Sonans Holding

IFRS Consolidated Financial Statements

Annual report 2020

Contents

Sonans Group Consolidated Financial Statements

Consolidated statements of profit or loss

Amounts in NOK	Note	2020	2019
Revenue		**516 996 524**	**407 555 925**
Government grants		**1 056 848**	**304 122**
Other operating income		**353 827**	**102 650**
Total revenue	6	**518 407 199**	**407 962 697**
Payroll expenses	8	**224 788 179**	**180 074 938**
Depreciation and amortisation expenses	10,11	**63 967 700**	**57 449 283**
Other operating expenses	20	**96 990 344**	**86 812 647**
Total operating expenses		**385 746 223**	**324 336 868**
Operating profit/(loss) (EBIT)	6	**132 660 976**	**83 625 829**
Interest income		**1 022 005**	**683 847**
Financial income		**177 234**	**117 838**
Interest expense		**-50 176 196**	**-43 356 773**
Financial expense		**-2 599 140**	**-5 447 135**
Net financial items	21	**-51 576 097**	**-48 002 223**
Profit/(loss) before income tax		**81 084 879**	**35 623 606**
Income tax	22	**18 196 138**	**8 698 448**
Profit/(loss) for the year for continuing operations		**62 888 741**	**26 925 158**
Profit/(loss) from discontinued operation	26	-23 913 077	-58 627 738
Profit/(loss) for the year		**38 975 665**	**-31 702 581**
Basic earnings per ordinary share for continuing operations	18	3,91	-1,85
Basic earnings per ordinary share for discontinued operation	18	-4,79	-11,81
Diluted earnings per ordinary share for continuing operations	18	3,91	-1,85
Diluted earnings per ordinary share for discontinued operation	18	-4,79	-11,81

Consolidated statement of comprehensive income

Amounts in NOK	Note	2020	2019
Other comprehensive income:			
Item that are not reclassified to profit or loss:			
Remeasurement of defined benefit pension liabilities - decrease/(increase)		**794 198**	**-2 379 202**
Related tax effects		**-174 724**	**523 424**
Other comprehensive income for the year		**619 474**	**-1 855 778**
Total comprehensive income is attributable to:			
Owners of Sonans Holding AS		**39 595 139**	**-33 558 358**

Consolidated statements of financial position

Amounts in NOK	Note	31.12.2020	31.12.2019	01.01.2019
ASSETS				
Non-current assets				
Deferred tax asset	22	**49 359**	**-**	-
Goodwill	4,9	**957 032 157**	**978 764 224**	821 610 355
Other intangible assets	10	**11 112 414**	**21 939 600**	503 643
Total intangible assets		**968 193 930**	**1 000 703 824**	822 113 998
Leasehold improvements	11	**1 553 225**	**468 101**	846 489
Right-of-use assets	12	**150 126 994**	**194 891 463**	177 251 172
Office machinery and equipment	11,21	**12 224 527**	**11 746 860**	8 129 922
Total tangible assets		**163 904 746**	**207 106 424**	186 227 583
Investments in shares		**1 498 800**	**1 098 800**	-
Total non-current financial assets	7	**1 498 800**	**1 098 800**	-
Total non-current assets		**1 133 597 476**	**1 208 909 048**	1 008 341 581
Current assets				
Trade receivables	13,21	**23 970 208**	**31 563 003**	29 198 786
Earned, not invoiced		**51 878 646**	**45 388 269**	43 028 181
Derivatives		**-**	**823 892**	-
Other current receivables	14	**16 194 105**	**42 003 645**	14 615 240
Cash and bank deposits	23	**17 846 453**	**35 377 873**	29 137 815
Total current assets	7	**109 889 412**	**155 156 681**	115 980 021
TOTAL ASSETS		**1 243 486 888**	**1 364 065 729**	1 124 321 602

Amounts in NOK	Note	31.12.2020	31.12.2019	01.01.2019
EQUITY AND LIABILITIES				
Equity				
Share capital	15	**2 995 029**	**2 995 029**	2 531 083
Share premium		**291 631 968**	**292 218 106**	249 066 198
Treasury stock		**-42 495**	**-38 395**	-13 400
Other reserves		**-1 236 303**	**-1 855 778**	-
Retained earnings		**4 225 585**	**-34 750 099**	-3 066 081
Total equity		**297 573 784**	**258 568 864**	248 517 800
Non-current liabilities				
Pension liabilities	8	**2 200 876**	**3 179 745**	-
Deferred tax	22	**-**	**3 931 988**	996 066
Liabilities to financial institutions	19	**541 800 477**	**611 369 651**	511 461 891
Non-current lease liabilities	12	**113 270 761**	**148 698 554**	130 363 086
Contingent consideration		**-**	**30 000 000**	-
Other non-current liabilities		**-**	**3 787 639**	403 661
Total non-current liabilities	7	**657 272 114**	**800 967 577**	643 224 704
Current liabilities				
Liabilities to financial institutions	19	**54 001 724**	**48 001 532**	66 668 008
Current lease liabilities	12	**44 229 497**	**49 571 015**	46 888 086
Derivatives		**495 896**	**-**	418 108
Trade creditors		**5 557 754**	**11 420 145**	6 205 914
Tax payable	22	**22 791 738**	**15 658 676**	9 624 276
Public duties payable		**16 079 458**	**19 308 587**	16 177 940
Unearned revenue		**82 195 199**	**73 902 763**	64 858 254
Contingent consideration		**30 000 000**	**30 000 000**	-
Other current debt		**33 289 725**	**56 666 570**	21 738 512
Total current liabilities	7	**288 640 991**	**304 529 288**	232 579 098
Total liabilities		**945 913 105**	**1 105 496 865**	875 803 802
TOTAL EQUITY AND LIABILITIES		**1 243 486 888**	**1 364 065 729**	1 124 321 602

Oslo, Norway 10 May 2021

Helge Midttun
Chair

Edmund Lazarus
Board member

Mark Joseph
Board member

Anne Dahle
Board member

Consolidated statements of changes in equity

Amounts in NOK	Share capital	Share premium	Treasury stock	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	2 531 083	249 066 198	-13 400	-	-3 066 081	248 517 800
Profit/(loss) for the year	-	-	-	-	-31 702 581	-31 702 581
OCI	-	-	-	-1 855 778		-1 855 778
Total comprehensive income/(loss) for the year	-	-	-	-1 855 778	-31 702 581	-33 558 358
Transactions with owners recognised directly in equity:						
Registration of capital increase A shares	365	36 135	-	-	-	36 500
Registration of capital increase B shares	463 581	45 894 498	-	-	-	46 358 078
Purchase of treasury stock	-	-2 802 404	-24 995	-	-	-2 827 399
Other equity changes	-	-	-	-	42 243	42 243
Transfer from share premium	-	23 680	-	-	-23 680	-
Balance at 31 December 2019	2 995 029	292 218 106	-38 395	-1 855 778	-34 750 099	258 568 863
Balance at 1 January 2020	2 995 029	292 218 106	-38 395	-1 855 778	-34 750 099	258 568 863
Profit/(loss) for the year	-	-	-	-	38 975 665	38 975 665
OCI	-	-	-	619 474		619 474
Total comprehensive income/(loss) for the year	-	-	-	619 474	38 975 665	39 595 139
Transactions with owners recognised directly in equity:						
Purchase of treasury stock	-	-568 463	-4 100	-	-	-572 563
Other equity changes	-	-17 675	-	-	-	-17 675
Balance at 31 December 2020	2 995 029	291 631 968	-42 495	-1 236 303	4 225 585	297 573 784

Consolidated statements of cash flows

Amounts in NOK	**Note**	**2020**	**2019**
Cash flow from operations			
Profit before income taxes		56 616 720	-22 052 829
Adjustments for			
Taxes paid in the period		-15 658 676	-9 624 276
Gain/loss from sale of fixed assets		146 950	-
Loss on sale of subsidiary (Sonans Karriere)	26	21 945 055	-
Interest expense		35 831 955	31 463 647
Interest paid		-35 864 463	-30 683 512
Depreciation		66 203 000	64 028 000
Impairment of intangible assets		-	61 933 000
Change in trade receivable		-1 227 000	7 779 000
Change in trade creditors		-4 321 000	2 881 000
Differences in expensed pensions and payments in/out of the pension scheme		-1 773 198	-1 614 202
Items classified as investments or financing		1 320 000	-1 242 000
Change in other current assets and liabilities		35 713 626	8 405 735
Net cash flow from operations		**158 932 969**	**111 273 563**
Cash flow from investments			
Proceeds from sale of fixed assets		100 000	-
Purchase of fixed assets		-6 529 003	-6 247 000
Purchase of intangible assets		-6 796 940	-7 900 546
Proceeds/payment from other claims		-	1 126 000
Payment to buy shares in other companies		-	51 000
Payment to buy subsidiaries (Bjørknes Education and Bjørknes Høyskole)	4	-30 000 000	-197 398 795
Net cash derecognised upon sale of subsidiary (Sonans Karriere)		-1 895 883	-
Net cash flow from investments		**-45 121 826**	**-210 369 341**
Cash flow from financing			
Proceeds from the issuance of new liabilities		-	17 801 930
Proceeds from the issuance of new liabilities to financial insitutions	23	-	150 000 000
Payment of principal portion of lease liabilities	23	-40 769 000	-37 561 463
Repayment of liabilities to financial institutions	23	-68 001 532	-38 471 810
Repayment of other loans		-21 999 468	-
Net change in bank overdraft	23	-	-30 000 000
New equity received		-	46 394 578
Purchase of treasury shares		-572 563	-2 827 399
Net cash flow from financing		**-131 342 563**	**105 335 836**
Net change in cash and cash equivalents		**-17 531 420**	**6 240 058**
Cash and cash equivalents at the beginning of the period		35 377 873	29 137 815
Cash and cash equivalents at the end of the period		**17 846 453**	**35 377 873**
Unused operational credit facilities in addition		*70 000 000*	*70 000 000*

Note 1 General Information

Sonans Holding AS (the Company or Sonans Holding), is the parent company of the Sonans Group (Sonans or the Group) and is a limited liability company incorporated and domiciled in Norway, with its head office in Nydalen, Oslo. The Company is listed on Euronext Growth stock exchange in Oslo, Norway and has the ticker “SOHO”.

The Sonans Group is a leading player in the education market in Norway. The Group consists of the parent company Sonans Holding AS and its subsidiaries Sonans Holdco AS, Sonans Midco AS, Sonans Bidco AS, Sonans Gruppen AS, Sonans Privatgymnas AS, Bjørknes Høyskole AS, Bjørknes Education AS, and Norwegian School of Technology AS. The operating companies in the Group are Sonans Privatgymnas AS, Bjørknes Høyskole AS, Bjørknes Education AS, and Sonans Gruppen AS.

These financial statements are the first IFRS consolidated financial statements for the Group. See note 28 for additional information related to the IFRS conversion. The consolidated financial statements were approved by the Board on 10 May 2021.

Note 2 Basis of preparation

The consolidated financial statements of Sonans Holding AS and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and effective as of 31 December 2020. Sonans Group also provides disclosures as specified under the Norwegian Accounting Act (“Regnskapsloven”).

