



Q4 Interim report presentation

July 2022 – June 2023

Hermod's
125 years
Marcus Strömberg, CEO
Katarina Wilson, deputy CEO and COO

Aug 30, 2023

AcademeMedia

CEO introduction

- 2022/23 - strong growth and stable economic development despite challenging environment. The number of children and students increased by 5.8 percent and revenue by 8.4 percent.
- The international business continued to grow and accounted for 23 percent of AcadeMedia's total net sales. Acquisition of Winford College and MediaDesign Academy is continuing the international growth strategy.
- Profitability in the Norwegian business improved in the fourth quarter. The Compulsory- and Upper Secondary School Segments showed good cost control in a period of high inflation.
- In the Adult Education Segment, the Higher Vocational Education continued to develop well. The number of participants in Municipal Adult Education were stable compared to last quarter but lower than last year.
- Focus on reducing discrepancy between grades and results on national tests is having an effect.
- Preliminary student numbers for autumn 2023 indicate 5 percent growth.
- Dividend of SEK 1.75 (1.75) proposed.



Hermods was founded in 1898 in Malmö by Hans Svensson Hermod. This year, we celebrate Hermods turning 125 years old.

Change Through Education

Under mer än 20 år h
Hermods gymnasium o
bjudit de framåtstr
vande, som sakenat m
lighet

Highlights Q4

Strong volume and revenue growth

- Student numbers grew by 6.1 percent.
- Net sales increased by 9.0 percent, organic growth was 7.2 percent and the acquisitions of Sandviks and FAWZ contributed 2.0 percent.
- Adjusted EBIT was SEK 333 million (279), adjusted EBIT-margin was 7.9 percent (7.2).
- Continued high inflation is to some extent offset by the annual school voucher revision as well as good cost control in the Compulsory and Upper Secondary School Segments. Lower volumes in parts of the Adult Education Segment.
- Items affecting comparability SEK -23 million (-14) related to restructuring expenses in the Upper Secondary School Segment. EBIT excluding IFRS16 was SEK 310 million (265).
- Free cash flow SEK 406 million (397).

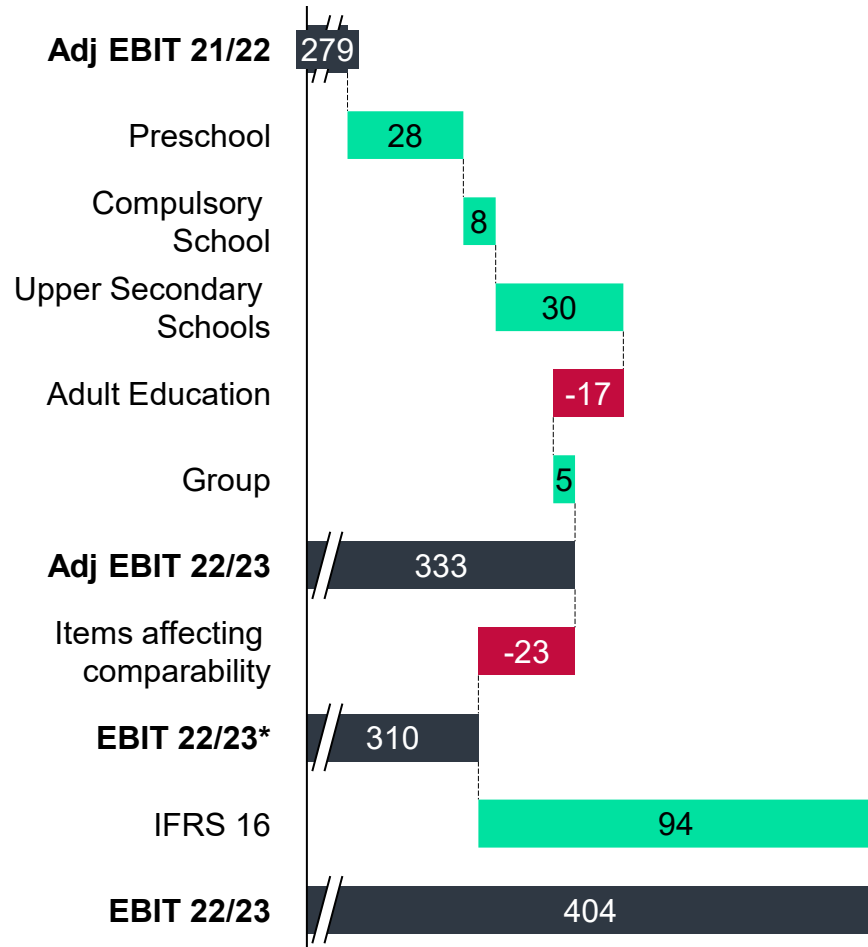
Key figures Q4 2022/23, excluding effects of IFRS 16

