



Q1

# Interim report presentation July – September 2023

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October 25, 2023

AcademeMedia

# CEO introduction

- 2023/24 started with more than 100,000 children and students and net sales increased by 10.5 percent.
- Strong development and growth in the Higher Vocational Education business and restructuring in the Municipal Adult Education has had a positive effect.
- The international expansion continues with strategic acquisitions in the Netherlands and Germany and 6 new preschools in Germany. International operations now accounts for 26 percent (22) of total sales.
- Swing to the right in the municipal and regional elections in Norway in September.
- A study of 32 municipalities has concluded that independent schools are undercompensated and municipalities already receive higher compensation for their broader responsibilities.
- 2022/23 quality report is describing AcadeMedia's successful effort to increase correlation between national tests and awarded grades.
- The Board proposes a voluntary share redemption program.



## Highlights Q1

# Strong growth, adjusted EBIT in line with last year

- Student numbers grew by 5.1 percent.
- Net sales increased by 10.5 percent and organic growth was 6.5 percent, adjusted for positive currency effects and the acquisition of FAWZ and Winford College that contributed 3.0 percent.
- Adjusted EBIT was SEK 151 million (151) and adjusted EBIT-margin decreased to 4.4 percent (4.9).
- The margin decline was due to continued higher operating costs caused by inflation. Rental cost increased SEK 35 million due to indexation mitigated by energy grant and lower energy prices, about SEK 20 million.
- Profitability in the Adult Education Segment improved following last year's capacity adjustments.
- EBIT (excluding IFRS16) SEK 145 million (157) including SEK -6 million (6) items affecting comparability related to transaction costs and insurance compensation.
- Free cash flow weaker than last year SEK -127 million (-64) mainly due to a more negative working capital.

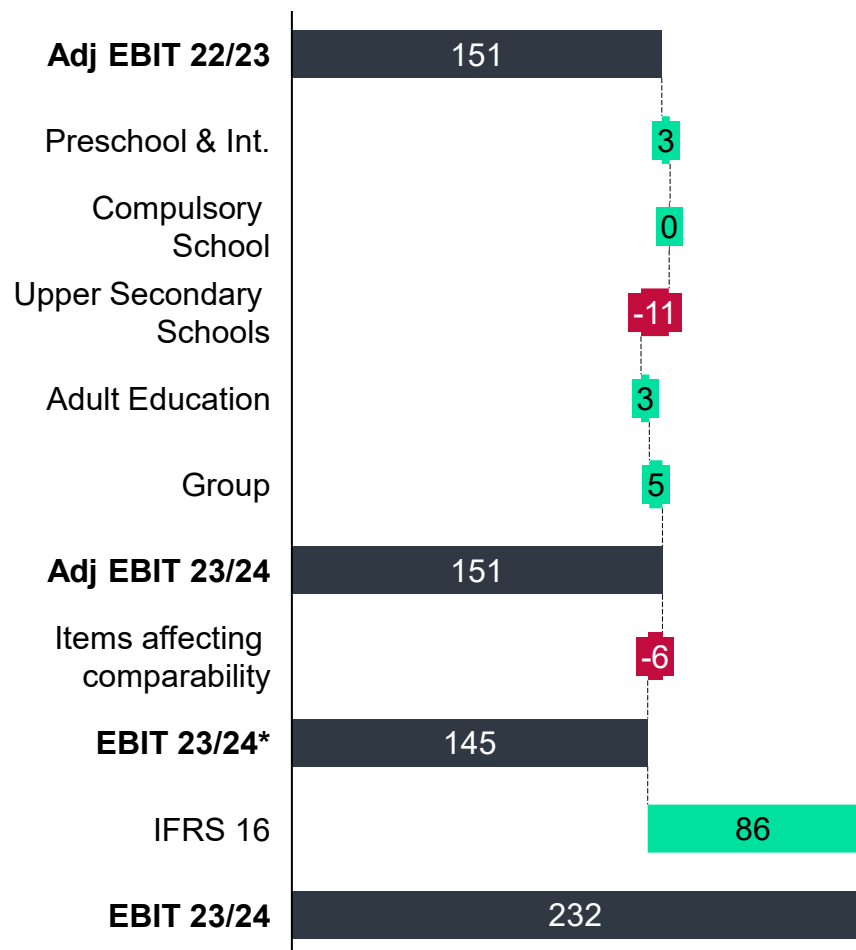
### Key figures Q1 2023/24, excluding effects of IFRS 16