The financial statements are prepared on a historical cost basis, except for certain assets, liabilities and financial instruments, which are measured at fair value. Preparation of the financial statements, including the note disclosures, requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. Slight rounding differences may occur between the financial statements and the note disclosures.

The functional currency of Sonans Holding AS is the Norwegian krone (NOK). The Sonans Group financial statements are presented in NOK. All subsidiary companies have NOK as their functional currency, so there are no foreign exchange differences upon consolidation.

These consolidated financial statements are prepared on a going concern basis.

Related to the acquisitions completed during 2019, for accounting purposes the Sonans consolidated Statements of profit or loss only includes revenues (and related expenses) as from the date of the acquisition, 25 June 2019. See note 4 Business Combinations for additional information related to the 2019 acquisitions.

Note 3 Significant accounting policies

The following descriptions of accounting principles applies to Sonans Group’s 2020 IFRS financial reporting, including all comparative figures. Specific accounting principles are described in the relevant notes.

Basis of consolidation

The consolidated financial statements include Sonans Holding AS and subsidiaries, which are entities in which Sonans has the power to govern the financial and operating policies of the entity (control). Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Sonans Holding AS has 100% of the voting power in all group subsidiaries. Subsidiaries are included from the date control commences until the date control ceases. Intercompany transactions and balances have been eliminated. Profit and loss resulting from intercompany transactions have been eliminated.

Discontinued operations

Discontinued operations are defined as a component of the Sonans Group or Group entity that has been disposed of and represents a separate major line of business.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the rate of exchange at the balance sheet date. Currency gains or losses are included in Financial income or Financial expense, respectively.

Measurement of fair value

Sonans measures certain assets and liabilities at fair value for the purposes of recognition or disclosure. Non-recurring fair value measurement is used for transactions, such as business combinations, contingent consideration and other non-routine transactions. Recurring fair value measurement is used for derivative instruments and investments in shares.

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the Group's normal operating cycle or falls due or is expected to be realized within twelve months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group or are expected to be settled within twelve months of the end of the reporting period, or if the Group does not have an unconditional right to postpone settlement for at least twelve months after the balance sheet date.

Provisions

Provisions are liabilities of uncertain timing or amount. Sonans Group recognizes provisions in the statement of financial position when there is a present obligation (legal or constructive) as a result of a past event that can be estimated in amount and it is probable that a payment will be required to settle the obligation. When the effect of the time value of money is material, the provision is recognized at the present value of the expected expenditure, using a pre-tax discount rate reflecting the risks specific to the liability. Sonans Group reviews all provisions at the end of each reporting period and updates the provision to reflect the current best estimate. Provisions are reversed when the obligating event is no longer valid.

Government grants

Government grants are recognized in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Grants are recognized when there is a reasonable assurance that Sonans Group will comply with relevant conditions and that the grants will be received. Government grants are deferred in other non-current liabilities until the associated activity is performed or expenses recognized. All government grants are recognized as revenue in the statement of profit or loss.

Changes in accounting policies

The 2020 Group financial statements are the first year of the IFRS consolidated reporting, therefore there are no changes in accounting principles. The Group has applied all relevant IFRS standards that were in effect for the 2020 year-end reporting as of the date of transition to IFRS, 1 January 2019.

New pronouncements not yet adopted

The following standards and interpretations most relevant for Sonans that have been issued by the IASB but were not mandatory for annual reporting periods ending on 31 December 2020:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective from 1 January 2022 with possible deferral to 1 January 2023.
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16, effective from 1 January 2022,
- Reference to the Conceptual Framework – Amendments to IFRS 3, effective from 1 January 2022.
- Annual Improvements to IFRS Standards 2018–2020, effective from 1 January 2022.

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects for Sonans Group's financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions are expected to significantly change Sonans Group's accounting policies or practices.

Critical estimates and significant judgments

The preparation of financial statements involves the use of accounting estimates which, by definition, will seldom equal the actual results. Management is required to exercise judgement in applying the group's accounting policies. Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognized during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Management has, when preparing the financial statements; made certain significant assessments based on critical estimates and significant judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Business combinations, see discussion in note 4.

Note 4 Business combinations

Accounting principles

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations.* Consideration is the sum of the fair values, as of the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognized separately at the acquisition date at their fair value irrespective of any non-controlling interest, and goodwill recognized to the extent the consideration exceeds identified net assets.

Critical judgements and significant estimates

In a business combination, consideration, assets and liabilities are recognized at estimated fair value, and any excess purchase price included in goodwill. In the businesses Sonans operates, fair values of individual assets and liabilities are normally not readily observable in active markets. Estimation of fair values requires the use of valuation models for acquired assets and liabilities as well as ownership interests. Such valuations are subject to numerous assumptions and are thus uncertain. The quality of fair value estimates may impact periodic depreciation and amortization of fixed assets, and assessment of possible impairment of assets and/or goodwill in future periods. The specific significant judgement for Sonans during 2019 is the identification and fair value of the acquired intangible assets.

Significant judgements and critical estimates related to the identification of the acquired intangible assets and their valuation, as well as useful life
The Student contracts have been specifically identified by management as acquired intangible assets for the acquisitions has ascertained a value for the student contracts that have been developed in these market areas, based on the contractual agreements with customers for ongoing delivery of service, as well as the existing customer base. The fair value at acquisition date of the student contract is based on a discounted present value model. Estimates of the useful life of the student contracts acquired is based on management's market knowledge and market estimates of student contract life cycles.

Acquisition of Bjørknes Høyskole AS and Bjørknes Education AS

On 25 June 2019 the parent entity acquired 100% of the share capital of both Bjørknes Høyskole AS and Bjørknes Education AS. The acquisitions allowed Sonans Group to operate in a new market related to higher education. The acquisition was made for a cash consideration of approximately NOK 225 million, funded with bank financing. In addition to this, transactions cost of approximately NOK 6 million were expensed as incurred in 2019. There were no ordinary or preference shares issued in connection with the acquisition.

Earn-out (contingent consideration) regarding acquisition of Bjørknes Høyskole AS
Part of the purchase price consideration for the acquisition of Bjørknes Høyskole was an 'Earn-out'. The potential earn-out amount is payable in two instalments, one in 2020 and one 2021 and is based on a calculated student intake at certain dates. At the time of the acquisition it was highly likely that an earn-out on NOK 60 million should be made. The earn-out is shown in the statement of financial position as current and non-current contingent consideration.

Final purchase price allocation - assets acquired and liabilities assumed

(NOK)	Bjørknes Høyskole AS	Bjørknes Education AS	Totalt
Purchase consideration			
Cash consideration	165 279 208	32 257 792	**197 537 000**
Earn-out	60 000 000	-	**60 000 000**
Total purchase consideration	**225 279 208**	**32 257 792**	**257 537 000**
Student contracts	27 300 000	5 700 000	**33 000 000**
Intangible assets	3 833 253	87 250	**3 920 503**
Office machinery and equipments	22 268 668	7 250	**22 275 918**
Other non-current financial assets	1 125 963	-	**1 125 963**
Investment in shares	1 098 800	51 000	**1 149 800**
Trade and other receivables	29 959 927	2 187 908	**32 147 835**
Cash and cash equivalents	138 205	-	**138 205**
Deferred tax liability	-5 631 873	-1 250 810	**-6 882 683**
Pension liabilities	-626 359	-	**-626 359**
Other non-current liabilities	-24 701 678	-	**-24 701 678**
Trade payables and other current liabilities	-12 291 812	-572 416	**-12 864 228**
Total net identifiable assets acquired at fair value	**42 473 094**	**6 210 182**	**48 683 276**
Consideration	225 279 208	32 257 792	**257 537 000**
Goodwill	**182 806 114**	**26 047 610**	**208 853 724**
Net cash outflow arising on acquisition			
Cash consideration	165 279 208	32 257 792	**197 537 000**
Earn-out	60 000 000	-	**60 000 000**
Less:			**-**
Cash and cash equivalent balances acquired	-138 205	-	**-138 205**
Total cash consideration	**225 141 003**	**32 257 792**	**257 398 795**

Additional financial information and Pro-forma revenue and profit (loss)

Related to the two acquisitions presented above and completed during 2019, for accounting purposes the Sonans Group consolidated statement of comprehensive income only includes revenues (and related expenses) as from the date of the acquisition. This is as of 25 June 2019 for both Bjørknes Høyskole AS and Bjørknes Education AS. Relevant information is as follows:

Pro-forma figures

- The revenue and loss, respectively, of the combined Sonans Group for the reporting period 2019 as though the acquisition date for all combinations that occurred during the year had been as of the beginning of the annual reporting period is NOK 620 183 700 and NOK 70 526 136, respectively. This was a contribution of NOK 113 594 535 and NOK 19 019 768, respectively, for the revenue and net profit before tax for Bjørknes Høyskole AS and NOK 6 354 296 and NOK 4 447 261, respectively, for the revenue and net profit before tax for Bjørknes Education AS.

- The revenue and the loss, respectively, for the Bjørknes Høyskole AS acquired company since the acquisition date of 25 June 2019 in the consolidated accounts was NOK 58 439 899 and NOK 6 973 836.

- The revenue and the profit, respectively, for the Bjørknes Education AS acquisition since the acquisition date of 25 June 2019 in the consolidated accounts was NOK 3 737 350 and NOK 2 114 487.

Note 5 Revenue from customers

Accounting principles

IFRS 15 requires the reporting entity, for each contract with a customer, to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determine whether revenue should be recognized over time or at a point in time, and, finally, recognize revenue when or as performance obligations are satisfied. A performance obligation is satisfied when or as the customer obtains control of the goods or services delivered. The Sonans Group earns revenue via the delivery of educational services. The educational services include community colleges and private candidate schools across Norway. Services are delivered both on campus and online. In 2019 the Group also delivered counseling and coursed for unemployed individuals through contracts with NAV via Sonans Karriere AS. Sonans Karriere AS was sold in 3 June 2020.

Services are delivered over time to the on campus students and at a point in time to the online students who buy a course and then have unlimited access to the course content.

Education revenue is earned over time (not at a point in time) and is allocated across the school year as services are delivered. Vacation periods in July mean that Sonans Group's revenue recognition in July is limited to online course sales. Invoicing for the educational services is done at the beginning of each school semester, in September and January. Invoices sent in September are for both the semester and for the entire school year fees. This creates the posting of the deferred revenue in the balance sheet (a contract liability). This contract liability is always current, as the revenue will be earned within a maximum of 9 months after the date of the invoice.

Specification of revenue:

(NOK)	**2020**	**2019**
Services to government insititutions	44 004 919	156 928 177
Education	517 205 907	407 556 925
in which campus	*389 164 785*	*328 301 824*
in which online	*128 041 122*	*79 255 101*
Government grants	1 056 848	304 122
Other income	144 444	101 650
Total revenue	**562 412 118**	**564 890 874**
in which discontinued operations	*44 004 919*	*156 928 177*
Total revenue from continuing operations	**518 407 199**	**407 962 697**

The revenue for discontinued operations are related to services to government institutions.

Note 6 Operating segments

The Sonans Group identifies its reportable segments and discloses segment information under IFRS 8 *Operating Segments*, which requires the Sonans Group to identify its segments according to the organization and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. The Sonans Group's board of directors is considered to be the chief operating decision maker (CODM). Generally, financial information is required to be disclosed on the same basis that is used by the chief operating decision maker.