(MSEK)	2022/23	2021/22	Change
# of Students	98,988	93,308	6.1%
Net sales	4,199	3,851	9.0%
EBIT	310	265	17.0%
EBIT-margin	7.4%	6.9%	0.5 p.p.
Adj. EBIT	333	279	19.4%
Adj. EBIT margin	7.9%	7.2%	0.7 p.p.
Earnings after tax	231	187	23.5%
Earnings per share ¹ , SEK	2.19	1.77	23.9%
Free cash flow	406	397	2.3%

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

Highlights Q4

Strong volume and revenue growth



* Excluding IFRS 16

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

Compulsory School: Continued growth. Inflation is partially offset by annual school voucher revision and good cost control.

Upper Secondary School: Strong growth and good cost control is offsetting inflation. SEK 10 million in retroactive school voucher adjustment.

Adult Education: Continued lower volumes in the municipal adult education business. Lower capacity utilization in higher vocational education where the number of students who completed their studies decreased slightly.

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

Items affecting comparability SEK -23 million (-14) related to restructuring expenses in the Upper Secondary School Segment.

pyslingen

FÖRSKOLOR

RH
INTERNATIONELLA
HOTELL- OCH RESTAURANGSKOLAN



HAGSTRÖMSKA GYMNASIET

VITTRA

espira

KUNSKAPSBARNEHAGEN

DROTTNING BLANKAS
GYMNASIESKOLA

FRAMTIDSGYMNASIET

The Game Assembly

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Q4 Segment reporting

NTI GYMNASIET

rytmus
MAKE | MUSIC | LIVE

PRAKTISKA
Gymnasiet

LBS KREATIVA
GYMNASIET

DIDAKTUS
GYMNASIUM

eductus

Innovitaskolan

joki

STEPKE

KLARA
TEORETISKA GYMNASIUM







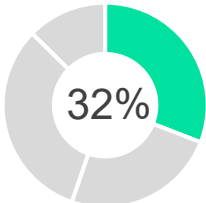
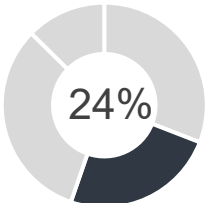
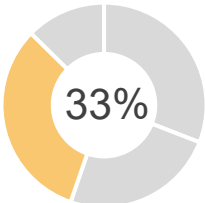
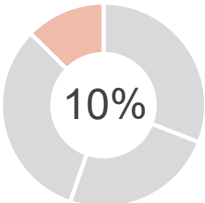
DESIGN
GYMNASIET