(MSEK)	2023/24	2022/23	Change
# of Students	100,752	95,834	5.1%
Net sales	3,430	3,104	10.5%
EBIT	145	157	-7.6%
EBIT-margin	4.2%	5.1%	-0.9 p.p.
Adj. EBIT	151	151	0.0%
Adj. EBIT margin	4.4%	4.9%	-0.5 p.p.
Earnings after tax	92	115	-20.0%
Earnings per share <sup>1</sup> , SEK	0.87	0.93	-5.8%
Free cash flow	-127	-64	98.4%

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

## Highlights Q1

# Strong growth, adjusted EBIT in line with last year



\* Excluding IFRS 16

**Preschool & International:** Improved adjusted EBIT and margin despite inflation and higher maintenance cost in Norway.

**Compulsory School:** Adjusted EBIT stable despite continued inflation with higher operating cost, mainly rent, and annual salary revision.

**Upper Secondary School:** Higher operating cost and annual salary revision impacts profitability, somewhat offset by lower energy cost.

**Adult Education:** Continued strong growth in the Higher Vocational Education and capacity adjustments in Municipal Adult Education had a positive effect on profitability.

**Group:** Cost saving programs and vacancies temporarily reduced cost.

**Items affecting comparability** SEK -6 million (6) transaction costs from acquisition and insurance compensation from a fire.

## 12 month rolling figures Q1 2023/24

# Continued growth with stable adjusted EBIT and margin

- 12 month rolling net sales continue to grow and amounts to SEK 15.9 billion.
- Rolling 12-month adjusted EBIT SEK 965 million and adjusted EBIT margin rolling 12-months 6.1 percent.
- Adjusted EBIT margin below target of 7-8 percent, impacted by inflation.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 908 million.
- Continued solid free cash flow SEK 729 million.

### Key figures Q1 R12 2023/24, excluding effects of IFRS 16

(MSEK)	Oct 2022 – Sep 2023	2022/23	Change*
Net sales	15,865	15,539	2.1%
EBIT	908	920	-1.3%
EBIT-margin	5.7%	5.9%	-0.2 p.p.
Adj. EBIT	965	964	0.1%
Adj. EBIT margin	6.1%	6.2%	-0.1 p.p.
Earnings after tax	652	675	-3.4%
Free cash flow	729	792	-7.9%

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

*NB Comparison between Q1 12-month rolling figures and full year 2022/23*

pyslingen

FÖRSKOLOR

RH  
INTERNATIONELLA  
HOTELL- OCH RESTAURANGSKOLAN



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VITTRA

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KUNNSKAPSBARNEHAGEN

DROTTNING BLANKAS  
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# Q1 Segment reporting

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Gymnasiet

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GYMNASIET

DIDAKTUS  
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STEPKE

KLARA  
TEORETISKA GYMNASIUM







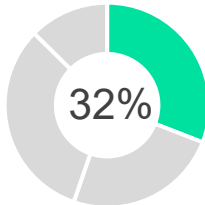
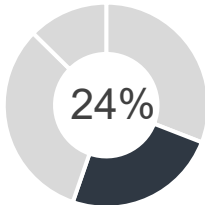
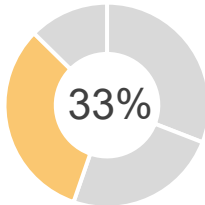
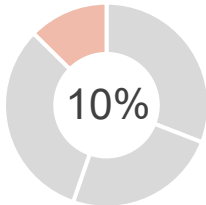
DESIGN  
GYMNASIET