IFRS 8.5(a)(b)(c) identifies three criteria for an operating segment of an entity. IFRS 8.5(b) requires that the operating results be regularly reviewed by the CODM and IFRS 8.5(c) requires the segment to have discrete financial information available. The segment information is reported in accordance with the reporting to the Board of Directors (the chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. The Group has identified their segments as Sonans Education, Bjørknes Høyskole and Sonans Karriere (sold in 2020). Sonans Karriere is shown as discontinued operations. The segment information is presented below:

2020

(NOK)	**Sonans Education**	**Bjørknes Høyskole**	**Other/ Headquarter**	**Eliminations**	**Total continuing operations**	**Sonans Karriere (01.01-30.06.2020) (discontinued)**	**Total**
Total revenue	376 408 238	135 736 071	48 716 168	-42 453 278	**518 407 199**	44 004 919	**562 412 118**
of which mng. fee	-	-	*-42 453 278*		***-42 453 278***		**-**
Total expenses	223 943 764	93 656 261	46 631 776	-42 453 278	**321 778 523**	65 952 276	**387 730 799**
of which mng. fee	*-35 390 004*	*-4 026 996*	*-120 000*	-	**-39 537 000**	*-2 916 278*	**-**
of which loss from sale of Sonans Karriere	-	-	-	-	**-**	*21 945 055*	**-**
Depreciation, amortisation and impairment	38 382 223	18 991 849	6 593 627	-	**63 967 699**	2 234 807	**66 202 507**
EBIT	**114 082 251**	**23 087 961**	**-4 509 235**	**-**	**132 660 976**	**-24 182 164**	**108 478 812**

2019

(NOK)	**Sonans Education**	**Bjørknes Høyskole (27.06-31.12.19)**	**Other/ Headquarter**	**Eliminations**	**Total continuing operations**	**Sonans Karriere (discontinued)**	**Total**
Total revenue	345 785 448	58 439 898	43 737 351	-40 000 000	**407 962 697**	156 928 177	**564 890 874**
of which mng. fee	-	-	*-40 000 000*		***-40 000 000***	-	**-**
Total expenses	215 080 185	49 719 697	42 087 703	-40 000 000	**266 887 585**	145 335 775	**412 223 360**
of which mng. fee	*-32 880 000*	-	*-120 000*		***-33 000 000***	*-7 000 000*	**-**
Depreciation, amortisation and impairment	36 237 599	16 172 697	5 038 987	-	**57 449 283**	68 511 126	**125 960 409**
EBIT	**94 467 664**	**-7 452 496**	**-3 389 339**	**-**	**83 625 829**	**-56 918 724**	**26 707 105**

Note 7 Financial assets and financial liabilities

Accounting principles

Financial assets and financial liabilities are recognized in accordance with IFRS 9 *Financial Instruments*.

Financial assets

Financial assets represent a contractual right by Sonans Group to receive cash or another financial asset in the future. Financial assets include cash and cash equivalents, trade receivable and other current and non-current receivables as well as investments in shares and derivative instruments. On initial recognition, a financial asset is measured at fair value, and classified for subsequent measurement at amortized cost; at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). Classification depends on the business model and, for some instruments, the entity's choice. Financial assets are derecognized when the rights to receive cash from the asset have expired or when Sonans Group has transferred the asset.

Financial liabilities

Financial liabilities represent a contractual obligation by Sonans Group to deliver cash in the future and are classified as either current or non-current. Financial liabilities include accounts payable, current and non-current loans and current and non-current lease liabilities. Financial liabilities are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost except for derivatives and contingent consideration which are at fair value over profit or loss. Financial liabilities are derecognized when the obligation is discharged through payment or when Sonans Group is legally released from the primary responsibility for the liability.

Investments in shares

Investments in shares is a financial asset comprised of immaterial (both as a percent of shares outstanding and kroner amount) holdings in non-listed entities. Investments in shares are originally recognized at fair value at the amount of the purchase price paid to acquire the shares and are subsequently recognized at fair value.

The financial assets and liabilities at FVTPL are measured at fair value in level 2.

Specification of financial assets and financial liabilities

(NOK)	Category	31.12.2020	31.12.2019	01.01.2019
Financial assets				
Investment in shares	FVTPL	1 498 800	1 098 800	-
Trade receivable	FAAC	23 970 208	31 563 003	29 198 786
Derivatives (interest rate swaps)	FVTPL	-	823 892	-
Financial assets included in Other current receivables	FAAC	43 006	24 455 298	-
Cash and cash-equivalents	FAAC	17 846 453	35 377 873	29 137 815
Total financial assets		**43 358 467**	**93 318 866**	**58 336 600**

(NOK)	Category	31.12.2020	31.12.2019	01.01.2019
Financial liabilities				
Non-current lease liabilities	FLAC	113 270 761	148 698 554	130 363 086
Non-current liabilities to financial institutions	FLAC	541 800 477	611 369 651	511 461 891
Non-current contingent consideration	FVTPL	-	30 000 000	-
Other non-current liabilities	FLAC	-	-	-
Current liabilities to financial institutions	FLAC	54 001 724	48 001 532	66 668 008
Current portion of lease liabilities	FLAC	44 229 497	49 571 015	46 888 086
Derivatives (interest rate swaps)	FVTPL	495 896	-	418 108
Accounts payable	FLAC	5 557 754	11 420 145	6 205 914
Current contingent consideration	FVTPL	30 000 000	30 000 000	-
Total financial liabilities		**789 356 109**	**929 060 897**	**762 005 093**

Categories:

FAAC - Financial Assets at Amortized Costs

FVTPL - Fair Value Through P&L

FLAC - Financial Liabilities at Amortized Costs

Note 8 Employee benefit expense

Accounting principles

Payments to employees, such as wages, salaries, social security contributions, paid annual leave and bonus agreements are accrued in the period in which the associated services are rendered by the employee. Post-employment benefits are recognized in accordance with IAS 19 *Employee Benefits.*

Specification of employee benefit expenses

(NOK)	**2020**	**2019**
Salaries	187 448 748	142 980 414
Social Security fees	25 418 522	24 040 876
Pension expenses	7 975 752	7 422 506
Other remuneration	3 945 157	5 631 142
Total for continuing operations	**224 788 179**	**180 074 938**
Average full-time employees	284	421

Remuneration to executives

(NOK)	**General manager**	**Board**
Salaries/board fee	2 232 580	512 500
Pension expenses	11 039	-
Other remunerations	9 558	-
Total	**2 253 177**	**512 500**

No loans/securities have been granted to the general manager, Chair or other related parties.

The general manager has a bonus agreement dependent on EBITDA performance of the Group for the financial year 2020. In addition, a part of the bonus is subject to achieving several individual objectives.

Pensions

The Group is obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme adheres to the requirements, as set in the Act. The Group has a defined benefit scheme which cover a total of 1 person in 2020 (2 persons in 2019) and a defined contribution scheme which cover a total of 284 persons in 2020 (421 persons in 2019). The defined-contribution scheme is financed from the Group's operations. The Group's payments are recognized in the consolidated statement of profit or loss as an employee benefit expense for the year to which the contribution applies.

Defined benefit pension scheme

(NOK)	2020	2019
Persons covered by scheme		
Active	**1**	**2**
Pensioners	**0**	**0**
Income statement	**2020**	**2019**
Present value of pensions earned this year	291 401	255 153
Interest expense on the pension commitment	5 245	6 634
Estimate differences booked	105 819	7 282
Administrative fee	42 239	59 183
Social security fees	55 461	45 256
Total net pension expenses	**500 165**	**373 508**
Balance sheet	**2020**	**2019**
Estimated pension commitment	-4 467 876	-5 802 745
Estimated pension funds	2 267 000	2 623 000
Net pension commitment 31.12	**-2 200 876**	**-3 179 745**
Financial assumptions:	**2020**	**2019**
Discount rate	1,50 %	1,80 %
Estimated salary increase	2,00 %	2,25 %
Estimated pension increase	1,75 %	1,75 %
Estimated social security base figure adjustment	1,75 %	2,00 %
Expected return on funds	2,40 %	4,20 %

Note 9 Goodwill

<u>Accounting principles</u>

Goodwill
Goodwill is recognized as a part of business combinations. Goodwill is initially measured either as the excess of the consideration over Sonans Holding’s interest or the fair value of 100 percent of the acquiree in excess of the acquiree's identifiable net assets (full goodwill). Goodwill is not amortized, but is tested for impairment annually, and more frequently if indicators of possible impairment are observed, in accordance with IAS 36 *Impairment of Assets.*

Goodwill is allocated to the cash generating units or groups of cash generating units expected to benefit from the synergies of the combination and that are monitored for internal management purposes. Goodwill does not generate cash flows independently of other assets or groups of assets, and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. As of the end of 2020 the goodwill relates to acquired subsidiaries.

For goodwill and intangible assets related to the acquisitions of Bjørknes Education AS and Bjørknes Høyskole AS in 2019 see note 4.

Impairment of goodwill

An impairment of goodwill is recognized if the recoverable amount (the higher of fair value, less cost to sell, and value in use) of the cash-generating unit is less than the carrying amount of the cash-generating unit.

Cash-generating units to which goodwill has been allocated, are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

Goodwill related to Sonans Karriere was impaired in 2019 due to a high uncertainty of revenue levels going forward. Based on the cash flow analysis, the related goodwill was written down in an amount of NOK 62 382 877 in 2019, in accordance with the enterprise value.

(NOK)	Goodwill Helsehøyskolen	Goodwill Bjørknes	Goodwill Sonans Gruppen	Goodwill Sonans Karriere	Goodwill Sonans Education	Total
Cost						
Cost at 01 January 2019	**-**	**-**	**584 101 837**	**83 664 941**	**153 843 576**	**821 610 355**
Additions	-	208 853 724	7 398 662	-	-	**216 252 386**
Additions through acquisitions	2 834 360	-	-	-	-	**2 834 360**
Disposals	-	-	-	-	-	**-**
Cost at 31 December 2019	**2 834 360**	**208 853 724**	**591 500 499**	**83 664 941**	**153 843 576**	**1 040 697 101**
Additions	-	-	-	-	-	**-**
Additions through acquisitions	-	-	-	-	-	**-**
Disposals	-	-	-	-83 664 941	-	**(83 664 941)**
Cost at 31 December 2020	**2 834 360**	**208 853 724**	**591 500 499**	**0**	**153 843 576**	**957 032 160**
Amortization and impairment						
Accumulated at 01 January 2019	**-**	**-**	**-**	**-**	**-**	**-**
Impairment for the year	-	-	-	61 932 877	-	**61 932 877**
Acc. impairments 31.12	-	-	-	61 932 877	-	**61 932 877**
Accumulated at 31 December 2019	**-**	**-**	**-**	**61 932 877**	**-**	**61 932 877**
Impairment for the year	-	-	-	-	-	**-**
Acc. impairments 31.12	-	-	-	-	-	**-**
Accumulated at 31 December 2020	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at 31 December 2019	**2 834 360**	**208 853 724**	**591 500 499**	**21 732 064**	**153 843 576**	**978 764 224**
Carrying amount at 31 December 2020	**2 834 360**	**208 853 724**	**591 500 499**	**0**	**153 843 576**	**957 032 160**
Amortization method	N/A	N/A	N/A	N/A	N/A	
Estimated useful life	Impairment tests	Impairment tests	Impairment tests	Impairment tests	Impairment tests	

Impairment test for year-end 2020
Goodwill was tested for impairment at the end of 2020. Goodwill tested relates to Bjørknes Education, Bjørknes Høyskole and Sonans Education. The test of goodwill related to Sonans Education includes the goodwill of the other companies in this CGU. The impairment test is based on budgets for 2021 and later periods which are representative of future expectations and industry reports from ABG analysts. No impairment losses were identified in 2020, as the determined recoverable amount was above the carrying value.