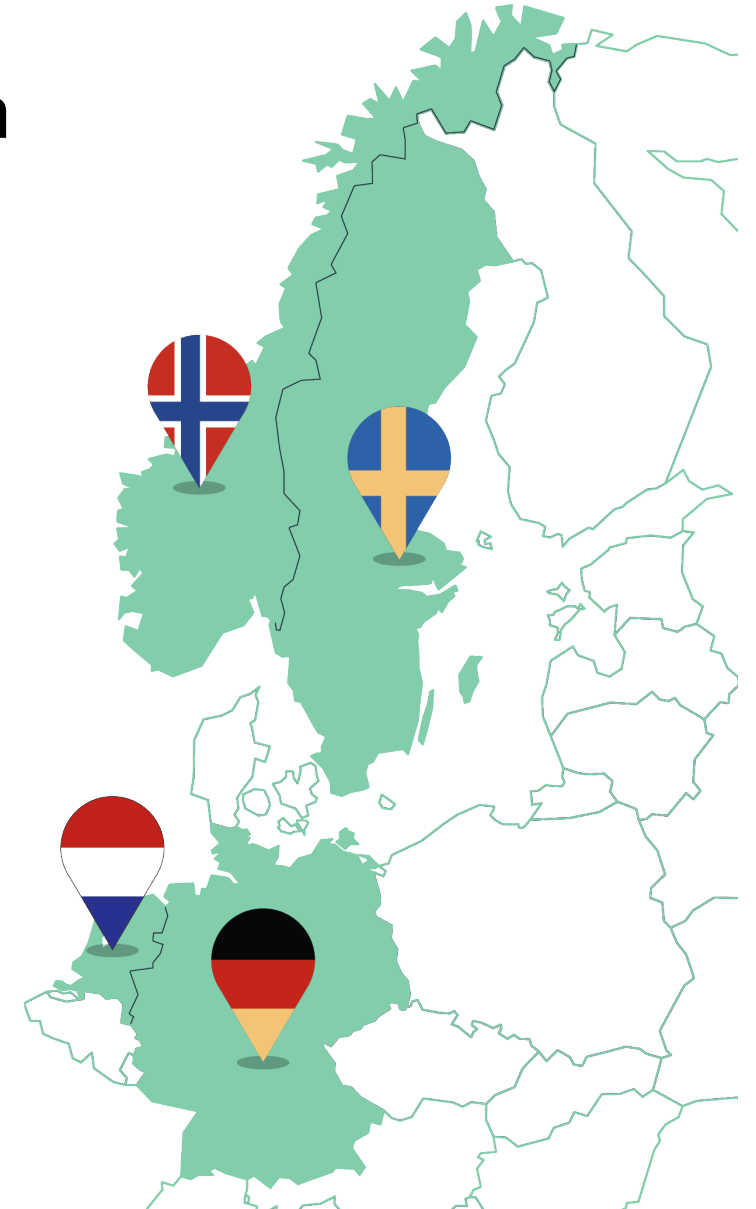
POPS
ACADEMY

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*	5 797	3 498	3 831	1 139
Net sales split*				



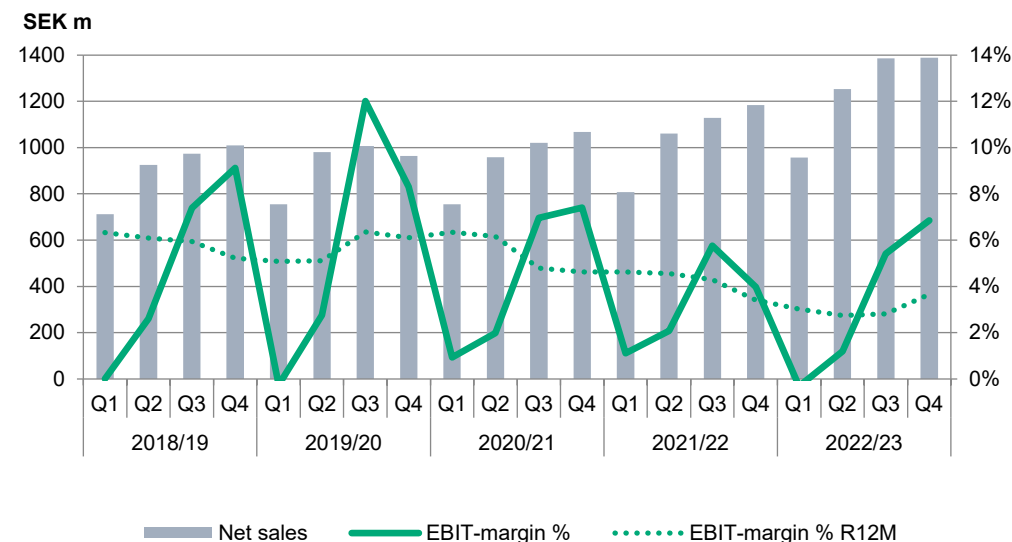
*) 2022/23

Preschool Segment

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

- The number of children increased by 12.7 percent with growth in all countries but mainly driven by acquisitions and new starts in Germany and in the Netherlands.
- Net sales increased by 17.3 percent to SEK 1,388 million. Organic growth was 11.5 percent, adjusted for negative currency development and the acquisition of Sandviks in Norway and FAWZ in Germany.
- Adjusted EBIT and margin increased compared to last year. The increase was primarily an effect of increased school vouchers in Norway that somewhat compensates for previous years' cost increases. The acquisition of FAWZ in Germany also contributed. Continued higher costs due to inflation was partially offset by higher capacity utilization in Norway and Sweden.
- For 2023/24, about 15 new preschools are planned to open in Germany. In Sweden three units with about 200 children will close in the first quarter. The acquisition of Winford College in the Netherlands and MediaDesign Academy in Germany will also be included in this segment from August.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	1,388	1,184	17.3%
EBIT	95	47	102.1%
EBIT-margin	6.8%	4.0%	2.8 p.p.
Adj. EBIT	95	68	39.7%
Adj. EBIT-margin	6.8%	5.7%	1.1 p.p.
# of children	26,663	23,651	12.7%