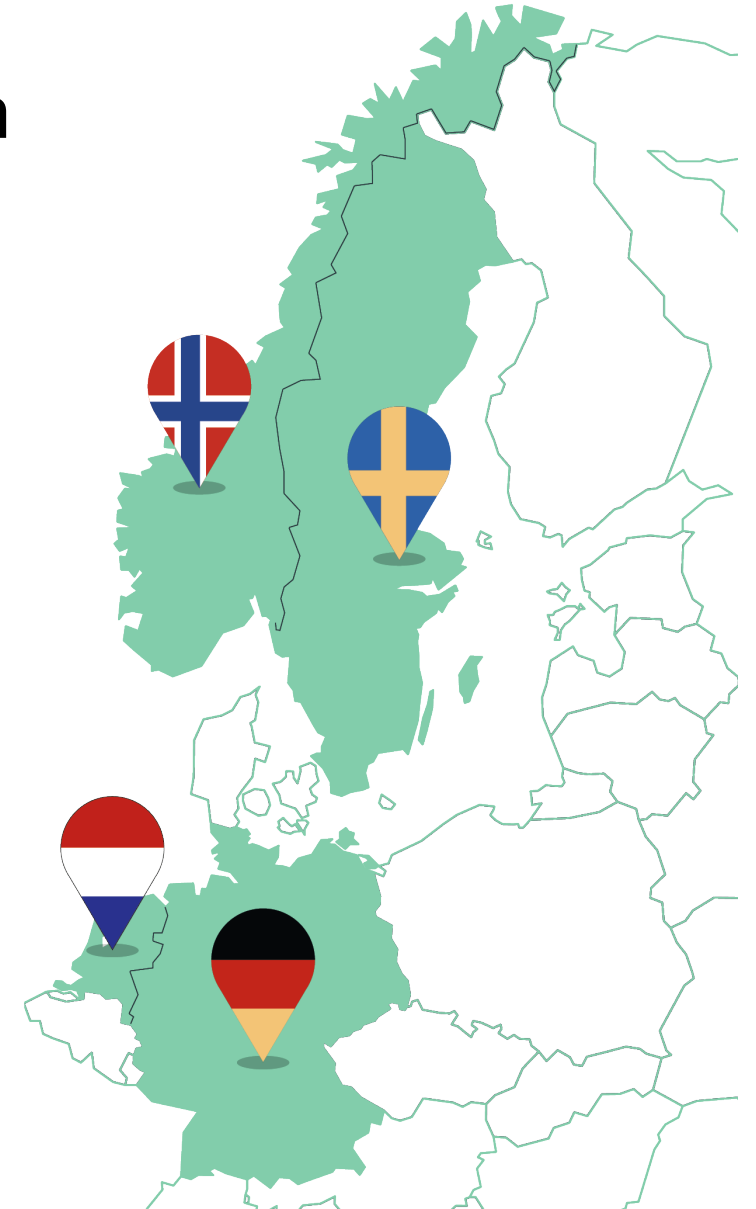
POPS  
ACADEMY

Hermods

# 4 business segments and presence in 4 countries

## We operate throughout the education chain

	Preschool & Int	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*				



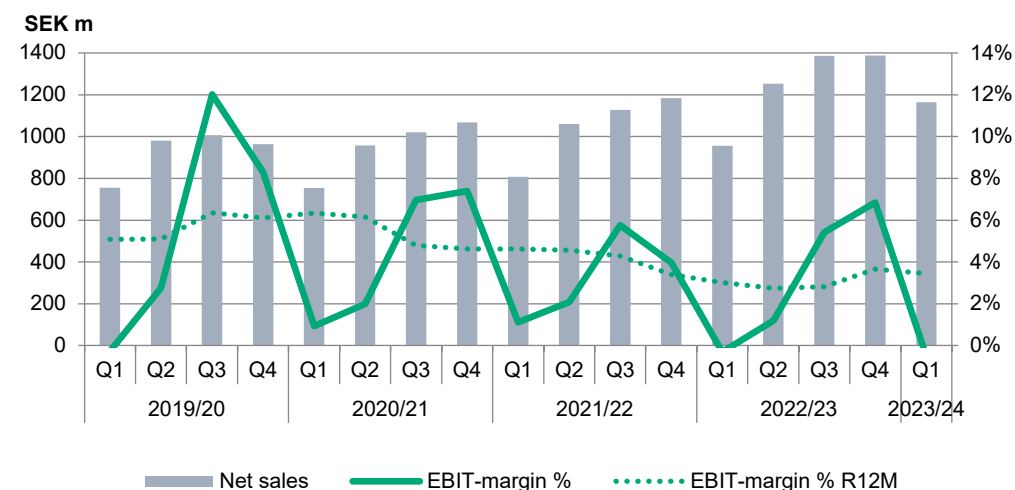
\*) 2022/23

## Preschool and International Segment

# Adjusted EBIT and margin stable despite inflation and higher maintenance cost

- This Segment changes its name to "Preschool and International Segment" to better reflect the recent acquisition of Winford College, 10 compulsory- and upper secondary schools in the Netherlands and Media Design Academy in Germany. The segment also includes FAWZ in Germany.
- The number of children increased by 14.5 percent driven by acquisitions in Germany and in the Netherlands as well as six new preschools in Germany and organic growth.
- Net sales were SEK 1,165 million. Organic growth was 10.3 percent, adjusted for positive currency development and the acquisition of FAWZ and Winford.
- Adjusted EBIT and margin increased somewhat compared to last year. Higher operating costs driven by inflation and higher maintenance cost in Norway was offset by increased voucher mainly in Norway.
- Items affecting comparability SEK -6 million relates to transaction expenses from acquisitions.
- The plan is to open 15 new preschools in Germany 2023/24.

Quarter results (MSEK)	2023/24	2022/23	Change
Net sales	1,165	956	21.8%
EBIT	-6	-3	100.0%
EBIT-margin	-0.5%	-0.3%	-0.2 p.p.
Adj. EBIT	0	-3	n/a
Adj. EBIT-margin	0.0%	-0.3%	0.3 p.p.
# of children	25,989	22,702	14.5%



