



# Q2

February 1, 2022

## Interim report presentation July – December 2021

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AcademeMedia

# CEO introduction

- Continued strong demand, the number of children and students increased by 7.5 percent.
- Seven new preschools in the quarter, of which three in Germany.
- Organic revenue growth of 6.0 percent.
- The Adult Education Segment received good allocation of vocational programmes for the autumn 2022 start, in total 5,430 new educational places.
- High spread of infection among staff and students continues to impact operations.
- Preliminary school voucher increase for 2022 of 2.6 percent (1.7) in Sweden and 2.8 percent (4.4) in Norway.
- AcadeMedia enters the educational products and services market through the acquisition of Sandviks.
- Continued growth in edtech through increased ownership in Hypocampus to 36 percent – plans for further international expansion.



Change through education

## Highlights Q2

# Increased number of students and lower costs in the Swedish school segments impacting operating profit

- Student numbers grew by 7.5 percent.
- Net sales increased by 9.8 percent. Organic growth was 6.0 percent, adjusted for positive currency effects and the acquisition of Segab that contributed 3.1 p.p. Some smaller revenue adjustments from municipalities impacted sales by SEK +15 million.
- Adjusted EBIT was SEK 263 million (224) and adjusted EBIT-margin increased to 7.0 percent (6.5). The improvement was due to volume growth, lower cost in the school segments in Sweden partly caused by the pandemic, and in Germany return to normal operations.
- EBIT excluding IFRS 16 was SEK 270 million (214) including SEK +7 million (-9) items affecting comparability related to insurance compensation for a fire (+18) and VAT-expenses on subcontractors (-11).
- FCF was stronger than last year SEK +606 million (572) mainly due to a favourable working capital development.

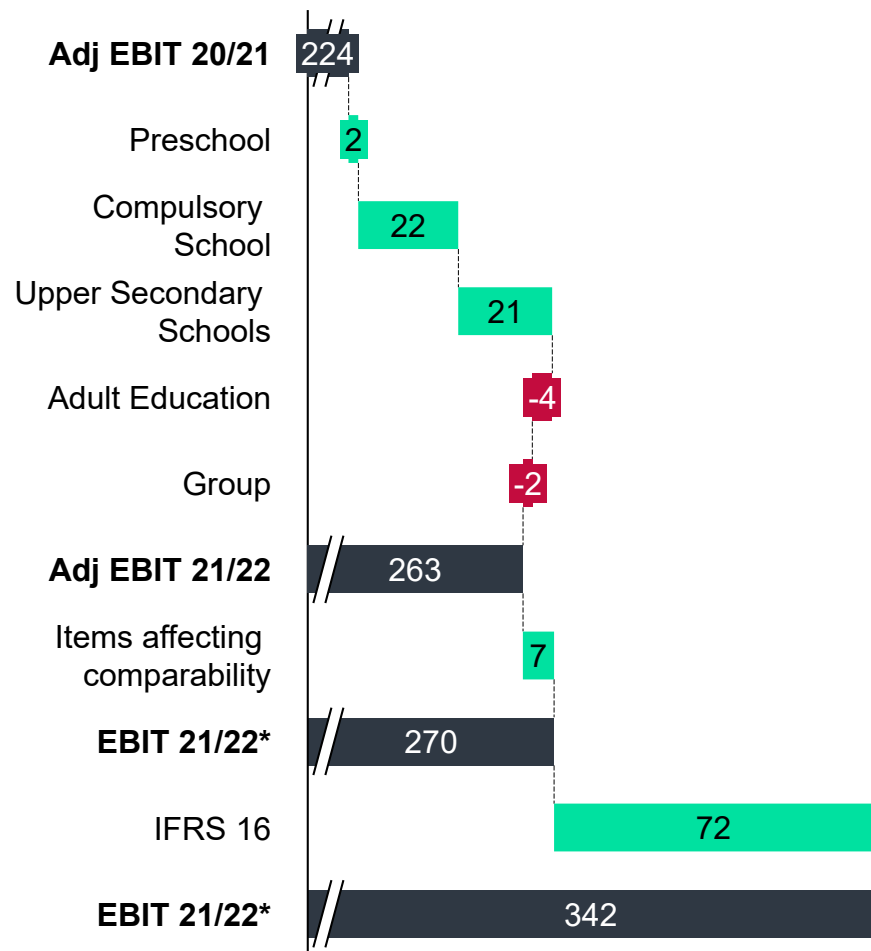
### Key figures Q2 2021/22, excluding effects of IFRS 16

