Q3

Interim report presentation
July 2022 – March 2023

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AcadeMedia

rvice, and Hotel and tourism at Campus Södermalm

CEO introduction

- The number of children and students increased by 6.4 percent and revenue by 10.3 percent. In the Preschool Segment the number of children increased by 14.9 percent and revenue by 22.9 percent.
- Third quarter 2022/23 is the first quarter fully impacted by inflation.
- Many years investing in vocational education has resulted in increased number of applications for autumn 2023.
- Continued growth in the Adult Education Segment's vocational programmes. Cost restructuring in municipal adult education has had a positive effect.
- School voucher increase in Norway of 9 percent (2.8) largely compensating for cost increases in previous years.
- Large and growing preschool sector in Germany, compensation for inflationary costs will come with a delay.
- Positive results in this year's employee survey.

Photo from the Gymnasie-SM final in Cuisine, Table service, and Hotel and tourism at Campus Södermalm

Highlights Q3

Strong volume and revenue growth

- Student numbers grew by 6.4 percent.
- Net sales increased by 10.3 percent, organic growth was 7.5 percent and the acquisitions of Sandviks and FAWZ contributed 2.8 p.p.
- Adjusted EBIT was SEK 277 million (264), adjusted EBIT-margin was 6.6 percent (6.9).
- Inflation is partially offset by the annual school voucher revision. Reduced impact of lower volumes in part of Adult Education Segment. Capacity expansion in Compulsory and Upper Secondary School Segments still had a negative impact on margin.
- Items affecting comparability SEK -6 million (-27) related to a fire at a compulsory school in January 2023. EBIT excluding IFRS16 was SEK 271 million (237).
- Higher free cash flow SEK 168 million (19) mainly due to less negative working capital impacted by calendar effects from previous quarters and higher operating profit.

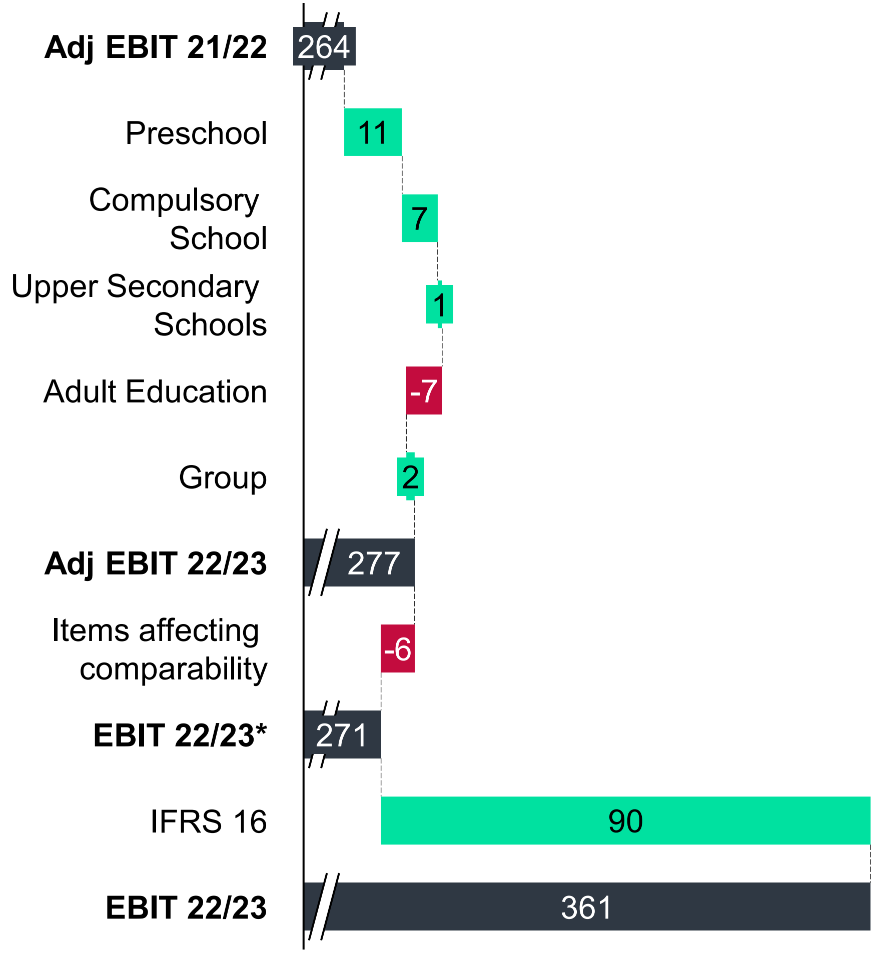
Key figures Q3 2022/23, excluding effects of IFRS 16