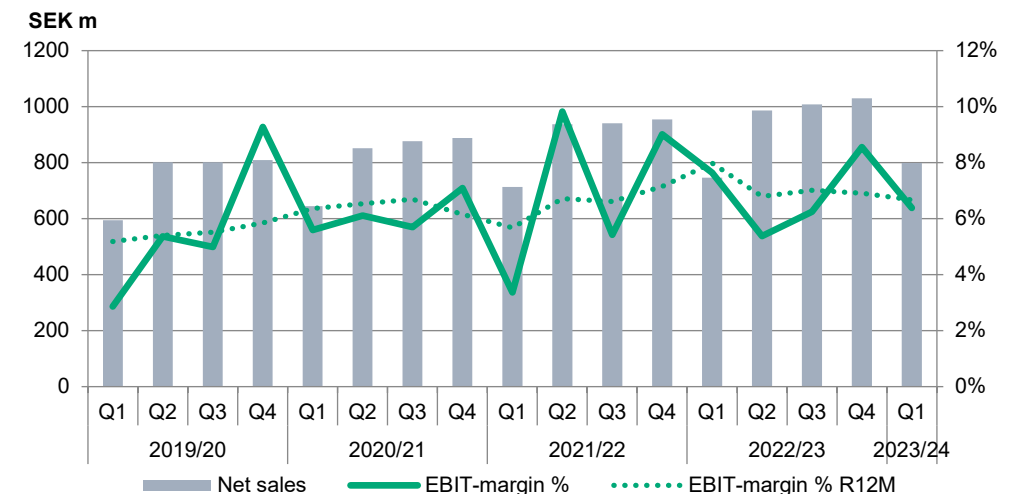


## Compulsory School Segment

# Acquisition of two schools, adjusted EBIT stable despite continued inflation

- The segment includes 118 compulsory schools and integrated preschools in Sweden under six profiles. Two schools acquired in the quarter with 624 students.
- Number of children and students increased by 1.4 percent. Net sales grew 7.1 percent as a result of increased number of students, annual voucher revisions 5.2 percent, and SEK 5 million in electricity support.
- Adjusted EBIT was in line with last year and the margin declined due to higher operating cost caused by inflation. Rent increase SEK 10 million due to indexation somewhat offset by lower electricity cost compared to last year. The annual salary revision 4,1 percent from September affected the quarter by SEK 2 million.
- Items affecting comparability amounted to SEK 1 million (6) and relates to insurance compensation related to a fire in 2023. EBIT was SEK 51 million (57).

Quarter results (MSEK)	2023/24	2022/23	Change
Net sales	799	746	7.1%
EBIT	51	57	-10.5%
EBIT-margin	6.4%	7.6%	-1.2 p.p.
Adj. EBIT	51	51	0.0%
Adj. EBIT-margin	6.4%	6.8%	-0.4 p.p.
# of children	28 825	28 416	1.4%

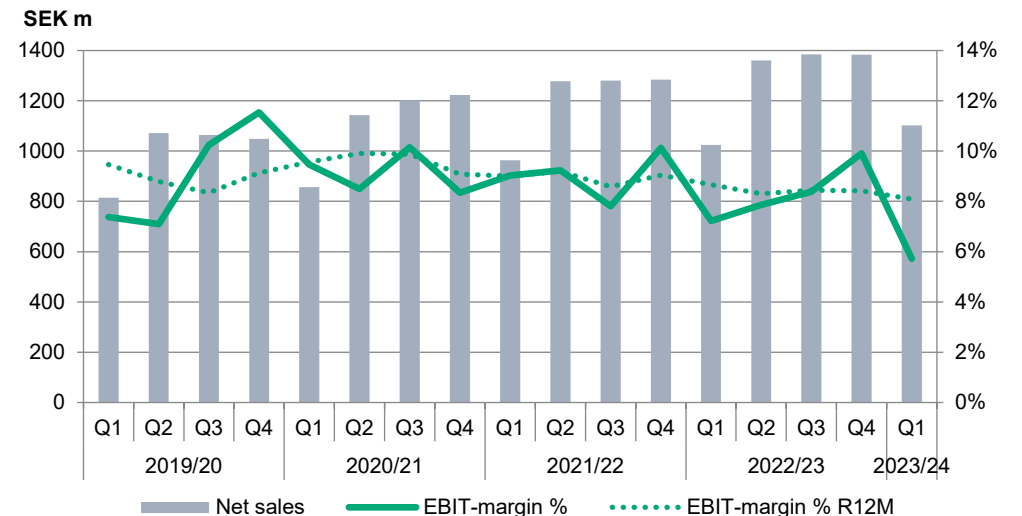


## Upper Secondary School Segment

# Increased capacity utilisation, continued inflation impacts profitability

- The segment includes 149 upper secondary schools in Sweden under 16 brands. One new unit opened at the beginning of the new school year.
- Student numbers increased by 2.7 percent of which the 7 units opened over the last three years admitted 550 additional students. The two campuses that opened last autumn has increased the number of students by about 13 percent compared to last year. Capacity utilisation increased to 86.9 percent (85.2).
- Net sales increased by 7.5 percent as a result of increased number of students, SEK 5 million in electricity support and annual voucher revision 3.9 percent. In the greater Stockholm area, the 2023 voucher increase was 1,8 percent which is not compensating for current inflation.
- Adjusted EBIT and margin decreased due to higher operating cost caused by inflation. Rent increased SEK 20 million due to indexation. The annual salary revision 4,1 percent from September affected the quarter by about SEK 5 million.