Key assumptions with the measurement of value in use (enterprise value)
Measurement of the enterprise value for the CGUs is most sensitive for the following assumptions:

Discount rate
The discount rate is based on a weighted average cost-of-capital methodology (WACC). The nominal discount rate is based on the Group's estimated capital cost measured as the weighted average of the costs for the Group's equity and debt. The WACC takes into account the interest rate of the debt, the risk-free interest rate, the debt to total assets ratio, risk premium and an entity risk premium.

Growth rates
Growth rates during 2020 are based on management's expectations for market developments. Based on available information and management's market expertise, the expectation is an increase in growth over the coming years. Management expectations are based on historical trends and publicly available industry analyses. As is the case with expectations with an element of uncertainty, there can be a need for adjustments to the estimates in future periods.

Key assumptions
The key assumptions of WACC (before tax) and the terminal growth rate were used for the value-in-use calculations. The following key assumptions were used for the value-in-use calculations for the CGUs:

- WACC (before tax) – 7,8%
- Terminal growth rate – 1,0%

Sensitivity analysis
The Group has prepared a sensitivity analysis of the impairment tests to changes in the key assumptions which are terminal growth rate and WACC. This analysis indicates that reasonable changes in the assumptions will not cause the aggregate carrying amount to exceed the recoverable amount. Impairment testing has indicated no existing impairment requirements for goodwill.

Note 10 Other intangible assets

Accounting principles

Other intangible assets acquired individually or as a group are recognized at fair value when acquired. Intangible assets acquired in a business combination are recognized at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred.

Intangible assets acquired separately that have a finite useful life are carried at cost less accumulated amortization and any impairment charges. Amortization is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges.

At each financial year-end Sonans reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Impairment of intangible assets
Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets not yet brought into use are assessed for impairment annually. If it is not possible to estimate the recoverable amount of an individual asset, the group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

(NOK)	Student contracts	Consessions, patents etc.	Total
Cost			
Cost at 01 January 2019	**-**	**3 600 874**	**3 600 874**
Additions	33 000 000	250 942	**33 250 942**
Additions through acquisitions	-	3 127 385	**3 127 385**
Disposals	-	-	**-**
Cost at 31 December 2019	**33 000 000**	**6 979 201**	**39 979 201**
Additions	-	6 796 940	**6 796 940**
Additions through acquisitions	-	-	**-**
Reclassification to leasehold improvements	-	-3 203 326	**-3 203 326**
Disposals	-	-	**-**
Disposals through sale of subsidiary	-	-3 600 875	**-3 600 875**
Cost at 31 December 2020	**33 000 000**	**6 971 940**	**39 971 940**
Amortization and impairment			
Accumulated at 01 January 2019	**0**	**3 832 722**	**3 832 722**
Amortization for the year	13 200 000	1 006 879	**14 206 879**
Impairment for the year	-	-	**-**
Acc. impairments 31.12	-	-	**-**
Acc. amortization 31.12	13 200 000	4 839 601	**18 039 601**
Accumulated at 31 December 2019	**13 200 000**	**4 839 601**	**18 039 601**
Amortization for the year	15 200 000	287 760	**15 487 760**
Impairment for the year	-	-	**-**
Reclassification to leasehold improvements	-	-1 114 963	**-1 114 963**
Disposals through sale of subsidiary	-	-3 552 874	**-3 552 874**
Acc. impairments 31.12	-	-	**-**
Acc. amortization 31.12	28 400 000	459 524	**28 859 524**
Accumulated at 31 December 2020	**28 400 000**	**459 524**	**28 859 524**
Carrying amount at 31 December 2019	**19 800 000**	**2 139 600**	**21 939 600**
Carrying amount at 31 December 2020	**4 600 000**	**6 512 416**	**11 112 414**
Amortization method	Degressive	Linear	
Estimated useful life	2-4 years	5 years	

Note 11 Property, plant and equipment

Accounting principles

Property, plant and equipment consists of capitalized development costs, buildings, right-of-use assets and office equipment and is recognized at acquisition cost. Acquisition cost is the amount of cash paid or the fair value of other consideration given to acquire the asset and includes any VAT or import duties less any trade discounts or rebates. Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

At each financial year-end Sonans reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

The difference between the asset's carrying amount and its recoverable amount is recognized in the income statement as an impairment loss. Property, plant and equipment that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(NOK)	Leasehold improvements	Art	Office machinery and equipment	Total
Cost at 01 January 2019	**9 553 347**	**129 039**	**21 747 894**	**31 430 280**
Additions	96 250	-	6 150 762	**6 247 012**
Additions through acquisitions	-	-	6 415 297	**6 415 297**
Disposals	-	-	-	-
Cost at 31 December 2019	**9 649 597**	**129 039**	**34 313 953**	**44 092 589**
Additions	-	-	6 281 631	**6 281 631**
Additions through acquisitions	-	-	-	-
Reclassification	3 203 325	246 801	(246 801)	**3 203 325**
Disposals through sale of subsidiary	(303 183)	-	(2 823 840)	**(3 127 023)**
Cost at 31 December 2020	**12 549 739**	**375 840**	**37 524 943**	**50 450 522**
<u>Depreciations and impairment</u>				
Accumulated at 01 January 2019	**8 706 862**	**-**	**17 417 362**	**26 124 224**
Depreciations for the year	474 636	-	5 278 770	**5 753 406**
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated at 31 December 2019	**9 181 498**	**-**	**22 696 132**	**31 877 630**
Depreciations for the year	948 470	-	4 791 934	**5 740 404**
Reclassification	1 114 963	-	-	**1 114 963**
Impairment	-	-	-	-
Disposals through sales	(303 183)	-	(1 811 810)	**(2 114 993)**
Accumulated at 31 December 2020	**10 941 748**	**-**	**25 676 256**	**36 618 004**
Carrying amount at 31 December 2019	**468 101**	**129 039**	**11 617 821**	**12 214 961**
Carrying amount at 31 December 2020	**1 553 225**	**375 840**	**11 848 687**	**13 777 752**
Depreciation method	Linear	Linear	Linear	
Estimated useful life	5-3 years	In line with lease contract	In line with lease contract	

Note 12 Leasing

Accounting policies

Sonans Group leases are primarily office and school buildings and office equipment. Short-term and low-value leases are excluded from the financial lease accounting. When measuring leases, Sonans Group includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts. Judgment is applied in assessing whether renewal options are reasonably certain to be utilized.

Assets and liabilities arising from a lease are initially measured on a present value basis. Current lease liabilities are the portion of the total lease liability falling due within twelve months of the reporting date. Sonans Group measures the current portion of the lease liability as the discounted lease payments for the next twelve-month period.

Lease liabilities are a financial liability and include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the group under residual value guarantees,
- The exercise price of a purchase option if the group is reasonably certain to exercise that option,
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option, and
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for Sonans' leases, then the leasing entity's incremental borrowing rate is used, being the rate that the individual entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, Sonans:

- Where possible, uses recent third-party financing received by the entity with the lease as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sonans, which does not have recent third-party financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then Sonans Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are leased assets recognized in the statement of financial position in accordance with IFRS 16, and are primarily buildings and office equipment. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability,

- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. When Sonans is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life, which is greater than the lease term. The right-of-use assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group's lease agreements include premises and office equipment. Average incremental borrowing rate is 5,02 %. The Group has no short-term or low value leases.

Amounts recognized in the balance sheet

Right-of-use assets

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Premises	146 428 273	190 791 667	173 718 622
Equipment	3 698 722	4 099 796	3 532 550
	150 126 994	194 891 463	177 251 172

Useful life			
Depreciation method	Straight-line	Straight-line	Straight-line

Lease liabilities

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Current	44 229 497	49 571 015	46 888 086
Non-Current	113 270 761	148 698 554	130 363 086
	157 500 259	198 269 569	177 251 172

Amounts recognized in the statement of profit or loss

(NOK)	**2020**	**2019**
Depreciation of right of use asset	44 090 699	41 921 120
Settlement with termination	-102 073	-
Interest expense	8 731 820	9 326 623
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value	-	-

Maturity profile lease liability

At 31 December 2020

(NOK)	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total contractual cash flows
Lease liabilities	45 678 694	68 754 762	26 279 012	41 594 195	182 306 664

At 31 December 2019

(NOK)	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total contractual cash flows
Lease liabilities	49 064 059	84 361 024	37 890 453	48 846 033	220 161 570

(NOK)	Right-of-use assets
Cost at 01 January 2019	**177 251 172**
Additions	41 859 733
Additions through acquisitions	17 701 678
Disposals	-
Cost at 31 December 2019	**236 812 583**
Additions	12 563 421
Additions through acquisitions	-
Disposals through sales	-19 557 603
Cost at 31 December 2020	**229 818 401**
Depreciations and impairment	
Accumulated at 01 January 2019	**-**
Depreciations for the year	41 921 120
Impairment	-
Disposals	-
Accumulated at 31 December 2019	**41 921 120**
Depreciations for the year	44 090 699
Impairment	-
Disposals through sales	-6 320 414
Accumulated at 31 December 2020	**79 691 405**
Carrying amount at 31 December 2019	**194 891 463**
Carrying amount at 31 December 2020	**150 126 994**
Depreciation method	Linear
Estimated useful life	In line with lease contract

Note 13 Trade receivable

Accounting policies

Trade receivable is a financial asset initially recognized at transaction price, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis based on an expected credit loss model (ECL). Sonans's business model for trade receivable is to hold the receivables to collect the contractual cash flows.

The Group applies the simplified lifetime approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivable. The expected loss rates are based on payments profiles and customer contracts in the previous years. The majority of the Group's revenue is invoiced at the beginning of each school semester with receivables due mid-September and mid-January. The ECL model is based on the collections of the school-year receivables using historical data from the prior 9-month school year collections profiles. Sales of uncollected receivables to Lindorff at the end of the school year are included in the ECL model.

Trade receivable are grouped into aging categories and the expected loss rates assigned to each overdue category reflect the Group's ability on collecting the receivables. Sonans Education is approximately 75% of the total gross trade receivable for the Group, and has a loss allowance that is approximately 95% of the total loss allowance. A detailed ECL model has been developed for Sonans Education with expected credit losses by aging category. These credit-loss percentages are shown in the tables below. The non-Sonans Education receivables credit-loss percentages are not disclosed separately as they are not material.