(MSEK)	**2022/23**	**2021/22**	**Change**
# of Students	99,076	93,092	6.4%
Net sales	4,195	3,802	10.3%
EBIT	271	237	14.3%
EBIT-margin	6.5%	6.2%	0.3 p.p.
Adj. EBIT	277	264	4.9%
Adj. EBIT margin	6.6%	6.9%	-0.3 p.p.
Earnings after tax	196	177	10.7%
Earnings per share[1], SEK	1.85	1.68	10.6%
Free cash flow	168	19	790.9%

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

Highlights Q3

Strong volume and revenue growth



* Excluding IFRS 16

Preschool: Higher operating cost due to inflation is to a higher extent offset by the annual school voucher revision and higher capacity utilisation in Sweden and Norway. Acquisitions impacted profit positively.

Compulsory School: Continued growth, one school acquired in the quarter. Inflation is partially offset by annual school voucher revision.

Upper Secondary School: Expansion including two new campuses and three new schools impact capacity utilisation and profitability, inflation drives cost.

Adult Education: Continued lower volumes in the municipal adult education business but capacity adjustments and cost cutting measures are showing effect.

Group: Group cost somewhat lower than last year due to cost cutting measures.

Items affecting comparability SEK -6 million (-27) related to a fire at a compulsory school in January 2023.

12 month rolling figures Q3 2022/23

Continued growth, net sales exceeds SEK 15 bn, EBIT affected by lower volumes in the Adult Education Segment and inflation

- 12 month rolling net sales continue to grow and are now at SEK 15.2 billion.
- Rolling 12-month adjusted EBIT at SEK 910 million and adjusted EBIT margin rolling 12-months at 6.0 percent.
- Operating profit impacted by lower volumes in the Adult Education Segment, inflation as well as capacity expansion in the school segments.
- Rolling 12-month EBIT (ex IFRS 16) was SEK 874 million.
- Free cash flow amounted to SEK 782 million (922)

NB Comparison between Q3 12-month rolling figures and full year 2021/22

Key figures Q3 R12 2022/23, excluding effects of IFRS 16

(MSEK)	**Apr 2022 – Mar 2023**	**2021/22**	**Change***
Net sales	15,192	14,339	5.9%
EBIT	874	936	-6.6%
EBIT-margin	5.8%	6.5%	-0.7 p.p.
Adj. EBIT	910	1 001	-9.1%
Adj. EBIT margin	6.0%	7.0%	-1 p.p.
Earnings after tax	630	692	-9.0%
Free cash flow	782	922	-15.2%

