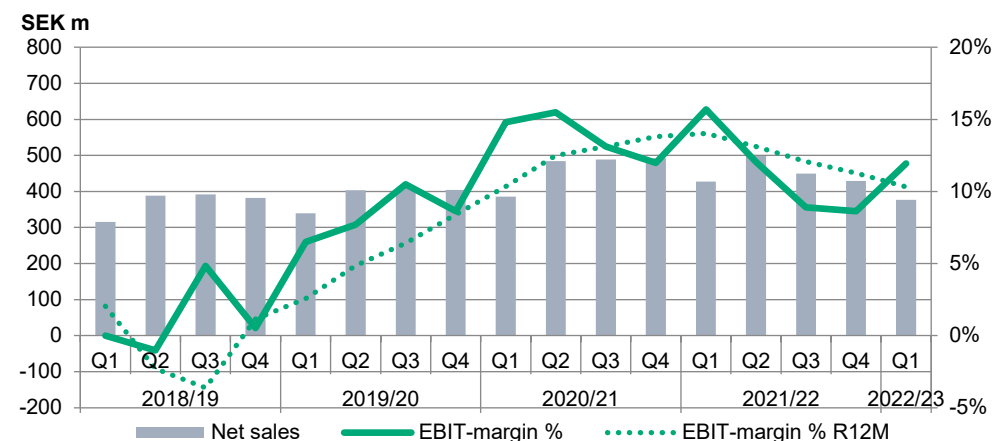


Adult Education Segment

Lower demand for municipal education drive EBIT decrease, somewhat offset by continued strong vocational education

- Net sales decreased by 11.7 percent to SEK 377 million (427), mainly due to contracting volumes in the Municipal Adult Education where net sales decreased by 28 percent.
- In the Higher Vocational Education, the number of participants continued to increase and net sales increased by 11 percent with stable margin. The acquisition of Futuregames contributed 3 percentage points to the increase.
- Net sales in Labour Market Services decreased by 37 percent, but from a very low level, as a conscious choice to reduce exposure to this market.
- EBIT and EBIT-margin decline mainly related to municipal operation.
- The expectation is that the margin in the next quarter will fall well below the range 9-11 percent and for the full year will be in the lower range. The development of the economy and the new transition study grant can impact this development.
- The EBIT margin in this segment should over a period be between 9 to 11 percent.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	377	427	-11.7%
EBIT	45	67	-32.8%
EBIT-margin	11.9%	15.7%	-3.8 p.p.
Adj. EBIT	45	67	-32.8%
Adj. EBIT-margin	11.9%	15.7%	-3.8 p.p.