(MSEK)	2021/22	2020/21	Change
# of Students	92,363	85,927	7.5%
Net sales	3,774	3,436	9.8%
EBIT	270	214	26.2%
EBIT-margin	7.2%	6.2%	1.0 p.p.
Adj. EBIT	263	224	17.4%
Adj. EBIT margin	7.0%	6.5%	0.5 p.p.
Earnings after tax	207	158	31.0%
Earnings per share <sup>1)</sup> , SEK	1.96	1.50	31.1%
Free cash flow (FCF)	606	572	5.9%

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

## Highlights Q2

# Increased number of students and lower costs in the Swedish school segments impacting operating profit



\* Excluding IFRS 16

**Preschool:** Return to normal operations in Germany was offset by higher salary revision in Norway. The pandemic caused higher costs in Norway and lower costs in Sweden with no net impact.

**Compulsory School:** Adjusted EBIT was impacted by; increased number of students, about 5 MSEK in lower costs due to the pandemic and 10 MSEK revenue adjustments where costs were taken in earlier periods.

**Upper Secondary School:** Adjusted EBIT was impacted by; increased number of students, about SEK 10 million in lower costs due to the pandemic and 5 MSEK revenue adjustments where costs were taken in earlier periods.

**Adult Education:** AcadeMedia's higher vocational education continued to grow while volumes in other parts of the segment are returning to more normal levels affecting operating profit.

**Group:** Cost increase due to higher activity levels.

**Items affecting comparability** SEK 7 million (-9) includes insurance compensation SEK 18 million (fire) and VAT-expenses related to subcontractors in the Adult Education Segment SEK -11 million.

## 12 month rolling figures Q2 2021/22

# Adjusted EBIT margin above 7 percent for the fifth consecutive quarter

- 12 month rolling net sales continue to grow and are now at SEK 13.9 billion.
- Rolling 12-month adjusted EBIT at SEK 1,015 million and adjusted EBIT margin rolling 12-months at 7.3 percent.
- Adjusted EBIT margin profitability target of 7-8 percent over time is met for the fifth quarter running.
- Rolling 12-month EBIT (ex IFRS 16) is SEK 984 million.

*NB Comparison between Q2 12-month rolling figures and full year 2020/21*

### Key figures Q2 R12 2021/22, excluding effects of IFRS 16

(MSEK)	Jan - Dec 2021	2020/21	Change*
Net sales	13,948	13,340	4.6%
EBIT	984	926	6.3%
EBIT-margin	7.1%	6.9%	0.2 p.p.
Adj. EBIT	1,015	934	8.7%
Adj. EBIT margin	7.3%	7.0%	0.3 p.p.
Earnings after tax	743	689	7.8%
Free cash flow	1,094	1,117	-2.0%

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

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# Q2 Segment reporting

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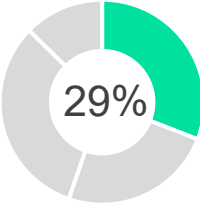
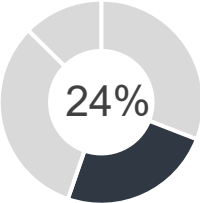
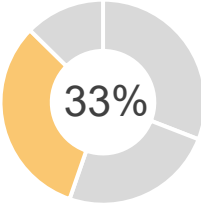
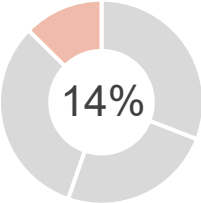
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## 4 business segments and presence in 3 countries