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

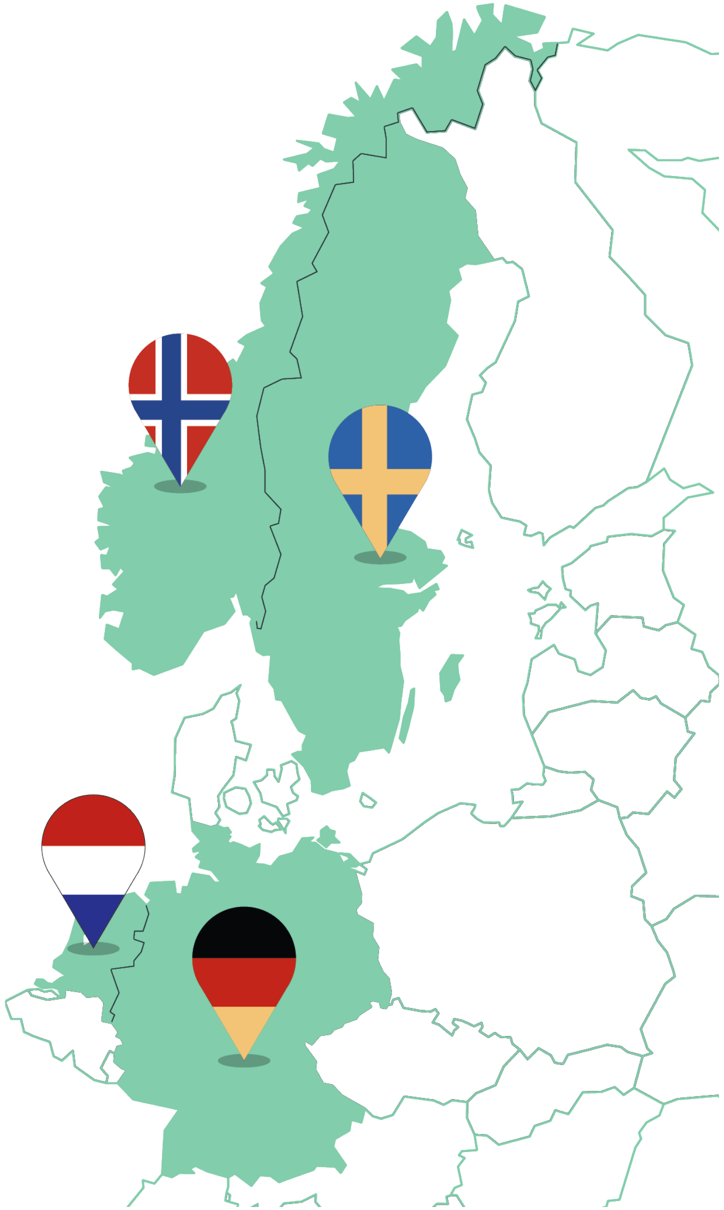
Q3 Segment reporting

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*	29%	25%	34%	13%

*) 2021/22

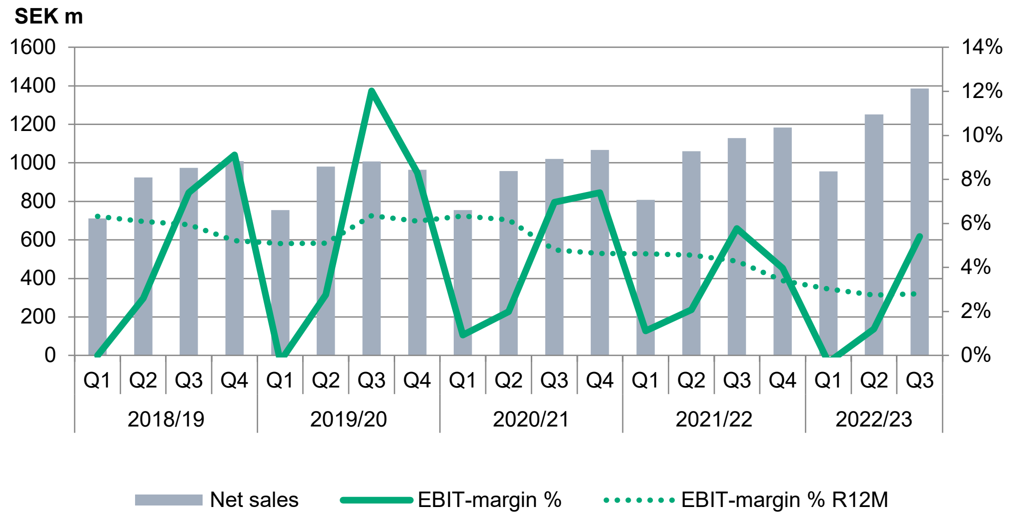


Preschool Segment

Higher costs due to inflation partially compensated by revenue growth and higher capacity utilisation

- The number of children increased by 14.9 percent with growth in all countries, also included the acquisition of FAWZ in Germany. FAWZ includes 1 preschool and 7 schools, in total about 1 800 children and students as well as adult education.
- Net sales increased by 22.9 percent to SEK 1,386 million. Organic growth was 13.5 percent, adjusted for positive currency development and the acquisition of Sandviks in Norway and FAWZ in Germany.
- Adjusted EBIT increased compared to last year, margin decreased. Increased operating costs in all countries, driven by inflation partially compensated by annual school voucher revision and higher capacity utilisation.
- School voucher increase in Sweden 5.3 percent (2.8). School voucher increase in Norway 9 percent (2.8) is reflecting previous year's higher costs. Compensation for inflation in Germany will come with a delay.