(NOK)	31.12.2020	31.12.2019	01.01.2019
Trade receivable	39 914 145	46 957 478	39 638 677
of which Sonans Education	*30 379 666*	*27 085 745*	*21 672 153*
Loss allowance	-15 943 937	-15 394 475	-10 439 891
of which Sonans Education	*-15 193 861*	*-13 649 784*	*-10 439 891*
Total trade receivable, net	**23 970 208**	**31 563 003**	**29 198 786**

Movements in the loss allowance for expected credit losses for Sonans Group:

(NOK)	2020	2019
Balance at the beginning of the year	15 394 475	12 272 891
Provision for expected credit losses	19 234 077	20 290 133
Amounts written off during the year as uncollectable	-31 215 841	-28 547 830
Collection of previous written off receivables	12 531 226	11 379 281
Balance at the end of the year	**15 943 937**	**15 394 475**

The basis for the loss allowance for Sonans Education was determined as follows:

31 December 2020

(NOK)	Current	More than 1 day past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	9,5 %	26,6 %	37,1 %	43,3 %	48,1 %	60,4 %	
Gross carrying amount - trade receivable	670 160	1 610 177	2 769 288	3 343 616	9 191 070	12 926 762	**30 379 666**
Loss allowance - trade receivable	**63 464**	**428 951**	**1 027 960**	**1 448 120**	**4 416 309**	**7 809 057**	**15 193 861**

31 December 2019

(NOK)	Current	More than 1 day past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	9,5 %	26,6 %	37,1 %	43,3 %	48,1 %	60,4 %	
Gross carrying amount - trade receivable	934 338	1 102 944	2 101 939	1 995 171	8 362 322	12 589 031	**27 085 745**
Loss allowance - trade receivable	**88 482**	**293 824**	**780 240**	**864 109**	**4 018 096**	**7 605 034**	**13 649 784**

Note 14 Other receivables

Accounting policies

Other receivables consists of prepaid expenses and other debtors.

NOK	31.12.2020	31.12.2019	01.01.2019
Prepaid expenses	16 151 099	17 548 347	14 615 240
Other debtors	43 006	24 455 298	-
Total other receivables	**16 194 105**	**42 003 645**	**14 615 240**

Note 15 Share capital and shareholder information

Share capital	Number	Per value	Capitalised
Ordinary shares	4 989 750	0,01	49 898
Preferance shares	294 513 172	0,01	2 945 132
Total	**299 502 922**	**0,01**	**2 995 029**

Sonans Holding AS has two class of shares, ordinary shares and preference shares.

The preference shares are given preferred rights to dividends. The preferred dividend for each preference share is calculated at a rate of 12% of the base amount.

The parent company is only permitted to pay a dividend if it has sufficient distributable reserves, determined in accordance with chapter 8 of the Norwegian Private Limited Companies Act. The contingent non-booked liability related to this is NOK 110 474 022 as of 31 December 2020 and NOK 67 071 739 as of 31 December 2019. The ordinary shares are not entitled to dividends until the preference shares have received their preferred returns. The preference shares do not have voting rights.

Shareholders

Shareholders 31 December 2020	Ordinary shares	Ownership and voting %	Preferance shares	Ownership %
EMK Capital Partners LP	4 086 374	81,9 %	262 368 275	89,1 %
Erik Brandt (member of the board)	247 500	5,0 %	880 931	0,3 %
EMK Capital Partners GP CO-inv LP	163 626	3,3 %	10 505 700	3,6 %
Aina Gerner-Mathisen	60 000	1,2 %	3 613 416	1,2 %
Visento AS (fully owned by Helge Midttun, chairman of the board)	75 000	1,5 %	5 000 000	1,7 %
Tind Capital AS	50 000	1,0 %	-	0,0 %
Sonans Holding AS	-	0,0 %	3 839 469	1,3 %
Shareholders with less than 1%	307 250	6,2 %	8 305 381	2,8 %
Total	**4 989 750**	**100,0 %**	**294 513 172**	**100,0 %**

Sonans Holding AS has in 2020 bought 410 000 own preferance shares at a price of NOK 572 563.

Shareholders 31 December 2019	Ordinary shares	rship and voting %	Preferance shares	Ownership %
EMK Capital Partners LP	4 086 374	81,9 %	262 368 275	89,1 %
EMK Capital Partners GP CO-inv LP	163 626	3,3 %	10 505 700	3,6 %
Aina Gerner-Mathisen	60 000	1,2 %	3 613 416	1,2 %
Visento AS	75 000	1,5 %	5 000 000	1,7 %
Sonans Holding AS	-	0,0 %	3 839 469	1,3 %
Shareholders with less than 1%	604 750	12,1 %	9 186 312	3,1 %
Total	**4 989 750**	**100,0 %**	**294 513 172**	**100,0 %**

Sonans Holding AS has in 2019 bought 2 499 469 own preferance shares at a price of NOK 2 827 399.

Note 16 Cash and cash equivalents

Accounting principles

Cash and cash equivalents includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition. Bank deposits earn interest at floating rates based on the different bank agreements. Material balances of restricted cash are deducted from cash and cash equivalents when preparing the statement of cash flows.

Note 17 Contingent liabilities and commitments

Accounting principles

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Sonans Group has entered in to three lease agreements for premises with commencement dates (lease term, total commitment) of:

- 1 September 2021 (5 years, NOK 22 655 000)
- 1 August 2023 (10 years, NOK 178 560 000)
- 1 August 2021 (7 years, NOK 8 777 351)

Note 18 Earnings Per Share (EPS)

Accounting principles

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company less the annual allocated dividend to the preference shareholders by the weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are calculated for both continuing operations and for discontinued operations. Sonans Group does not hold any financial instruments or share options that would have a dilutive effect on EPS; basic and diluted EPS are therefore the same amount.

Basic and diluted EPS is calculated based on the agreement with the preference shareholders. Preference shares are given preferred rights to dividends. Preference shareholders receive an accumulated dividend (upon exit or other events as specified in the shareholder agreement). The dividend is granted as 12% straight interest (no compounding over time) on the subscribed NOK amount. The preference share dividend for 2019 and 2020 is based on the number of outstanding preference shares as of 1 January and is 12% of the subscribed NOK amount. The amounts shown are not accumulated but are the dividend for each year.

The calculations of earnings per share from continuing operations and discontinued operations attributable to the ordinary equity holders of Sonans Holding AS are based on the following net profit/(loss) and share data:

(NOK)	**2020**	**2019**
Net income from continuing operations	62 888 741	26 925 158
Less preference shares annual dividend	43 402 283	36 105 247
Net income from continuing operations after preference share allocation	**19 486 458**	**-9 180 089**
Profit (loss) from discontinued operation	**-23 913 076**	**-58 627 739**
Weighted-average ordinary shares outstanding for the period	4 989 750	4 962 174
Basic earnings per share from continuing operations	3,91	-1,85
Basic earnings per share from discontinued operation	-4,79	-11,81
Total basic earnings per share	**-0,89**	**-13,66**
Weighted-average ordinary shares outstanding for the period	4 989 750	4 962 174
Diluted earnings per share from continuing operations	3,91	-1,85
Diluted earnings per share from discontinued operation	-4,79	-11,81
Total diluted earnings per share	**-0,89**	**-13,66**

Note 19 Liabilities to financial institutions

Accounting principles

Current and non-current liabilities to financial institutions are financial liabilities, primarily bank loans, and are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method to measure interest expense on the loans.

The liabilities to financial institutions are loan facilities from Nordea. The first loan facility, totaling NOK 168 million, terminates on 18 December 2022, and has a repayment schedule with two annual instalments. The second facility, totaling NOK 357 million, terminates on 18 December 2023 and shall be repaid in full on the date of termination. The interest rate of the loans is based on NIBOR, plus an applicable margin. The margin of the loans depends on the leverage ratio, and is in the range of 2,75-3,75 percent per annum. The loan agreements are governed by several financial covenants, including cashflow cover ratio, leverage ratio, and interest cover ratio. In addition to the two loan facilities described above, the Company has a revolving credit facility of NOK 70 million with interest of NIBOR plus 3,50 percent. The RFC terminates on 18 December 2022.

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Non-current liabilities to financial institutions	541 800 477	611 369 651	511 461 891
Current liabilities to financial institutions	54 001 724	48 001 532	66 668 008
Total liabilities to financial institutions	**595 802 201**	**659 371 183**	**578 129 899**

Specification of liabilities to financial institutions

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Total amount borrowed	606 203 831	674 205 363	590 776 085
Capitalized bank fees	-10 401 630	-14 834 180	-12 646 186
Total liabilities to financial institutions	**595 802 201**	**659 371 183**	**578 129 899**

Collateral and guaranties

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Nominal value of debt with collateral security			
Liabilities to financial institutions	606 203 832	674 205 364	560 873 372
Total	**606 203 832**	**674 205 364**	**560 873 372**

(NOK)	**31.12.2020**	**31.12.2019**	**01.01.2019**
Book value of collateral pledged			
Accounts receivable	22 759 173	30 263 885	29 821 745
Office machinery and equipment	8 678 965	10 059 253	10 148 460
Total	**31 438 138**	**40 323 138**	**39 970 205**

For additional information see note 25 - Financial risk management for maturities of liabilities to financial institutions.

Covenants

- Cashflow cover ratio (cashflow/debt service)
- Interest cover ratio (EBITDA/Net interest expenses)
- Leverage ratio (total net debt/EBITDA)

The covenants are tested quarterly. The Group is in compliance with the covenants as at 31 December 2020.

Note 20 Other operating expenses

Other operating expenses consist of the following:

(NOK)	**2020**	**2019**
Premises expenses	15 189 664	14 359 197
Loss allowance on trade receivable	15 675 508	18 059 536
Marketing	27 373 098	24 020 330
Other expenses	38 752 075	30 373 584
Total other operating expenses from continuing operations	**96 990 344**	**86 812 647**

Specification of auditors' fees

(NOK)	**2020**	**2019**
Statutory audit (incl. technical assistance with financial statements)	1 088 996	980 406
Other assurance services	51 426	175 576
Tax advisory services (incl. technical assistance with tax return)	170 760	243 455
Other assistance	1 532 363	450 635
Total	**2 843 545**	**1 850 073**

Other assistance in 2020 includes fees to the auditor in relation to their assistance with an ongoing IFRS conversion process.

Note 21 Financial items

Accounting principles

Financial income and financial expenses
Financial income includes interest earned on bank accounts and other interest-bearing financial assets, as well as foreign currency exchange gains. Financial expense includes interest expense measured using the effective interest rate method on bank loans and other interest-bearing financial liabilities, as well as interest expense on lease liabilities. Foreign currency exchange gains and losses are immaterial.

(NOK)	**2020**	**2019**
Interest income	1 022 005	692 161
Other financial income	177 234	117 838
Financial income	1 199 239	809 999
Interest expenses	50 462 191	44 103 234
in which interest on leasing	*8 731 820*	*9 326 623*
Other financial expenses	2 599 140	5 466 699
Financial expenses	53 061 331	49 569 933
Net financial items	**-51 862 092**	**-48 759 934**

Note 22 Taxes

Accounting principles

Income tax expenses consist of taxes payable and changes to deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Taxes payable is based on taxable profit for the year, which excludes items of income or expense that are taxable or deductible in other years. Taxable profit also excludes items that are never taxable or deductible. Sonans's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 *Income Taxes*. Deferred tax assets and liabilities are classified as non-current in the balance sheet and are measured based on the difference between the carrying value of assets and liabilities for financial reporting and their tax basis when such differences are considered temporary in nature. For items recognized as an asset and a liability at inception, such as a lease, temporary differences related to the asset and liability are considered in combination, and deferred tax assets and liabilities are recognized on changes to the temporary differences through the life of the items. Temporary differences related to intercompany profits are deferred using the buyer's tax rate. Deferred tax assets are reviewed for recoverability every balance sheet date, and the amount probable of recovery is recognized.

Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for the deferred tax related to items recognized in Other comprehensive income or resulting from a business combination or disposal. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates become effective or are substantively enacted. Uncertain tax positions are recognized in the financial statements based on management's expectations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Group intends to settle its current tax assets and liabilities on a net basis. All Group companies are in the same Norwegian tax regime and are allowed the offsetting of deferred tax assets and liabilities, which has resulted in a net deferred tax liability position for the Sonans Group in 2019 and a net deferred tax asset in 2020.

Deferred taxes are not provided on undistributed earnings of subsidiaries when the timing of the reversal of this temporary difference is controlled by Sonans Holding AS and is not expected to happen in the foreseeable future.

Descriptions

Specification of income tax expense

(NOK)	**2020**	**2019**
Income tax payable	21 715 861	15 658 676
Deferred tax income/expense	-4 249 530	-6 532 348
Total income tax expense	**17 466 331**	**9 126 328**

Specification of deferred tax balances

(NOK)	2 020	2 019
Intangible assets	4 600 000	19 800 000
Tangible assets	-3 894 760	-5 942 721
Trade receivable	296 753	-3 449 750
Financial lease	-7 373 264	-4 536 817
Employee benefits	-1 585 004	-2 379 202
Derivatives	-495 896	823 892
Tax losses carried forward	-1 560 051	-389 412
Other temporary differences	9 787 864	13 946 687
Net carrying value deferred tax liability/(asset) basis	**-224 358**	**17 872 677**
Net carrying value deferred tax liabilities/(assets)	**-49 359**	**3 931 988**

Changes in net deferred tax assets/liabilities

(NOK)	2 020	2 019
As of 1 January	3 931 988	996 066
Recognized in the statement of profit/(loss)	-4 249 530	-6 532 348
Other	268 184	9 468 270
As of 31 December	**-49 359**	**3 931 988**

Reconciliation of effective tax rate

(NOK)	2 020	2 019
Net income/(loss) before tax	55 822 520	-22 052 829
Expected income tax assessed at the tax rate for the Company 22 % (2019 - 22%)	12 280 954	-4 851 622
Adjusted for the tax effect of the following items:		
Impairment	-	13 625 233
Other permanent differences	3 663 976	3 414 413
Change in temporary differences	2 374 575	-3 061 787
Other	-	-
Income tax expense (income)	**18 319 506**	**9 126 237**
Effective tax rate	**32,8%**	**-41,4%**

Tax losses carried forward relate only to Norwegian entities, due to this, there is no time-limit related to when the tax losses may be utilized.

Note 23 Statement of cash flows

Accounting policies

Sonans uses the indirect method to present cash flows from operating activities. Interest and dividends received are included in cash flows from operating activities. Interest paid is included in financing activities.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Cash and cash equivalents in consolidated cash flow

NOK	31.12.2020	31.12.2019	01.01.2019
Bank deposits	17 846 453	35 377 873	29 137 815
Restricted cash balances	-	-	-
Total cash and cash equivalents	**17 846 453**	**35 377 873**	**29 137 815**
Unused overdraft facilities:	*70 000 000*	*70 000 000*	*40 000 000*

The Group has a bank guarantee for employee taxes withheld, so no restricted cash is held on a separate account.

Changes in liabilities arising from financing activities

Lease liabilities

NOK	31.12.2020	31.12.2019
Balance at the beginning of the period	198 269 569	177 251 172
Cash changes		
Payments to lessor	-41 081 256	-37 561 463
Non-cash changes		
Initial recognition	9 606 639	53 608 151
Settlement regarding Sonans Karriere	-12 251 475	-
Lease modifications	2 956 782	4 971 709
Balance at the end of the period	**157 500 258**	**198 269 569**
Current portion	*44 229 497*	*49 571 015*
Non-current portion	*113 270 761*	*148 698 554*

Liabilities from financial institutions

NOK	**31.12.2020**	**31.12.2019**
Balance at the beginning of the period	674 205 363	590 776 085
Cash changes		
Repayment of loans	-68 001 532	-38 471 810
New loans	-	150 000 000
Repayment of bank overdraft	-	-30 000 000
Non-cash changes		
Accrued interest	1 868 580	1 901 088
Balance at the end of the period	**608 072 411**	**674 205 363**
Current portion	*54 001 724*	*48 001 532*
Non-current portion	*552 908 392*	*626 203 831*

Repayments of other loans in 2020 is relating to the settlement of the seller credit entered into with the previous owner of Bjørnes Education AS and Bjørknes Høyskole AS.

Note 24 Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation.

There are no significant related party transactions for Sonans Group in 2019 or 2020.

Note 25 Financial risk management

The most significant financial risks which affect the Group are credit risk, liquidity risk and market risk related to interest rate risk, described further below. All group companies are Norwegian entities with a functional currency of NOK. There is very little to no Group exposure to foreign exchange currency gains and losses. Management performs continuous evaluations of these risks and related processes established to manage them within the Group.

Risk	**Exposure arising from**	**Measurement**
Market risk - interest rate risk	Borrowings with floating interest rates	Cash flow forecasting Sensitivity analysis
Credit risk	Cash and cash equivalents, trade receivable	Aging analysis Credit ratings
Liquidity risk	Current and non-current liabilities	Rolling cash flow forecasts

Risks related to the Group's financial situation

Loan obligations

The Group has a loan facility where requirements are set for the financial condition and actions (covenants) for the Group and/or a Group company, such as maximum leverage requirements, dividend restrictions and change of control provisions. Further, as security for its loan obligations, the Group has provided guarantees, pledged its shares in a number of subsidiaries, its material operating assets and monetary claims under certain intra-group loan agreements in favor of the relevant finance parties. No guarantee can be given that the Group will meet all covenants at any time, or that the finance parties will waive one or more to avoid a breach. This can mean that loan repayments are accelerated by the finance parties who can force a refinancing or sale of property, or otherwise enforce its pledges, to cover the loan.

Interest rate fluctuations

A high proportion of the Group's debt is bank debt and will thus be exposed to interest rate fluctuation. Periods of rapid increases in interest rates will entail a negative impact on the Group's cash flows, valuations of underlying assets and results. The Company seeks to minimize the risk of interest rate fluctuations through interest rate swaps for significant parts of the loan obligations. The outlook for the long-term interest rate paths will also affect the value development of the portfolio return investors can expect.

Liquidity risk

There is a risk that cash flows fluctuate, and the Group fails in assessing and monitoring the funds needed for its operations and there is also a risk that the Group will not have sufficient cash flow and liquidity to finance its operations and future growth as well as for the payments of its debt as they fall due. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group may be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity. There is a risk that the Group may not be able to affect any of these remedies on satisfactory terms, or at all.

(NOK)	Within 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount liabilities
Non-current lease liabilities	-	95 033 774	41 594 195	136 627 969	113 270 761
Non-current liabilities to financial institutions	-	642 917 811	-	642 917 811	541 800 477
Current liabilities to financial institutions	59 629 447	-	-	59 629 447	54 001 724
Current portion of lease liabilities	45 678 694	-	-	45 678 694	44 229 497
Derivatives (interest rate swaps)	495 896	-	-	495 896	495 896
Accounts payable	5 557 754	-	-	5 557 754	5 557 754
Current contingent consideration	30 000 000	-	-	30 000 000	30 000 000
Total financial liabilities	**141 361 791**	**737 951 585**	**41 594 195**	**920 907 571**	**789 356 109**

(NOK)	Within 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount liabilities
Non-current lease liabilities	-	122 251 477	48 846 033	171 097 510	148 698 554
Non-current liabilities to financial institutions	-	733 557 165	-	733 557 165	611 369 651
Non-current contingent consideration	-	30 000 000	-	30 000 000	30 000 000
Current liabilities to financial institutions	55 258 933	-	-	55 258 933	48 001 532
Current portion of lease liabilities	40 769 000	-	-	40 769 000	49 571 015
Accounts payable	11 420 145	-	-	11 420 145	11 420 145
Current contingent consideration	30 000 000	-	-	30 000 000	30 000 000
Total financial liabilities	**137 448 078**	**885 808 642**	**48 846 033**	**1 072 102 753**	**929 060 897**

Future debt arrangements could limit the Group's liquidity and flexibility

Any future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Group's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Group's financial condition at the time of such financing or offering, as well as by adverse market conditions related to, for example, general economic conditions and contingencies and uncertainties that are beyond the Group's control. Failure by the Group to obtain funds for future capital expenditures could impact the Group's results, financial condition, cash flows and/or prospects.

Credit risk

The Group's credit risk arises from cash and cash equivalents as well as outstanding receivables. The Group does not have a specific procedure for assessing credit risks for its customers before transactions are entered, as the majority are students with funding from Lånekassen. The Group does not have significant credit risk associated by a single counterparty.

Cash and cash equivalents: The counterparties for the Group's cash deposits are large banks which are considered to be solid. The Group assesses that there is no material credit risks associated with these deposits.

Capital management

The Group's objectives for capital management is to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents in order to support its business and obligations as well as having sufficient flexibility to invest in attractive investment opportunities. The Group manages its capital structure in light of changes in economic and actual conditions, and the development in the groups underlying business. In order to manage seasonal liquidity fluctuations, the Group has an available revolving credit facility of NOK 70,000,000 available. The Group's equity ratio is 23,9% in 2020 and 19,0% in 2019.

Note 26 Subsidiaries and discontinued operations

Subsidiaries	Location	Ownership/ voting right
Sonans Holdco AS	Oslo	100 %
Sonans Midco AS	Oslo	100 %
Sonans Bidco AS	Oslo	100 %
Sonans Gruppen AS	Trondheim	100 %
Sonans Karriere AS (sold 30.06.2020)	Oslo	100 %
Sonans Privatgymnas AS	Trondheim	100 %
Athomstart Invest 388 AS (acquired 12.07.2019 and merged with Bjørknes Høyskole AS 02.03.2020)	Oslo	100 %
Athomstart Invest 389 AS (acquired 12.07.2019 and merged with Bjørknes Education AS 05.03.2020)	Oslo	100 %
Bjørknes Education AS (acquired 25.06.2019)	Oslo	100 %
Bjørknes Høyskole AS (acquired 25.06.2019)	Oslo	100 %
Norwegian School of Technology AS	Trondheim	100 %
Frisvold Privatgymnas AS (liquidated 06.02.2020)	Oslo	100 %

Sale and disposal of subsidiaries

Frisvold Privatgymnas AS
Frisvold Privatgymnas AS was liquidated in 2020. Both the contribution to the Group's profit or loss and effect on the balance sheet are not material.

Sonans Karriere AS
Sonans Karriere AS was sold in 2020 for NOK 5 972 673. This generated a total loss for the Group amounting to NOK 21 945 055.