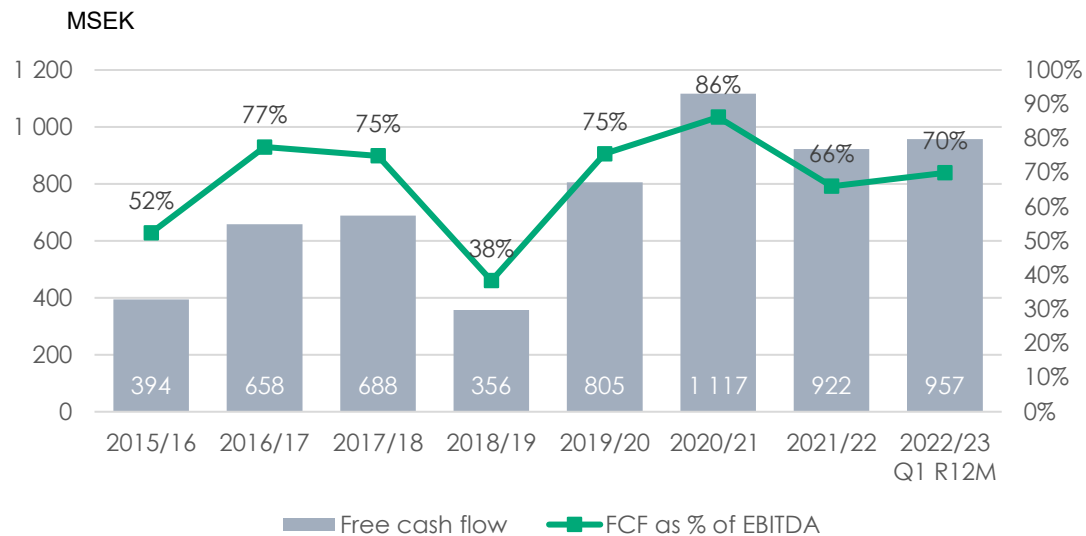
Q1 Financial position

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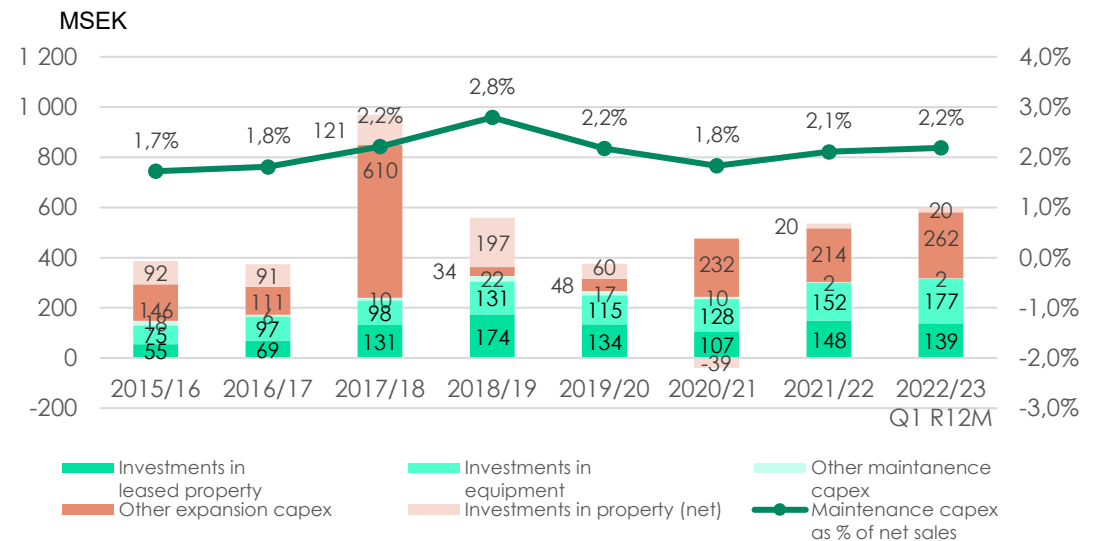
Free cash flow and investments

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

FCF as % of adj. EBITDA



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.

- Capex in current operations ("maintenance capex") has increased compared to last year due to investments in expanding capacity.
- Growth capex can largely be funded by free cash flow except for large acquisitions.

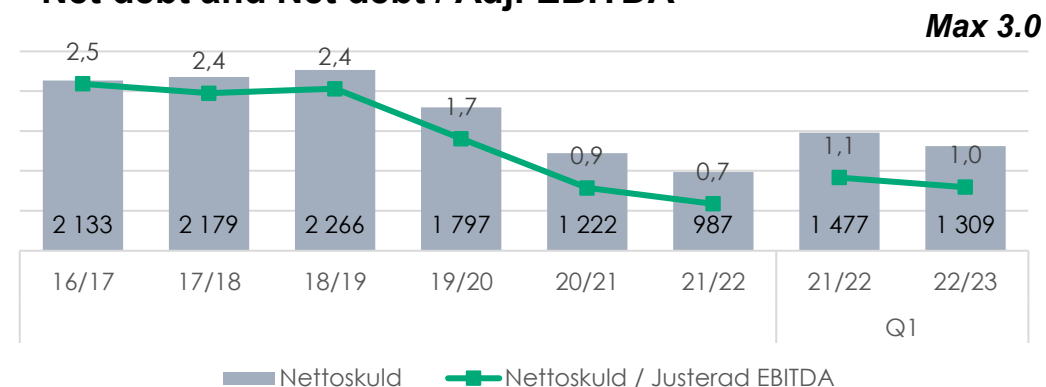
Financial position

Financial position still strong

- Cash flow is negative at the beginning of the school year, a normal seasonal effect mainly related to working capital.
- Net debt excluding IFRS 16 is lower than the same period last year. Cash position improved.
- Net debt including IFRS 16 lease liabilities is higher than last year due to expansion in capacity.
- Leverage ratio is lower than the same period last year 1.0x (1.1) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 9,094 million as per 30 September 2022 (7,747).
- Book value of property increased to SEK 1,066 million (1,047), solely due to currency.

SEK m	2022/23 30 Sep	2021/22 30 Sep	Change
Total equity (excl IFRS 16)	6,156	5,637	9.2%
Net debt (excl IFRS 16)	1,309	1,477	-11.4%
Net debt (incl IFRS 16)	10,404	9,225	12.8%
Property related lease liabilities	9,094	7,747	17.4%
Property BV	1,066	1,047	1.8%

Net debt and Net debt / Adj. EBITDA



Financial performance vs targets

Growth and Profitability just below the financial targets

			Q1 R12M (FY 21/22)
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 	4.7%¹ (5.2%)
Profitability²	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	6.6% (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 	1.0x (0.7x)
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 	1.75³ SEK/ share (1.75)

¹ Q1R12 22/23 vs Q1R12 21/22

² Defined excluding effects of IFRS 16

³ Dividend proposed



Q&A

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