Quarter results *(MSEK)*	**2022/23**	**2021/22**	**Change**
Net sales	1,386	1,128	22.9%
EBIT	75	65	15.4%
EBIT-margin	5.4%	5.8%	-0.4 p.p.
Adj. EBIT	76	65	16.9%
Adj. EBIT-margin	5.5%	5.8%	-0.3 p.p.
# of children	26,446	23,020	14.9%

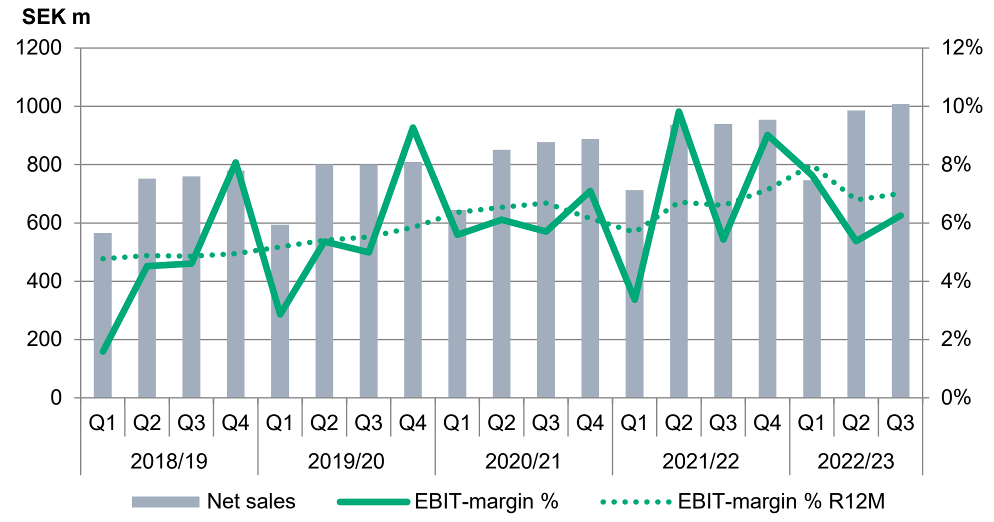


Compulsory School Segment

Continued growth, one school acquired in the quarter

- The segment now comprises 117 compulsory schools and integrated preschools in Sweden under six profiles. In the quarter, one new unit was acquired with 230 children. Also, one new unit opened in the first quarter and several units have increased capacity.
- Number of children and students increased by 2.7 percent. Net sales grew 7.2 percent as a result of increased number of students, annual voucher revisions 5.2 percent (3.1) and increased government grants.
- Adjusted EBIT increased to SEK 69 million impacted by volume increase but also inflation. Operating costs, mainly energy, meal and rent costs increased about SEK 20 million. Continued initiatives to strengthen student health also impacted EBIT.
- Items affecting comparability amounted to SEK -6 million (-12) and include expenses related to a fire at a school in January 2023. Insurance compensation is expected to cover most of the cost.

Quarter results *(MSEK)*	**2022/23**	**2021/22**	**Change**
Net sales	1,008	940	7.2%
EBIT	63	51	23.5%
EBIT-margin	6.3%	5.4%	0.9 p.p.
Adj. EBIT	69	63	9.5%
Adj. EBIT-margin	6.8%	6.7%	0.1 p.p.
# of children	28,715	27,965	2.7%