(NOK)	**01.01 - 30.06 2020**	**2019**
Total revenue	44 004 919	156 928 177
Impairment	-	61 932 877
Loss on sale of Sonans Karriere after income tax	-21 945 055	
Total operating expenses	46 242 028	151 914 024
EBIT	**-24 182 164**	**-56 918 724**
Net financial items	285 995	757 712
Profit /(loss) before income tax	**-24 468 159**	**-57 676 436**
Income tax	-555 083	951 303
Profit/(loss) after income tax of discontinued operation	**-23 913 077**	**-58 627 738**

Note 27 Events after the reporting period

On 17 February 2021 Sonans Holding AS was listed on the Euronext Growth index at the Oslo Stock Exchange. As part of the process the company raised NOK 200 million of new equity in a primary issue.

As part of the listing, the company also converted all shares into one ordinary class of shares. Prior to the conversion the company had a two share classes, in addition to the ordinary A-shares there was a preference share class.

After 31 December 2020 Sonans Holding AS has also refinanced its bank debt. NOK 156 million of the proceeds from the share issue was used to reduce the interest-bearing debt. Following the refinancing the Company has senior bank debt of NOK 450 million, and a revolving credit facility of NOK 70 million. The gearing ratio was thus reduced and Sonans Holding AS obtained a lower interest margin on the new facility.

Between 31 December 2020 and the resolution of these annual financial statements, there have not been any other events that have had a material impact on Sonans Group's result in 2020 or the value of the Group's assets and liabilities at 31 December 2020.

Note 28 IFRS conversion

For all periods up to and including the year ended 31 December 2020, Sonans Holding AS prepared its consolidated financial statements in accordance with Norwegian accounting standards and guidelines for good accounting practice (Norwegian GAAP/NGAAP). These consolidated financial statements, for the year ended 31 December 2020, are the first Sonans Group (with parent company Sonans Holding AS and wholly owned subsidiaries) has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and specifically in accordance with IFRS 1 First-Time Adoption of International Financial Reporting Standards.

Equity reconciliations from NGAAP reported figures are given below for the 1 January 2019 transition to IFRS and the 31 December 2020 statement of financial position, which is the last period-end presented in the entity's most recent annual report using NGAAP.

Accordingly, Sonans Holding AS has prepared consolidated financial statements which comply with IFRS as adopted by the EU applicable for periods beginning on or after 1 January 2020 as described in the accounting policies. In preparing these financial statements, Sonans's IFRS opening balance sheet was prepared as of 1 January 2019, the date of transition to IFRS using the same accounting principles as were applicable for the 2020 IFRS reporting. The IFRS conversion for the 2019 opening balances and 2019 and 2020 statements of comprehensive income are a conversion of the Sonans Group consolidated NGAAP financial statements.

Sonans Holding AS as the parent made several acquisitions prior to the 1 January 2019 transition to IFRS, as well as acquiring companies in 2019. All business combinations that were made in 2019 are accounted for under IFRS 3 *Business Combinations* at the date of acquisition. The IFRS 1 Appendix C exemptions for business combinations made prior to the date of transition to IFRS have been applied where applicable for all acquisitions made prior to 1 January 2019 (discussed in more detail below). IFRS 16 Leases is applied from the date of transition, 1 January 2019, using the IFRS 1 allowed practical expedients specifically for IFRS 16 upon transition to IFRS (IFRS 1.D9-D9E). NGAAP – IFRS differences related to IFRS 9 *Financial Instruments* are applied retrospectively.

This rest of this note disclosure explains the IFRS 1 practical expedients applied by Sonans Group in their conversion to IFRS, gives an overview of the principal adjustments made by Sonans Group in restating the NGAAP 1 January 2019 and 31 December 2019 and 31 December 2020 balance sheets and 2019 and 2020 income statements, and concludes with a detailed discussion of the NGAAP to IFRS adjustments as presented in the tables (table notes A-W). In accordance with IFRS 1.24(a)-(c) tables are included giving a reconciliation for the opening IFRS balance at 1 January 2019 (date of transition to IFRS), 31 December 2020 (the end of the latest period presented in the Sonans Group's most recent NGAAP annual report), and a reconciliation of total comprehensive income for 2020 which is the latest period in the Sonans most recent annual report. Each of these tables gives the reconciliation from the NGAAP financial statement as a starting point to the IFRS balance sheet or income statement line items amount.

<u>IFRS 1 applied exemptions</u>
IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2020 year ends retrospectively. The general requirement of IFRS 1 is full retrospective application. Sonans Group has acquisitions before and after the transition date, derivative instruments not recognized under NGAAP, loss allowances requiring remeasurement under IFRS, and operating leases. The operating leases recognized under NGAAP were expensed as the payments were made. Under IFRS 16 these leases are required to be accounted for as financial leases, so there is a conversion to IFRS difference for the lease agreements. Revenue recognition under NGAAP versus under IFRS 15 is not consistent related to the timing of revenue recognition.
Sonans Group has elected to not apply the requirements of IFRS 3 retrospectively, as is allowed in IFRS 3 Appendix C, and will apply IFRS 3 prospectively as of the transition date to IFRS. All goodwill in the 31 December 2018 NGAAP balance sheet is therefore, as allowed by IFRS 1, the 1 January 2019 IFRS opening balance sheet goodwill. All leases are recognized at transition using the IFRS 1 practical expedients granted in IFRS 1.D9-D9E. Sonans uses the incremental borrowing rate (IBR) at transition date, and the lease liabilities are measured as the value of the remaining lease liabilities discounted using the IBR. The right-of-use assets at transition to IFRS are recognized at the same amount as the lease liabilities.

<u>NGAAP to IFRS differences</u>
In adopting IFRS as of 1 January 2020 with a transition date of 1 January 2019, the following measurement and recognition differences between NGAAP and IFRS were identified and taken into account during the conversion process for the balance sheet dates of 1 January 2019 and 31 December 2019 and 31 December 2020, as well as for the 2019 and 2020 fiscal years. There are no other identified material differences related to measurement and recognition other than those listed below.

1. Differences related to IFRS 3 Business Combinations: Acquisitions made in 2019 under NGAAP included transaction costs as part of the consideration given in the transaction. Goodwill under NGAAP was measured as the difference between the total consideration given less the net assets acquired as given in the balance sheet of the target. Under IFRS, transaction costs are expensed as incurred, and the intangible asset Student contracts has been recognized as of the date of the acquisition. Student contracts are finite life intangible asset and are amortized under IFRS. Goodwill under NGAAP was amortized over a 20-year period; there is no amortization of goodwill under IFRS.

2. Differences related to IFRS 9 Financial Instruments: In the IFRS statement of financial position bank loans have been reclassified as current loans and non-current loans. The loss allowance for trade receivable is measured using the expected credit loss allowance (ECL) method under IFRS as opposed to the NGAAP incurred loss approach. Derivatives that were off-balance sheet under NGAAP are now recognized at fair value over profit or loss.

3. Differences related to IFRS 16 Leases: Under NGAAP leases were either recognized as operating leases with the expense recognized as part of operating expenses at the time of the cash payments or as financial leases but with a different measurement basis than required by IFRS 16. All leases, except leases defined to be of low-value, are now recognized by Sonans Group as a financial lease measured in accordance with IFRS 16. At 1 January 2019 (transition to IFRS) lease liabilities are measured at the discounted value of the future estimated lease payments from 1 January 2019 to the end of the lease term using a discount rate based on the Sonans entity's incremental borrowing rate (IBR). At transition to IFRS the right-of use assets are measured at the same amount as the lease liability. The right-of-use assets are amortized over the useful life of the asset or the lease term, whichever is longer.

4. Differences related to IAS 19 *Employee benefits*: the actuarial differences related to the defined-benefit pension liability are recognized as part of OCI for IFRS reporting purposes.

NGAAP to IFRS financial statements

The tables shown below give the NGAAP to IFRS reconciliations for the conversion to IFRS as of 1 January 2019 (transition opening balances) and 31 December 2020 (last reported NGAAP end-of-period balances), as well as the NGAAP-IFRS adjustments for comprehensive income for 2020.

The note references in the tables refer to the following NGAAP-IFRS adjustments and reclassifications:

Note A – The NGAAP line item Concessions and patents is reclassified in the IFRS statement of financial position to Intangible assets.

Note B – Intangible assets under IFRS includes the intangible asset of student contracts. The intangible asset Student contracts was acquired with the acquisition of Bjørknes Education AS and Bjørknes Høyskole AS. Intangible assets are increased by NOK 33 million and amortization in the statement of profit or loss is increased, as compared to the NGAAP, by the annual amortisation charge on student contracts.

Note C – Deferred tax assets and deferred tax liabilities are adjusted in the conversion process from NGAAP to IFRS in respect of the difference in the underlying transaction.

Note D – Goodwill in the opening statement of financial position on 1 January 2019 is the NGAAP goodwill closing balance from 31 December 2018. Goodwill under IFRS in the 31 December 2020 statement of financial position is adjusted for the NGAAP – IFRS differences related to reversal of the NGAAP goodwill amortisation and reduction to goodwill of the transaction costs that were capitalized in goodwill. In addition, NGAAP goodwill was higher than IFRS goodwill for the acquisitions made in 2019 by the amount of the intangible asset Student contracts. In the statement of profit or loss, amortisation is lower under IFRS as there is no goodwill amortisation, and operating expenses are increased under IFRS by the transaction costs which are expensed immediately (NGAAP allowed capitalization of the transaction costs). Additionally, in 2020 there is a reversal of the goodwill amortisation recognised under NGAAP on the loss from sale of Sonans Karriere AS.

Note E – All leasing contracts under IFRS are recognised as financial leases, as opposed to under NGAAP where the leases were accounted for as operational leases. This creates a difference in the statement of profit or loss where the NGAAP operating lease expense was recognised as part of operating expenses (and is reversed out of operating expenses under IFRS) and instead under IFRS there is a recognition of the right-of-use assets amortisation as part of operating expenses and the interest expense on the lease liability is recognised as part of financial expenses. In the 1 January 2019 transition to IFRS statement of financial position lease liabilities are recognised at their net present value and the right-of-use asset at the same amount, with the associated deferred tax impact also recognised. In the 31 December 2020 IFRS statement of financial position lease liabilities and right-of-use asset are recognised as an IFRS – NGAAP adjustment.

Note F –The trade receivable loss allowance under NGAAP is based on an incurred loss model, where the losses are based on an assessment of collectability of the overdue receivables and accounts are written off when deemed uncollectible. Under IFRS the loss model is based on expected credit losses. There is an adjustment of the loss allowance as compared to NGAAP. The loss allowance NGAAP to IFRS difference is an adjustment in the statement of profit or loss as part of operating expenses.

Note G – Under NGAAP the Earned, not invoiced (contract asset) and Deferred revenue (contract liability) balances were netted in the statement of financial position and included in Other current liabilities. Under IFRS these balances are shown at the gross amounts on separate lines in the statement of financial position. Deferred revenue is also recognised (allocated) under IFRS over the nine-month school year as opposed to the twelve-month calendar year as under NGAAP.

Note H – NGAAP allows for the losses that have accumulated in retained earnings to be netted into the share premium balance in the equity section of the statement of financial position. The NGAAP net loss from 2019 that was netted into share premium at 31 December 2019 has been reversed back to retained earnings.