# 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*				



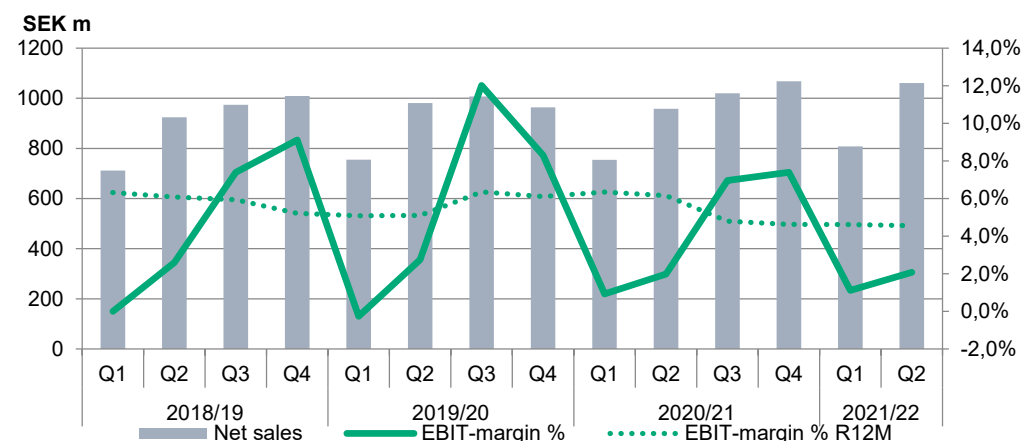
\*) 2020/21

## Preschool Segment

# Return to normal operations in Germany offsets higher costs in Norway

- 7 new units in the quarter, 3 new starts in Germany and 4 acquired units in Norway and Sweden gives a total of 285 units, of which 68 in Germany.
- The number of children increased by 4.8 percent driven by Germany. Net sales increased to SEK 1,061 million. Adjusted for SEK 25 million of positive currency development, net sales increased by 7.9 percent.
- EBIT was positively impacted by Germany returning to more normal operation, continued efficiencies in Sweden and about SEK 5 million lower costs caused by the pandemic. Higher costs in Norway of about SEK 8 million for temporary staff due to the pandemic and increased electricity cost. The net financial effect of the pandemic in this segment was zero.
- In Norway higher salary revision had a negative impact of NOK 10 million in the quarter and will impact the full year 21/22 by NOK 20 million. Preliminary school voucher increase in Norway for 2022 amount to 2.8 percent (4.4). Additionally, changes to pension compensation in Norway from 2022 will affect revenue by NOK -35 million annually.
- The plan to open 15 new units in Germany remains.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	1,061	958	10.7%
EBIT	22	19	15.8%
EBIT-margin	2.1%	2.0%	0.1 p.p.
Adj. EBIT	22	19	15.8%
Adj. EBIT-margin	2.1%	2.0%	0.1 p.p.
# of children	21,982	20,969	4.8%