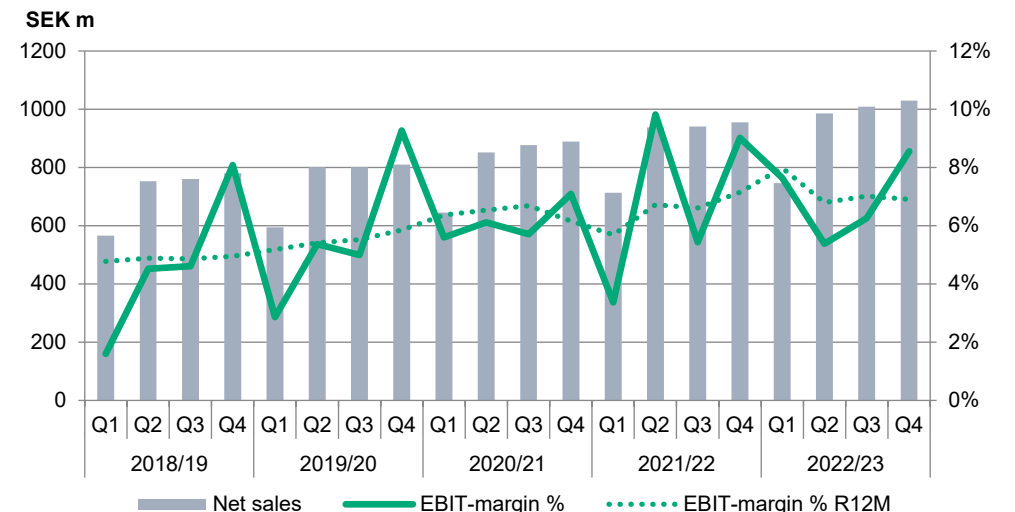


Compulsory School Segment

Continued growth and good cost control offset high inflation

- The segment comprises 117 compulsory schools and integrated preschools in Sweden under six profiles. During the year one unit was acquired with 230 children and one unit with 130 children opened, several units have increased capacity.
- Number of children and students increased by 3.1 percent. Net sales grew 7.9 percent as a result of increased number of students, annual voucher revisions 5.2 percent (3.1) and increased government grants. Retroactive adjustment of school voucher and subsidies, with costs taken in previous periods, amounted to about SEK 5 million in the quarter.
- Adjusted EBIT increased to SEK 88 million impacted by volume increase, good cost control but also inflation. Operating costs, mainly energy, meal and rent costs increased about SEK 15 million. Continued initiatives to strengthen student health also impacted EBIT.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	1,029	954	7.9%
EBIT	88	86	2.3%
EBIT-margin	8.6%	9.0%	-0.4 p.p.
Adj. EBIT	88	80	10.0%
Adj. EBIT-margin	8.6%	8.4%	0.2 p.p.
# of children	28,911	28,052	3.1%