Quarter results (MSEK)	2023/24	2022/23	Change
Net sales	1,102	1,025	7.5%
EBIT	63	74	-14.9%
EBIT-margin	5.7%	7.2%	-1.5 p.p.
Adj. EBIT	63	74	-14.9%
Adj. EBIT-margin	5.7%	7.2%	-1.5 p.p.
# of children	45,938	44,716	2.7%

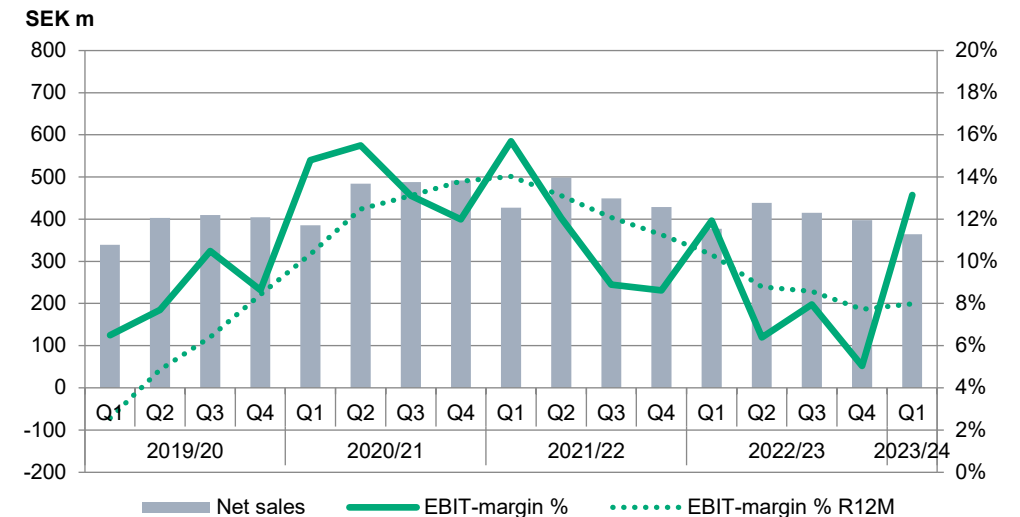


## Adult Education Segment

# Continued growth in Vocational Education, profitability positively impacted by capacity adjustments in the Municipal business

- Net sales decreased by 3.2 percent to SEK 365 million (377), due to lower volumes in the Municipal Adult Education, somewhat offset by increased number of students in Higher Vocational Education where net sales increased by 7 percent.
- Net sales in Labour Market services business were in line with last year, however still on a very low level.
- EBIT and EBIT-margin increased mainly due to increased profitability in the Municipal Adult Education business where last year's capacity adjustments has had a positive effect.
- The first quarter is like last year a strong quarter affected by lower personnel costs due to vacation. The expectation is that the margin for the full year will approach the range 9-11 percent. The development of the economy can impact this development. Unemployment is forecasted to increase during 2024.
- The acquisition of Berghs Schools of Communications, after the close of the quarter, is an important step towards expansion into the privately funded market.

Quarter results (MSEK)	2023/24	2022/23	Change
Net sales	365	377	-3.2%
EBIT	48	45	6.7%
EBIT-margin	13.2%	11.9%	1.3 p.p.
Adj. EBIT	48	45	6.7%
Adj. EBIT-margin	13.2%	11.9%	1.3 p.p.