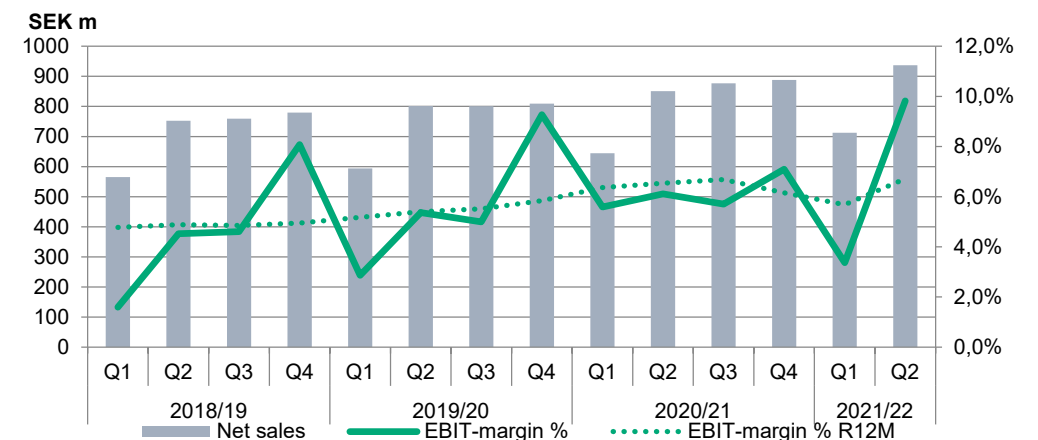


## Compulsory School Segment

# Increased number of students, lower costs and revenue adjustments from municipalities

- The segment includes 116 compulsory schools and integrated preschools in Sweden under six profiles.
- Number of children and students increased by 6.4 percent of which Segab and Stims together contributed 3.9 p.p.
- Net sales grew 10.1 percent as a result of increased number of students, annual voucher revisions and increased government grants. Several small revenue adjustments from municipalities related to previous periods, in total SEK 10 million, also impacted sales.
- Adjusted EBIT was impacted by an increased number of students and lower personnel costs due to the pandemic. Key drivers to lower personnel expenses were high sick leave, major absences by staff taking care of their own sick children (se. “vab”) and limited access to temporary staff.
- Items affecting comparability include insurance compensation SEK +18 million related to a fire.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	937	851	10,1%
EBIT	92	52	76,9%
EBIT-margin	9,8%	6,1%	3,7 p.p.
Adj. EBIT	74	52	42,3%
Adj. EBIT-margin	7,9%	6,1%	1,8 p.p.
# of children	27,867	26,193	6,4%

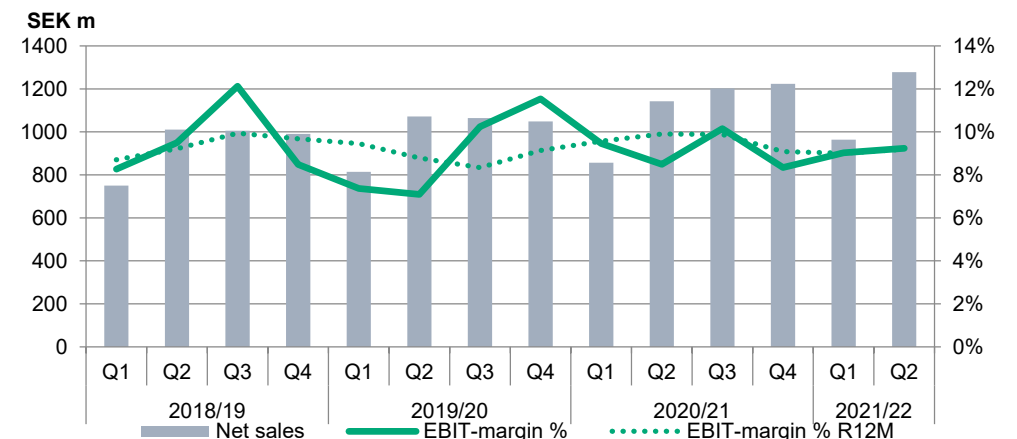


## Upper Secondary School Segment

# Increased number of students and lower costs partly caused by the pandemic

- The segment includes 151 upper secondary schools in Sweden under 16 brands.
- Student numbers increased by 9.7 percent of which Segab contributed 6.2 percentage points. The organic growth was 3.5 percent including 1,100 students enrolled in the 21 schools that in total have started over the last five years.
- Net sales increased by 11.9 percent mainly as a result of increased number of students. Some smaller revenue adjustments from municipalities related to previous periods, in total SEK 5 million, also impacted the quarter.
- Adjusted EBIT was impacted by increased number of students and lower cost due to the pandemic, the latter about SEK 10 million. Lower personnel expenses were driven by high sick leave, major absences by staff taking care of their own sick children (se. “vab”) and limited access to temporary staff. Some activities were also cancelled. Depending on the development of the pandemic, these costs might impact latter parts of the year.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	1,278	1,142	11.9%
EBIT	118	97	21.6%
EBIT-margin	9.2%	8.5%	0.7 p.p.
Adj. EBIT	118	97	21.6%
Adj. EBIT-margin	9.2%	8.5%	0.7 p.p.
# of children	42,513	38,765	9.7%