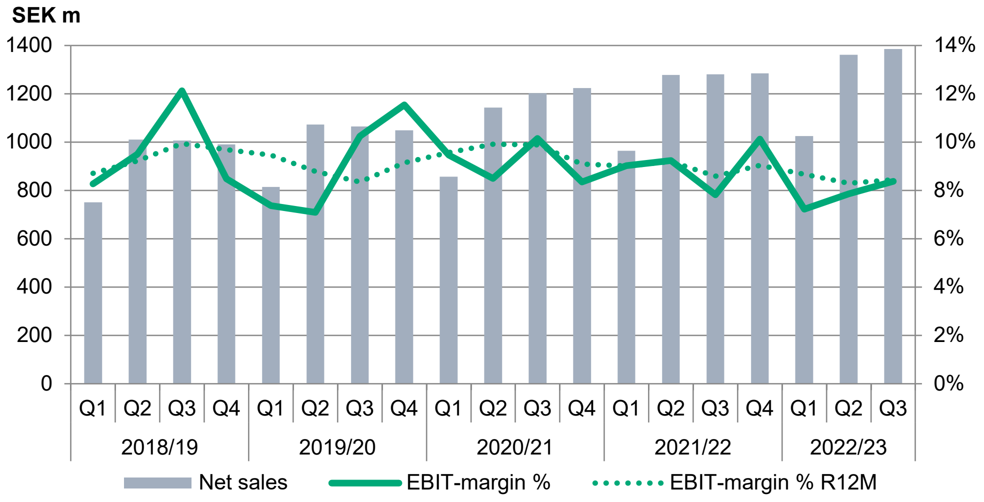


Upper Secondary School Segment

Expansion impacts capacity utilisation and profitability, inflation drives cost

- The segment comprises 152 upper secondary schools in Sweden under 16 brands. At the beginning of 2022/23, two state of the art campuses opened in Stockholm and 3 further new units opened.
- Student numbers increased by 4.3 percent of which 24 new units since 2017 have admitted about 1,250 additional students compared to last year.
- Net sales increased by 8.2 percent. The annual voucher revisions amounted to 3.9 percent (2.3).
- Adjusted EBIT was in line with last year SEK 116 million, margin decreased to 8.4 percent. Expansion is temporarily causing lower capacity utilisation which decreased to 83.9 percent (86.8) and put pressure on profitability. Higher operating costs, energy, school meals and rent costs, about SEK 30 million, also impacted profitability.

Quarter results *(MSEK)*	**2022/23**	**2021/22**	**Change**
Net sales	1,385	1,280	8.2%
EBIT	116	100	16.0%
EBIT-margin	8.4%	7.8%	0.6 p.p.
Adj. EBIT	116	115	0.9%
Adj. EBIT-margin	8.4%	9.0%	-0.6 p.p.
# of children	43,915	42,106	4.3%

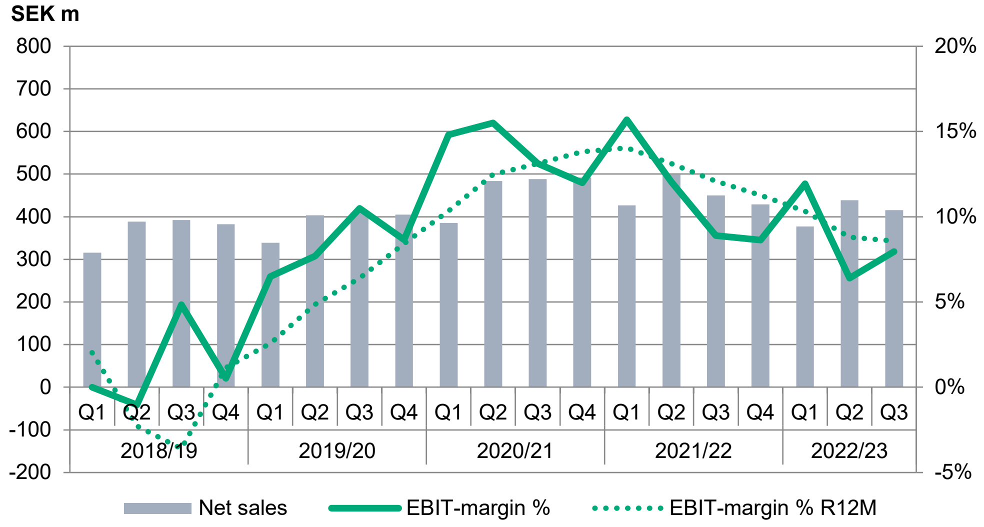


Adult Education Segment

Continued lower demand for municipal education but cost cutting measures are showing effect

- Net sales decreased by 7.8 percent to SEK 415 million (450), mainly due to contracting volumes in Municipal Adult Education where net sales decreased by 24 percent.
- Margin in Municipal Adult Education increased somewhat due to capacity adjustments and cost cutting measures showing effect.
- Net sales in Labour Market Services decreased by 7 percent, but from a very low level, a conscious choice to reduce exposure to this market.
- The number of participants in Higher Vocational Education continued to rise and net sales increased by 8 percent. Capacity utilization is slightly lower than last year, affecting the margin somewhat.
- EBIT margin in this segment should over a longer period be between 9 to 11 percent. Expectation for next quarter is that margin will remain below this range. Development of the economy can change this outlook.