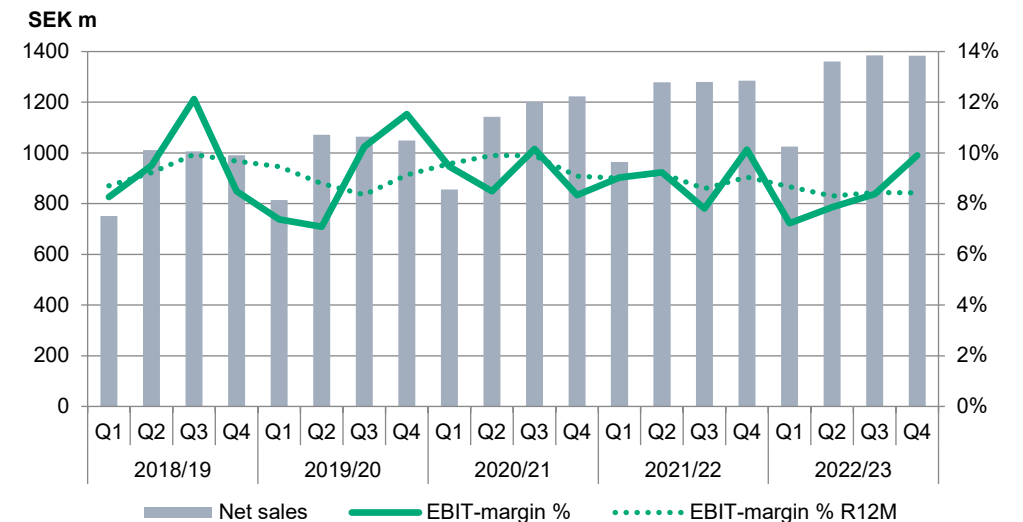


Upper Secondary School Segment

Continued growth and good cost control offset high inflation

- 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. In total, 24 new units have opened since 2017.
- Student numbers increased by 4.3 percent. Net sales increased by 7.7 percent following increased number of students, the annual school voucher revision 3.9 percent (2.3) and about SEK 10 million in retroactive adjustment of school vouchers.
- Adjusted EBIT increased to SEK 160 million, margin increased to 11.6 percent. Higher operating costs, energy, school meals and rent, about SEK 20 million was offset by growth and good cost control. Expansion through new openings and Campus decreased capacity utilisation to 82.9 percent (85.8).
- Items affecting comparability SEK -23 million relates to restructuring, 4 schools will gradually close, and 3 schools will merge with sister schools in the same location. One new school has opened in august 2023.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	1,383	1,284	7.7%
EBIT	137	130	5.4%
EBIT-margin	9.9%	10.1%	-0.2 p.p.
Adj. EBIT	160	130	23.1%
Adj. EBIT-margin	11.6%	10.1%	1.5 p.p.
# of children	43,413	41,605	4.3%

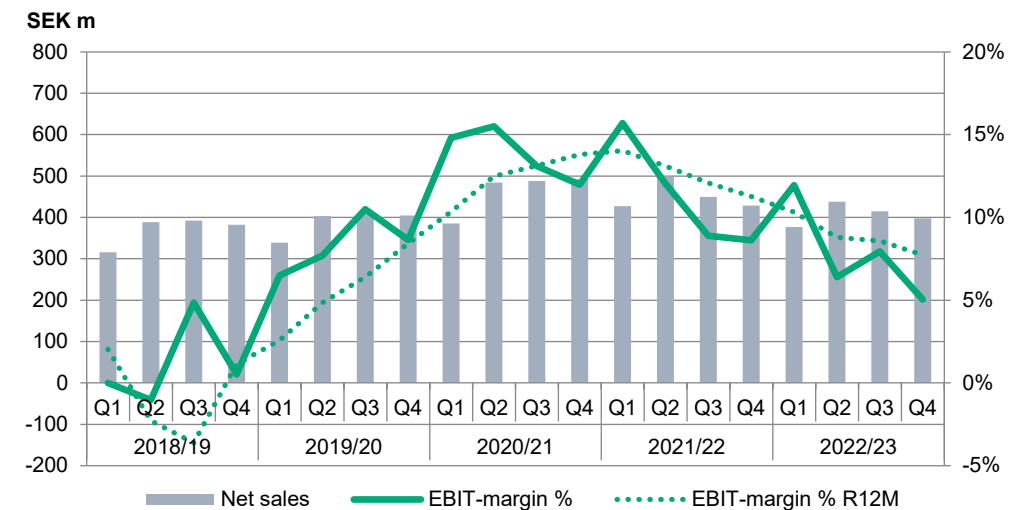


Adult Education Segment

Continued lower demand for municipal education

- Net sales decreased by 7.5 percent to SEK 397 million (429), entirely due to contracting volumes in Municipal Adult Education where net sales decreased by 22 percent compared to previous year. The labour market is still strong, volumes were however stable compared to last quarter. Capacity adjustments and cost cutting measures are now fully implemented.
- Net sales in Labour Market Services increased by 25 percent, but from a very low level, a conscious choice to reduce exposure to this market.
- The number of participants in Higher Vocational Education is still high and net sales increased by 7 percent. Profit and margin decreased somewhat due to cost inflation and lower capacity utilization.
- Adjusted EBIT decreased to SEK 20 million, margin to 5.0 percent.
- Expectation is that volumes in the municipal business will continue to stay low in the next quarter but volumes in the vocational area will increase. The development of the economy can change this outlook.