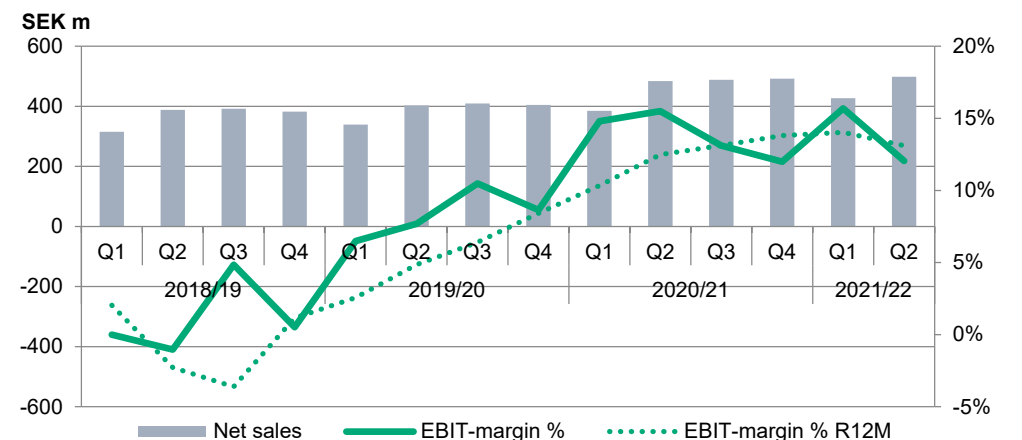


## Adult Education Segment

# The vocational business continued to grow, municipal and labour market services business return to more normal levels

- Net sales increased by 2.9 percent. The increase was entirely due to growth in the higher vocational education business where the acquisition of KYH last financial year contributed 5.4 p.p. to the increase. Volumes in the municipal and labour market services business are returning to more normal levels.
- Adjusted EBIT and margin decreased mainly due to declining SFI-volumes in the municipal business.
- Items affecting comparability SEK -11 million related to VAT-expenses on subcontractors. It has been decided that VAT compensation will be included from January 2022.
- The segment received good allocation of vocational programmes for the autumn 2022 start, which means that current volumes will be maintained.
- EBIT margin in this segment should over a period be between 9 to 11 percent.

Quarter results (MSEK)	2021/22	2020/21	Change
Net sales	498	484	2.9%
EBIT	60	75	-20.0%
EBIT-margin	12.0%	15.5%	-3.5 p.p.
Adj. EBIT	71	75	-5.3%
Adj. EBIT-margin	14.3%	15.5%	-1.2 p.p.



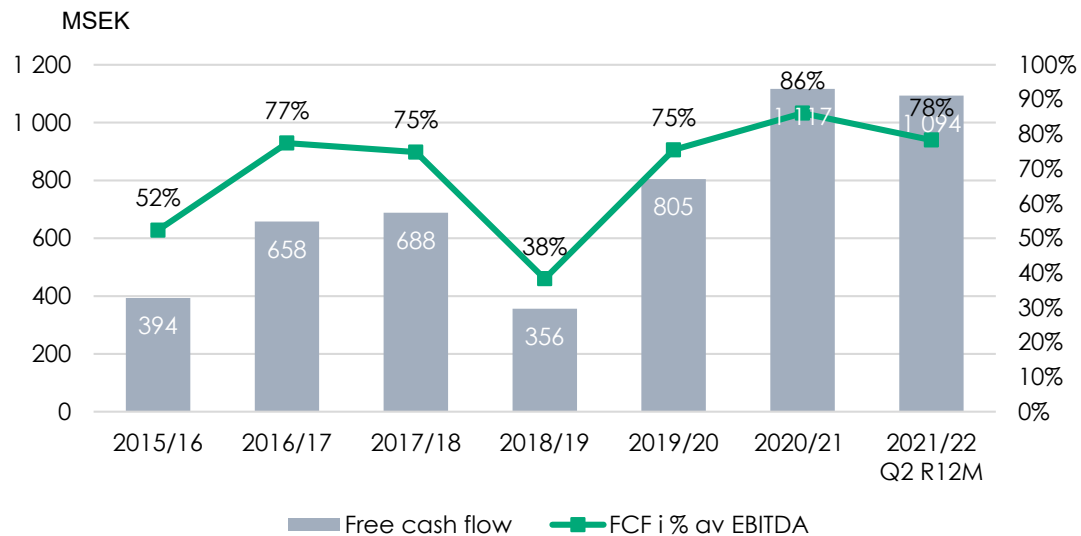
# Q2 Financial position

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## Free cash flow and investments