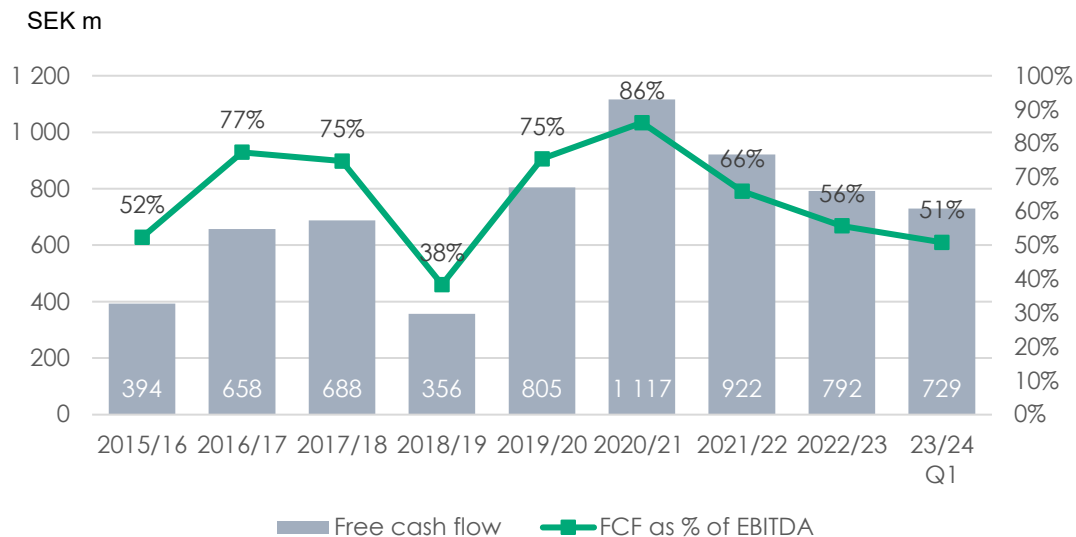
# Q1 Financial position

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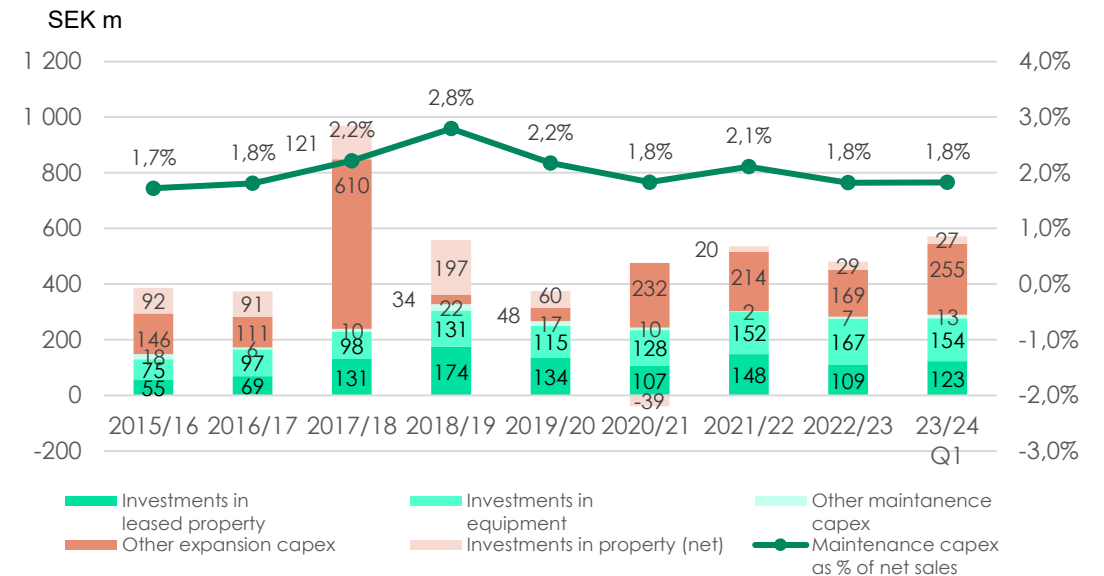
## Free cash flow and investments

# 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") is stable at 1,8% of net sales after a temporary increase 2021/22 due to investments in capacity expansion.
- Growth capex can largely be funded by free cash flow except for large acquisitions.