Quarter results (MSEK)	2022/23	2021/22	Change
Net sales	397	429	-7.5%
EBIT	20	37	-45.9%
EBIT-margin	5.0%	8.6%	-3.6 p.p.
Adj. EBIT	20	37	-45.9%
Adj. EBIT-margin	5.0%	8.6%	-3.6 p.p.



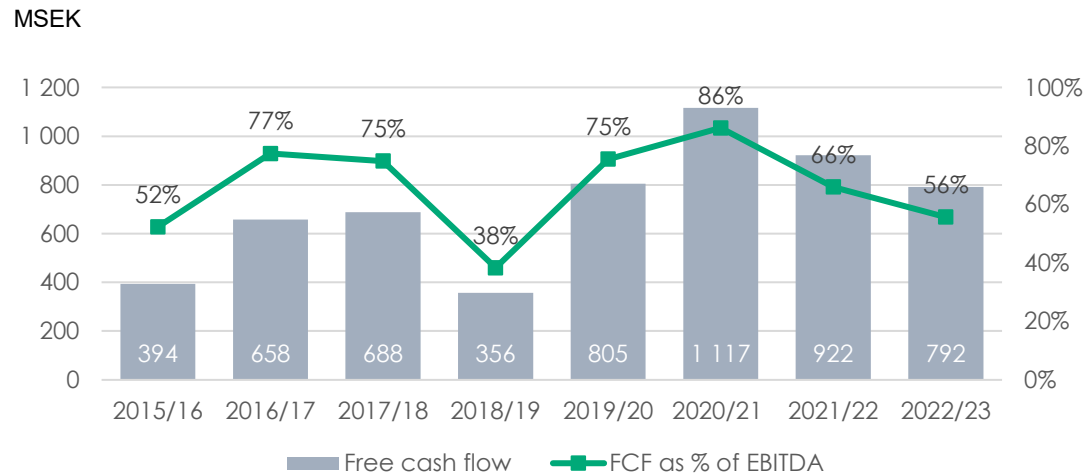
Q4 Financial position

AcademeMedia

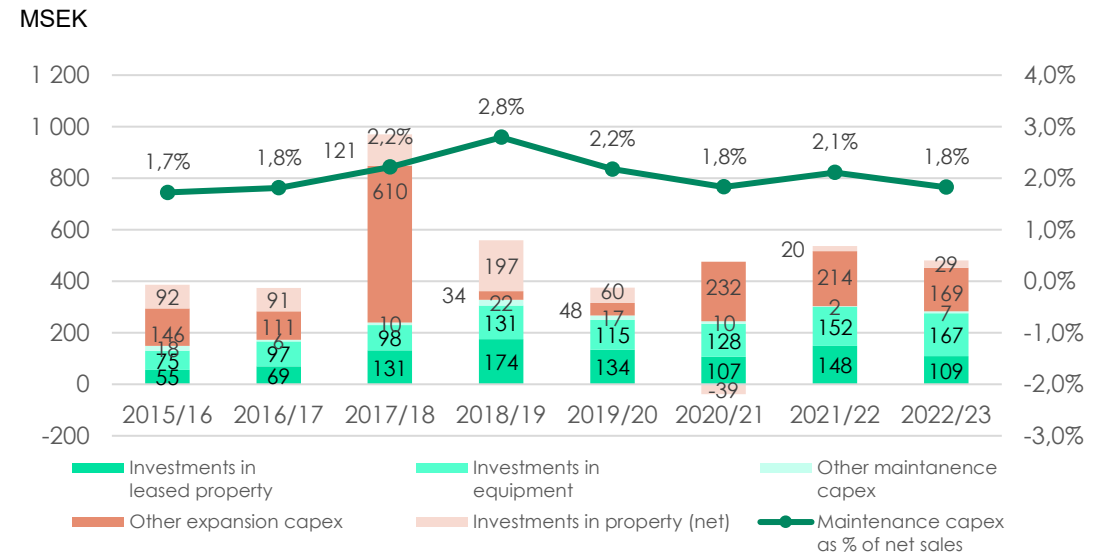
Free cash flow and investments

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 and quarters are mainly effect of changes in net working capital.