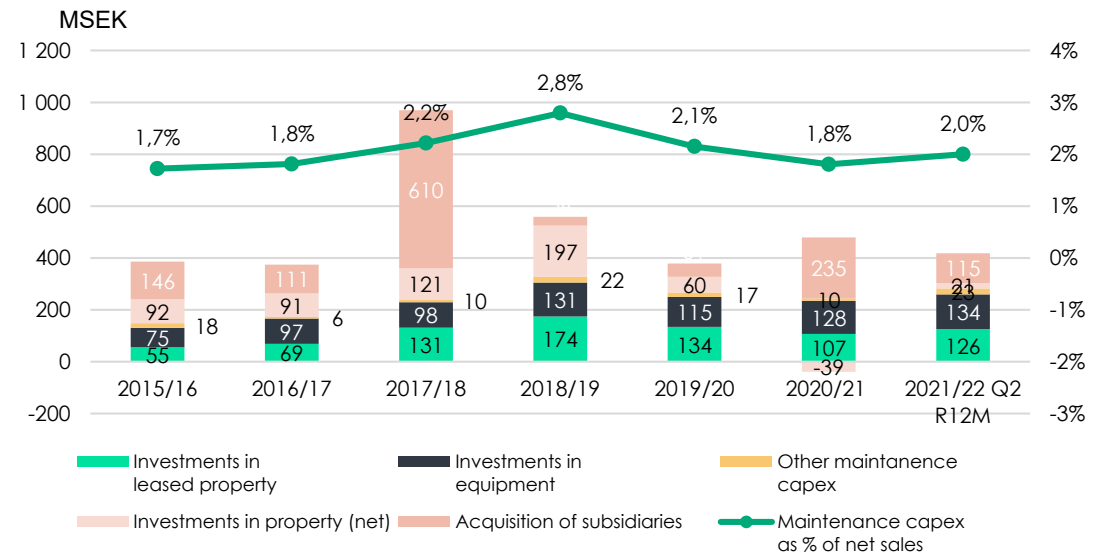
# Strong free cash flow can fund investments in current operations and growth

### 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.

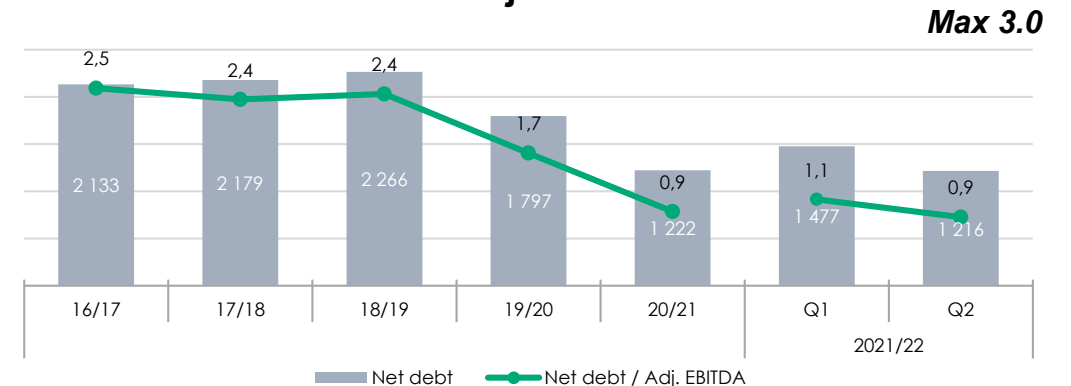
## Financial position

# 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 (1.4) and well below AcadeMedia's financial target of maximum 3.0x.
- Property related lease liabilities amounted to SEK 8,109 million as per 31 December 2021 (7,656).
- Book value of property increased to SEK 1,120 million (998), in part due to currency, but also acquisitions in Norway.

SEK m	2021/22 31 Dec	2020/21 31 Dec	Change
Total equity (excl IFRS 16)	5 680	5 041	12.7%
Net debt (excl IFRS 16)	1 216	1 693	-28.2%
Net debt (incl IFRS 16)	9 324	9 349	-0.3%
Property related lease liabilities	8 109	7 656	5.9%
Property BV	1 120	998	12.2%

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



## Financial performance vs targets

# Performance continue to be in line with financial targets

			Q2 R12M (FY 20/21)
<b>Growth</b>	<b>5-7%</b>	<b>Financial targets are unchanged</b> <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>7.6%<sup>1</sup></b> (8.1%)
<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>7.3%</b> (7.0%)
<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> (0.9x)
<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 SEK/</b> <b>share</b> (1.50)

<sup>1</sup> Q2R12 21/22 vs Q2R12 20/21

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



Q&A

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