Note I – Under IFRS the change in the actuarial estimates (pension corridor) is recognised as part of OCI.

Note J – Under IFRS the liabilities to financial institutions are presented as both current and non-current whereas NGAAP classified all debt as non-current. Contingent consideration is also presented as current and non-current under IFRS. Under NGAAP finance bank fees has been classified gross in the statement of financial position and are presented net under IFRS.

Note K – Under NGAAP the derivative instrument contracts (interest rate swap agreements) were off-balance sheet and not recognized until there was a cash flow associated with the derivative. Under IFRS the derivatives are measured at fair value and recognized in the statement of financial position, and changes in fair value of the interest rate swap derivatives are recognized as interest expense in the statement of profit or loss.

Note L – In the 1 January 2019 statement of financial position under NGAAP the line item Financial leasing has been reclassified to Other non-current liabilities.

Note M - Under NGAAP finance bank fees have been presented gross in balance sheet and are presented net under IFRS as a liability (included as part of the amortised cost of the liabilities to financial institutions).

Reconciliation of Assets, Liabilities and Equity 31.12.2020

Balance sheet		NGAAP	NGAAP Reclassification	Effect of transition to IFRS	IFRS
For the period ended 31 December 2020	**IFRS Adjustment #**	**NOK**	**NOK**	**NOK**	**NOK**
ASSETS					
Non-current assets					
Concessions, patents etc.	A	6 512 414	(6 512 414)	-	-
Intangible assets	A,B	-	6 512 414	4 600 000	11 112 414
Deferred tax asset	C	-	(1 895 518)	1 944 877	49 359
Goodwill	D	881 829 978	-	75 202 179	957 032 157
Total intangible assets		**888 342 392**	**(1 895 518)**	**81 747 056**	**968 193 930**
Capitalized costs		1 553 225	-	-	1 553 225
Financial leasing		-	-	-	-
Right-of-use assets	E	-	-	150 126 994	150 126 994
Office machinery and equipment		12 224 527	-	-	12 224 527
Total tangible assets		**13 777 752**	**-**	**150 126 994**	**163 904 746**
Investments in shares		1 498 800	-	-	1 498 800
Other non-current receivables		-	-	-	-
Total non-current financial assets		**1 498 800**	**-**	**-**	**1 498 800**
Total non-current assets		**903 618 944**	**(1 895 518)**	**231 874 050**	**1 133 597 476**
Current assets					
Trade receivables	F	23 356 393	-	613 815	23 970 208
Earned, not invoiced	G	-	51 878 646	-	51 878 646
Derivatives		-	-	-	-
Other current assets		-	-	-	-
Other current receivables		16 194 105	-	-	16 194 105
Cash and bank deposits		17 846 453	-	-	17 846 453
Total current assets		**57 396 951**	**51 878 646**	**613 815**	**109 889 412**
TOTAL ASSETS		**961 015 895**	**49 983 128**	**232 487 865**	**1 243 486 888**
For the period ended 31 December 2020					
EQUITY AND LIABILITIES					
Equity					
Share capital		2 995 029	-	-	2 995 029
Treasury stock		(42 495)	-	-	(42 495)
Share premium	H	222 726 543	67 405 425	-	291 631 968
Other reserves	I	-	-	(1 236 303)	(1 236 303)
Retained earnings		-	(67 405 425)	73 131 010	4 225 585
Total equity		**225 679 077**	**-**	**71 894 707**	**297 573 784**
Non-current liabilities					
Pension liabilities	I	615 872	-	1 585 004	2 200 876
Deferred tax	C	883 518	(1 895 518)	1 012 000	-
Liabilities to financial institutions	J	595 802 201	(54 001 724)	-	541 800 477
Non-current lease liabilities	E	-	-	113 270 761	113 270 761
Contingent consideration		-	-	-	-
Other non-current liabilities		-	-	-	-
Total non-current liabilities		**597 301 591**	**(55 897 242)**	**115 867 765**	**657 272 114**
Current liabilities					
Liabilities to financial institutions	J	-	54 001 724	-	54 001 724
Current lease liabilities	E	-	-	44 229 497	44 229 497
Derivatives	K	-	-	495 896	495 896
Trade creditors		5 557 754	-	-	5 557 754
Tax payable		22 791 738	-	-	22 791 738
Public duties payable		16 079 458	-	-	16 079 458
Unearned revenue	G	-	82 195 199	-	82 195 199
Contingent consideration	J	-	30 000 000	-	30 000 000
Other current liabilities	G,J	93 606 278	(60 316 553)	-	33 289 725
Total current liabilities		138 035 228	105 880 370	44 725 393	288 640 991
Total liabilities		735 336 819	49 983 128	160 593 158	945 913 105
TOTAL EQUITY AND LIABILITIES		961 015 895	49 983 128	232 487 865	1 243 486 888

Reconciliation of Profit (Loss) and Comprehensive Income (Loss) 2020

Statement of profit or loss		**NGAAP**	**Reclassification discontinued operations**	**Effect of transition to IFRS**	**IFRS**
For the period ended 31 December 2020	**IFRS Adjustment #**	**NOK**	**NOK**	**NOK**	**NOK**
Revenue		561 001 443	(44 004 919)	-	516 996 524
Government grants		1 056 848	-	-	1 056 848
Other operating income		353 827	-	-	353 827
Total revenue		562 412 118	(44 004 919)	-	518 407 199
Raw materials and consumables used		-	-	-	-
Payroll expenses		259 500 604	(34 712 425)	-	224 788 179
Depreciation and amortisation expenses	D,E	64 474 085	(2 234 807)	1 728 422	63 967 700
Impairment		-	-	-	-
Loss from sale of Sonans Karriere AS	D	19 599 319	(21 945 055)	2 345 736	-
Other operating expenses	E,F	159 146 708	(9 294 796)	(52 861 568)	96 990 344
Total operating expenses		502 720 716	(68 187 083)	(48 787 410)	385 746 223
Operating profit/(loss) (EBIT)		59 691 402	24 182 164	48 787 410	132 660 976
Interest income		1 022 005	-	-	1 022 005
Financial income		177 234	-	-	177 234
Interest expense	E,K	(40 410 583)	285 995	(10 051 608)	(50 176 196)
Financial expense		(2 599 140)	-	-	(2 599 140)
Net financial items		(41 810 484)	285 995	(10 051 608)	(51 576 097)
Profit/(loss) before income tax		17 880 918	24 468 159	38 735 802	81 084 879
Income tax		21 289 274	555 082	(3 648 219)	18 196 138
Profit/(loss) for the year		(3 408 356)	23 913 077	42 384 021	62 888 741
Profit/(loss) from discontinued operations			(23 913 077)		(23 913 077)
Other comprehensive income:					
Items that might be subsequently reclassified to profit or loss:					
-		-	-	-	-
Item that are not reclassified to profit or loss:					
Remeasurement of defined benefit pension liabilities - decrease/(increase)	I	-	-	794 198	794 198
Related tax effects	I	-	-	(174 724)	(174 724)
Total comprehensive income for the year		(3 408 356)	-	43 003 495	39 595 139

Reconciliation of Assets, Liabilities and Equity 31.12.2018 (01.01.2019)

Balance sheet		**NGAAP**	**NGAAP Reclassification**	**Effect of transition to IFRS**	**IFRS 01.01.2019**
For the period ended 31 December 2018	**IFRS Adjustment #**	**NOK**	**NOK**	**NOK**	**NOK**
ASSETS					
Non-current assets					
Concessions, patents etc.	A	503 643	(503 643)	-	-
Intangible assets	A	-	503 643	-	503 643
Deferred tax asset	C	-	(457 457)	457 457	(0)
Goodwill		821 610 355	-	-	821 610 355
Total intangible assets		**822 113 998**	**(457 457)**	**457 457**	**822 113 998**
Capitalized costs		846 489	-	-	846 489
Financial leasing	L	3 029 770	(3 029 770)	-	-
Right-of-use assets	E	-	-	177 251 172	177 251 172
Office machinery and equipment		8 129 922	-	-	8 129 922
Total tangible assets		**12 006 181**	**(3 029 770)**	**177 251 172**	**186 227 583**
Investments in shares		-	-	-	-
Other non-current receivables	M	12 743 473	(12 743 473)	-	-
Total non-current financial assets		**12 743 473**	**(12 743 473)**	**-**	**-**
Total non-current assets		**846 863 652**	**(16 230 700)**	**177 708 629**	**1 008 341 581**
Current assets					
Trade receivable	F	30 860 026	-	(1 661 240)	29 198 786
Earned, not invoiced	G	-	43 028 181	-	43 028 181
Derivatives		-	-	-	-
Other current assets		-	-	-	-
Other current receivables		14 615 240	-	-	14 615 240
Cash and bank deposits		29 137 815	-	-	29 137 815
Total current assets		**74 613 080**	**43 028 181**	**(1 661 240)**	**115 980 021**
TOTAL ASSETS		**921 476 732**	**26 797 481**	**176 047 389**	**1 124 321 602**

Balance sheet					
EQUITY AND LIABILITIES					
Equity					
Share capital		2 531 083	-	-	2 531 083
Treasury stock		(13 400)	-	-	(13 400)
Share premium		249 066 198	-	-	249 066 198
Other reserves		-	-	-	-
Retained earnings		(1 444 190)	-	(1 621 891)	(3 066 081)
Total equity		**250 139 691**	**-**	**(1 621 891)**	**248 517 800**
Non-current liabilities					
Pension liabilities		-	-	-	-
Deferred tax	C	1 453 523	(457 457)	-	996 066
Liabilities to financial institutions	J,M	560 873 372	(49 411 481)	-	511 461 891
Non-current lease liabilities	E	-	-	130 363 086	130 363 086
Contingent consideration		-	-	-	-
Other non-current liabilities	L	3 433 431	(3 029 770)	-	403 661
Total non-current liabilities		**565 760 326**	**(52 898 708)**	**130 363 086**	**643 224 704**
Current liabilities					
Liabilities to financial institutions	J	30 000 000	36 668 008	-	66 668 008
Current lease liabilities	E	-	-	46 888 086	46 888 086
Derivatives	K	-	-	418 108	418 108
Trade creditors		6 205 914	-	-	6 205 914
Tax payable		9 624 276	-	-	9 624 276
Public duties payable		16 177 940	-	-	16 177 940
Unearned revenue	G	-	64 858 254	-	64 858 254
Contingent consideration		-	-	-	-
Other current liabilities	G	43 568 585	(21 830 073)	-	21 738 512
Total current liabilities		105 576 715	**79 696 189**	**47 306 194**	**232 579 098**
Total liabilities		671 337 041	**26 797 481**	**177 669 280**	**875 803 802**
TOTAL EQUITY AND LIABILITIES		921 476 732	**26 797 481**	**176 047 389**	**1 124 321 602**

To the Board Meeting of Sonans Holding AS

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Sonans Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

PricewaterhouseCoopers AS, Brattørkaia 17B, Postboks 6365 Torgard, NO-7492 Trondheim
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Trondheim, 10 May 2021
PricewaterhouseCoopers AS

Ronny Lysmen
State Authorised Public Accountant

(This document is signed electronically)