- Capex in current operations (“maintenance capex”) has decreased compared to last year. Last year included investments in new campuses of SEK 44 million in the fourth quarter.
- Growth capex can largely be funded by free cash flow except for large acquisitions.

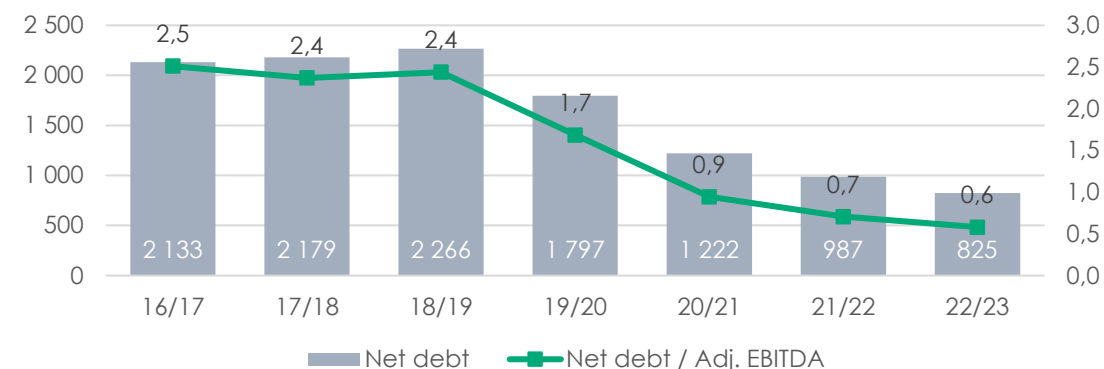
Financial position

Financial position 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 somewhat lower than the same period last year 0.6x (0,7) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 9,317 million as per 30 June 2023 (8,474).
- Book value of property increased to SEK 1,170 million (1,057), 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 30 Jun	2021/22 30 Jun	Change
Total equity	6,531	6,058	7.8%
Net debt	825	987	-16.4%
Net debt (incl IFRS 16)	10,142	9,460	7.2%
Property related lease liabilities	9,317	8,474	9.9%
Property BV	1,170	1,057	10.7%
Net debt / Adj. EBITDA incl IFRS 16	3.1	3.1	0.8%
Net debt / Adj. EBITDA excl IFRS 16	0.6	0.7	-17.8%
Debt ratio, incl IFRS 16	53.5%	53.4%	0.1 p.p.
Debt ratio, excl IFRS 16	8.0%	10.1%	-2.1 p.p.