Quarter results *(MSEK)*	**2022/23**	**2021/22**	**Change**
Net sales	415	450	-7.8%
EBIT	33	40	-17.5%
EBIT-margin	8.0%	8.9%	-0.9 p.p.
Adj. EBIT	33	40	-17.5%
Adj. EBIT-margin	8.0%	8.9%	-0.9 p.p.

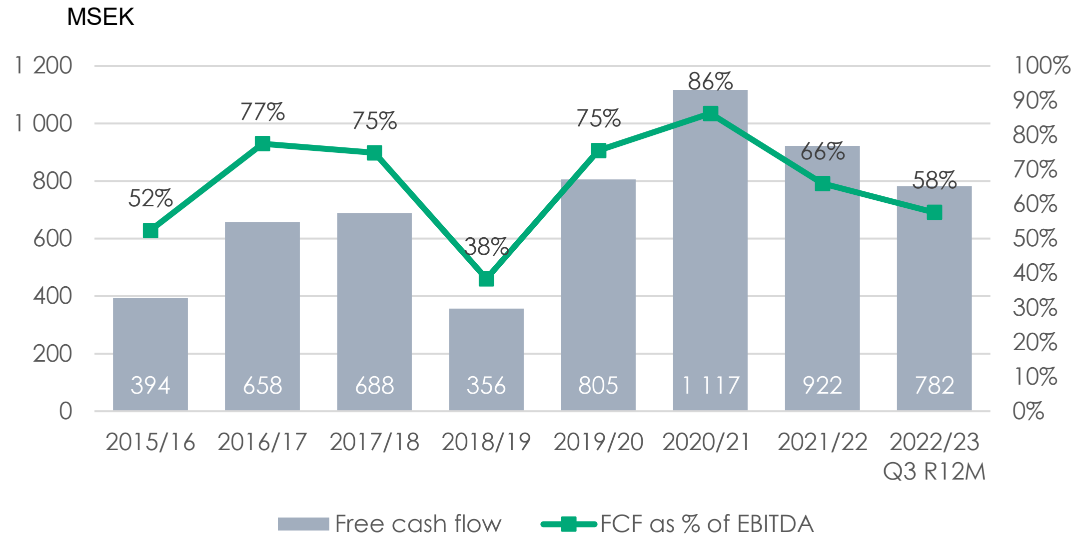


Q3 Financial position

Free cash flow and investments

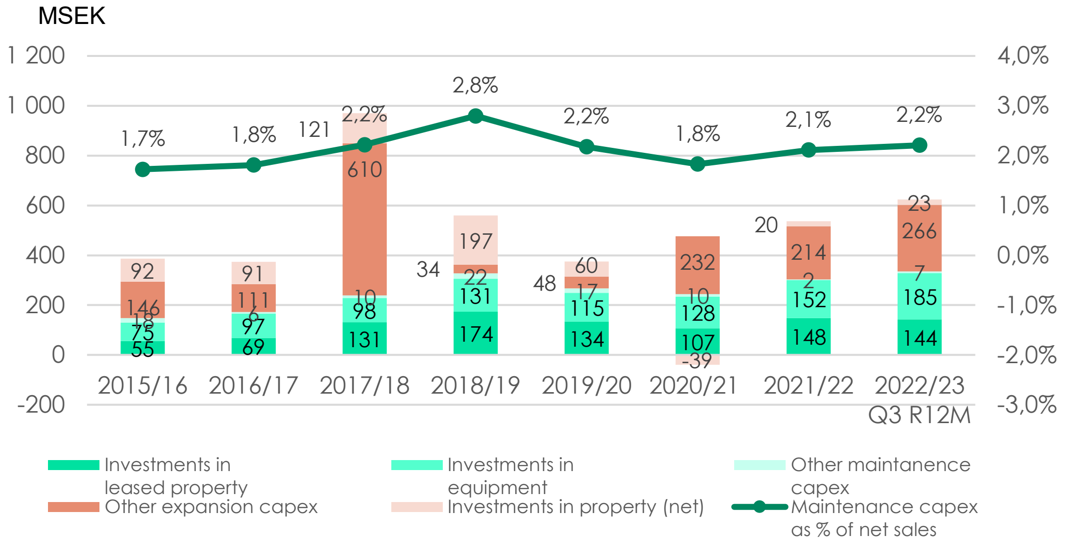
Strong free cash flow can fund investments in current operations and growth

FCF as % of adj. EBITDA



- AcadeMedia has a strong Free cash flow.
- Swings between years and quarters are mainly an effect of changes in net working capital.