## Financial position

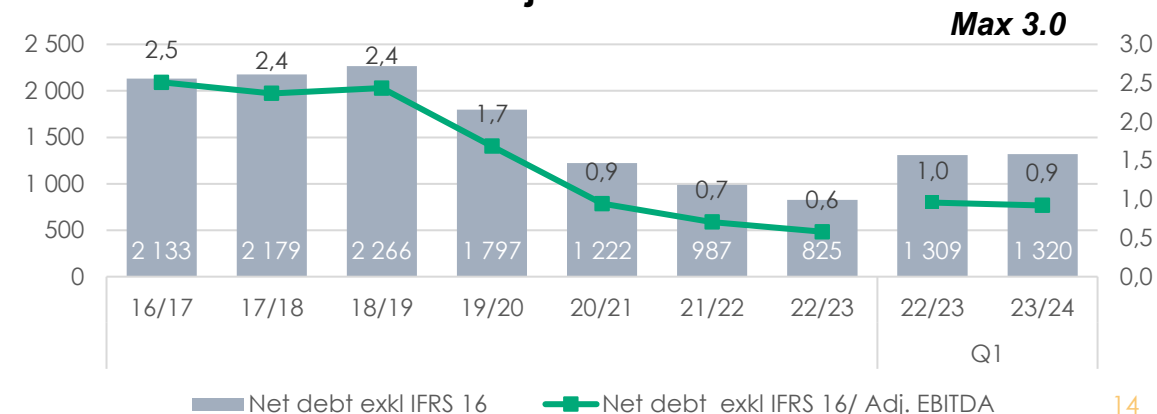
# Financial position remains strong

- 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 was in line with last year.
- Net debt including IFRS 16 lease liabilities was higher than last year due to expansion in capacity and indexation of rent.
- Leverage ratio (excl IFRS 16) is lower than last year 0.9x (1.0) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 9,799 million as per 30 September 2023 (9,094).
- Book value of property increased to SEK 1,165 million (1,066), due to the acquisition of FAWZ.
- Debt ratio\* including and excluding IFRS decreased compared to last year.

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

SEK m	2023/24 30 Sep	2022/23 30 Sep	Change
Total equity	6,600	6,156	7.2%
Net debt	1,320	1,309	0.8%
Net debt (incl IFRS 16)	11,120	10,404	6.9%
Property related lease liabilities	9,799	9,094	7.8%
Property BV	1,165	1,066	9.3%
Net debt / Adj. EBITDA incl IFRS 16	3.4	3.4	-1.3%
Net debt / Adj. EBITDA excl IFRS 16	0.9	1.0	-3.8%
Debt ratio, incl IFRS 16	55.0%	55.3%	-0.3 p.p.
Debt ratio, excl IFRS 16	11.9%	12.6%	-0.7 p.p.

### Net debt and Net debt / Adj. EBITDA



## Financial performance vs targets

# Growth above and Profitability just below the financial targets

			Q1 R12M (FY 22/23)
<b>Growth</b>	<b>5-7%</b>	<p><b>Financial targets are unchanged</b></p> <ul style="list-style-type: none"> <li>Annual revenue growth rate of 5-7% including organic growth and smaller bolt-on acquisitions but excluding larger strategic acquisitions and FX</li> </ul>	<b>6.5%<sup>1</sup></b> (6.0%)
<b>Profitability<sup>2</sup></b>	<b>7-8%</b>	<ul style="list-style-type: none"> <li>Adj. EBIT margin of 7-8% over time</li> </ul>	<b>6.1%</b> (6.2%)
<b>Capital structure<sup>2</sup></b>	<b>&lt;3.0x</b>	<ul style="list-style-type: none"> <li>Net debt / adj. EBITDA below 3.0x</li> <li>Leverage may temporarily, exceed the maximum level</li> </ul>	<b>0.9x</b> (0.6x)
<b>Use of free cash flow</b>	<b>n.a.</b>	<ul style="list-style-type: none"> <li>Free cash flow primarily to be reinvested</li> <li>Excess cash distributed to the shareholders while still maintaining quality and leverage targets</li> </ul>	<b>1.75<sup>3</sup> SEK/</b> share (1.75)

<sup>1</sup> Q1R12 23/24 vs Q1R12 22/23

<sup>2</sup> Defined excluding effects of IFRS 16

<sup>3</sup> Dividend proposed



Q&A

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