Net debt (exkl IFRS16) and Net debt / Adj. EBITDA *Max 3.0*



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

Summary full year 2022/23

2022/23 - continued strong growth and stable economic development

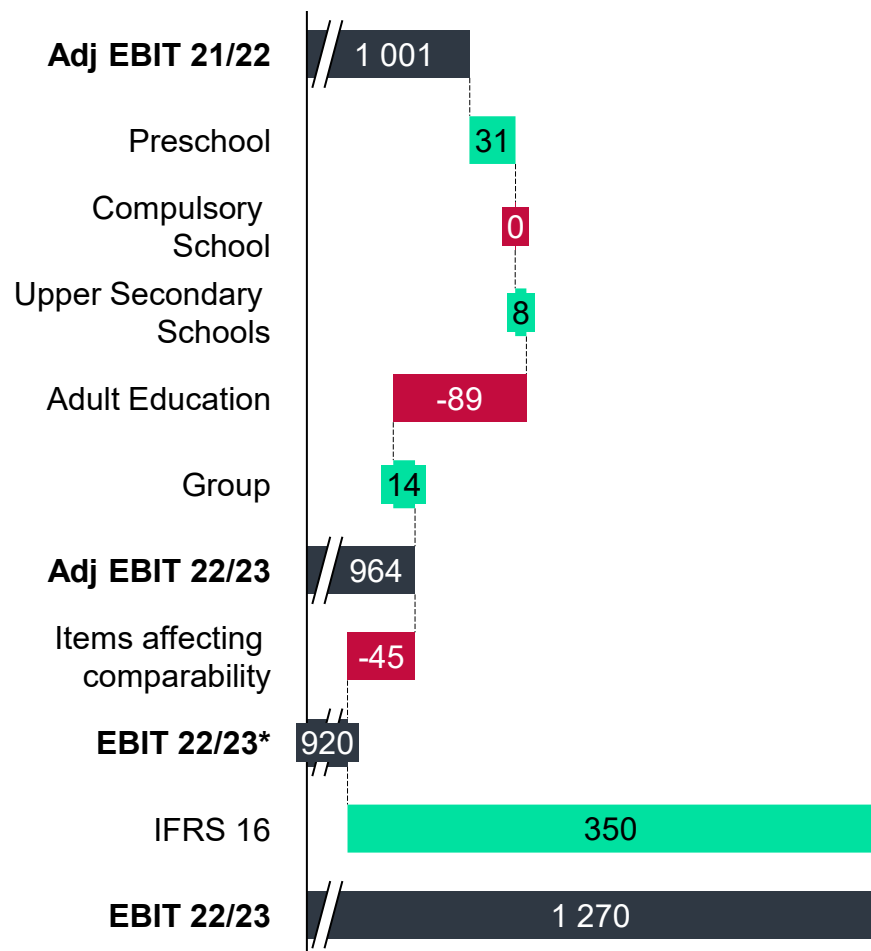
- Student growth 5.8 percent – 27 new units added during the year, 9 preschools in Germany, 8 preschools in the Netherlands and 8 units through the acquisition of FAWZ in Germany.
- Sales grew by 8.4 percent, despite decline in the Adult Education Segment. Organic growth 6.0 percent.
- The international business continued to grow and accounted for 23 percent of the total net sales.
- Strong adjusted operating profit and margin despite volume decline in the Adult segment and high inflation. Adjusted EBIT was SEK 964 million, margin 6.2 percent.
- Strong Free cash flow SEK 792 million.
- AcadeMedia took first step to expand compulsory and upper secondary schools internationally with the acquisition of FAWZ.
- Further strengthening the position in game education through acquisition of Futuregames.
- New campuses in Stockholm proven attractive.

Key figures full year 2022/23, excluding effects of IFRS 16

(MSEK)	2022/23	2021/22	Change
# of Students	97,916	92,549	5.8%
Net sales	15,539	14,339	8.4%
EBIT	920	936	-1.7%
EBIT-margin	5.9%	6.5%	-0.6 p.p.
Adj. EBIT	964	1,001	-3.7%
Adj. EBIT margin	6.2%	7.0%	-0.8 p.p.
Earnings after tax	675	692	-2.5%
Earnings per share ¹⁾ , SEK	6.39	6.56	-2.5%
Free cash flow (FCF)	792	922	-14.1%

Highlights full year 2022/23

Strong adjusted operating profit despite volume decline in the Adult segment and high inflation



* Excluding IFRS 16

Preschool: Increased school voucher in Norway compensating somewhat for previous years' cost increases. Higher capacity utilization in Sweden and Norway. Acquisition of FAWZ is contributing.

Compulsory School: Higher costs due to inflation and initiatives to strengthen student health offset by growth and good cost control.

Upper Secondary School: Higher costs due to inflation and lower capacity utilisation due to expansion offset by growth and good cost control.

Adult Education: Lower volumes in the municipal business area and somewhat lower capacity utilisation in the higher vocational education where the proportion of students completing their studies slightly decreased.

Group: Expenses lower due to lower activity levels and cost savings programs.

Items affecting comparability SEK -45 million (-64) include transaction expenses FAWZ, restructuring expenses in the Compulsory and Upper Secondary School segments, insurance compensation related to a fire in July 2021 and costs related to a fire in January 2023.

Financial performance vs targets

Dividend of SEK 1.75 (1.75) per share proposed, corresponding to 32 percent (31) of net profit including IFRS 16

Financial targets are unchanged

FY 22/23
(FY 21/22)

Growth	5-7%	<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 	6.0% (5.2%)
Profitability¹	7-8%	<ul style="list-style-type: none"> Adj. EBIT margin of 7-8% over time 	6.2% (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 	0.6x (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 	1.75 SEK/ share (1.75)

¹ Defined excluding effects of IFRS 16



Q&A

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