Capex and Maintenance capex as % of net sales



- 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.

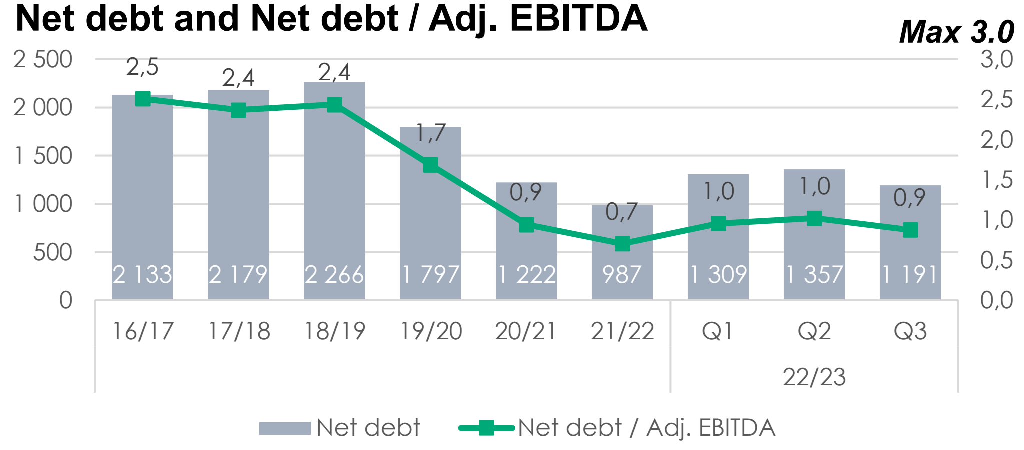
Financial position

Financial position still strong

- Net debt excluding IFRS 16 was lower than the same period last year.
- Net debt including IFRS 16 lease liabilities was higher than last year due to expansion in capacity.
- Leverage ratio was in line with the same period last year 0.9x (0,9) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 9,487 million as per 31 March 2023 (7,846).
- Book value of property increased to SEK 1,148 million (1,119), due to the acquisition of FAWZ.
- Debt ratio* including IFRS increased following the increase in lease liabilities. Debt ratio excluding the effects of IFRS 16 declined compared to last year.

SEK m	**2022/23 31 Mar**	**2021/22 31**	**Change**
Total equity[1]	6,276	5,925	5.9%
Net debt[1]	1,191	1,303	-8.6%
Net debt (incl IFRS 16)	10,678	9,149	16.7%
Property related lease liabilities	9,487	7,846	20.9%
Property BV	1,148	1,119	2.6%
Net debt / Adj. EBITDA incl IFRS 16	3.4	3.1	12.2%
Net debt / Adj. EBITDA excl IFRS 16	0.9	0.9	-6.5%
Debt ratio, incl IFRS 16	56%	53%	2.7 p.e.
Debt ratio, excl IFRS 16	12%	13%	-1.6 p.e.

Net debt and Net debt / Adj. EBITDA



) Debt ratio: defined as net debt/ total assets excluding cash and cash equivalents

Financial performance vs targets

Growth and Profitability just below the financial targets

	Target	Financial targets are unchanged	Q3 R12M (FY 21/22)
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	**5.0%**[1] (5.2%)
Profitability[2]	7-8%	• Adj. EBIT margin of 7-8% over time	**6.0%** (7.0%)
Capital structure[2]	<3.0x	• Net debt / adj. EBITDA below 3.0x • Leverage may temporarily, exceed the maximum level	**0.9x** (0.7x)
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	1.75 SEK/ share (1.75)

[1] Q3R12 22/23 vs Q3R12 21/22 [2] Defined excluding effects of IFRS 16

Q&A

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change through education