



Q3 2021 Presentation

CEO Erik Brandt and CFO Martin Prytz



The leading private education provider in Norway

Attractive market position and financial characteristics

#1
Undisputed market leader within private candidate exams

NOK 518m
Revenue* 2020

~100%
Cash conversion

Top 3
National survey for student satisfaction for higher education

30%
Adj. EBIT margin* (IFRS) 2020

25%
Online revenue share** 2020

Both local presence with campuses and online offering



Operates in two different markets in Norway

High school private candidate exam preparation courses in Norway

15 campuses across Norway and online offering

~8,400 students**, of which ~3,500 are online

Private university college with strong online offering

One campus in Oslo and online offering

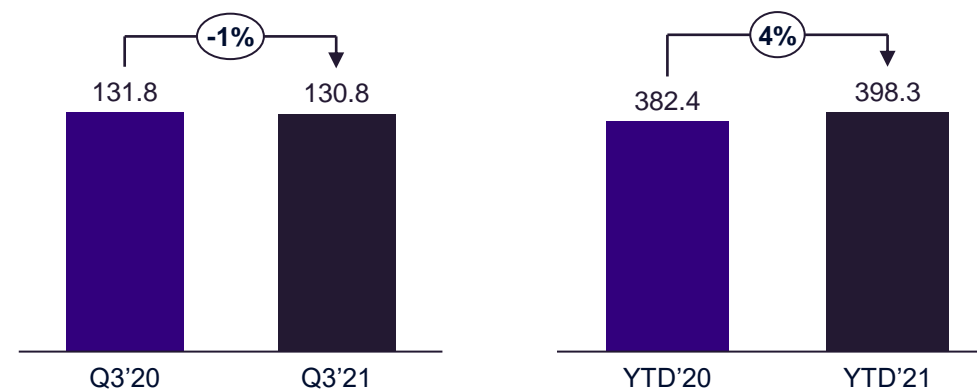
~ 2,800 students**, of which ~ 1,900 are online

* Pro forma for the sale of Sonans Karriere AS. Pro forma approximation of Sonans Gruppen's IFRS Adj. EBIT, reflecting a reversal of leasing costs in accordance with IAS 17. Adjusted for items deemed to be of non-recurring character
 ** Unique and active students as at September 30 2021

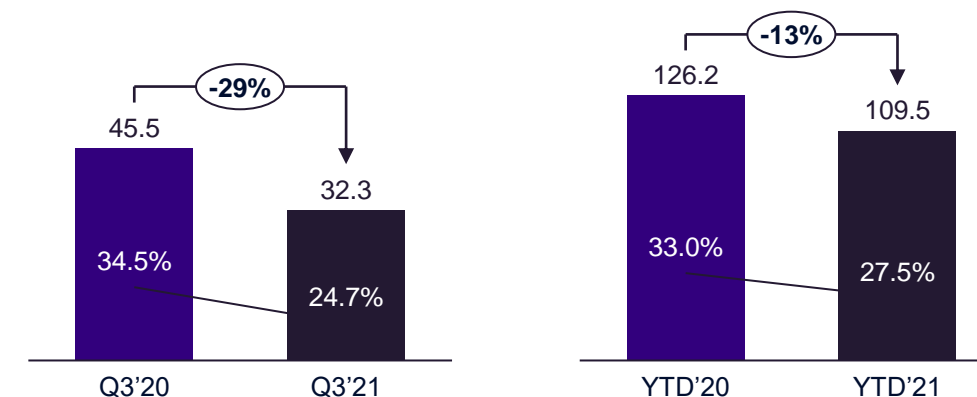
Executive Summary Q3'21

- Strong underlying market trends with 11 % growth in total active students this quarter
- Revenue down 1% to NOK 130.8 mill
 - Migration to online studies for Sonans
- EBIT down 29% to NOK 32.3 mill
 - Short term fixed campus cost structure for Sonans
 - Ramp-up of cost related to new programmes at Oslo Nye Høyskole
- Brand identity strengthened
- Sonans Utdanning
 - Aligning operations to reflect online shift under implementation
- Oslo Nye Høyskole
 - New programmes well received and successfully launched
- Norwegian School of Technology
 - Ramp up plan established, awaiting final approval

Revenue (NOKm)



Adj. EBIT & Adj. EBIT margin in NOKm and %



Strengthening brand identity for Lumi Group & ONH

Rebranding to strengthen market position and identity



- New name (Oslo New University College) to reflect institution's strong market position and future ambition



- New identity to reflect multi brand strategy for the Group

Martin Prytz new CFO, started 14 September



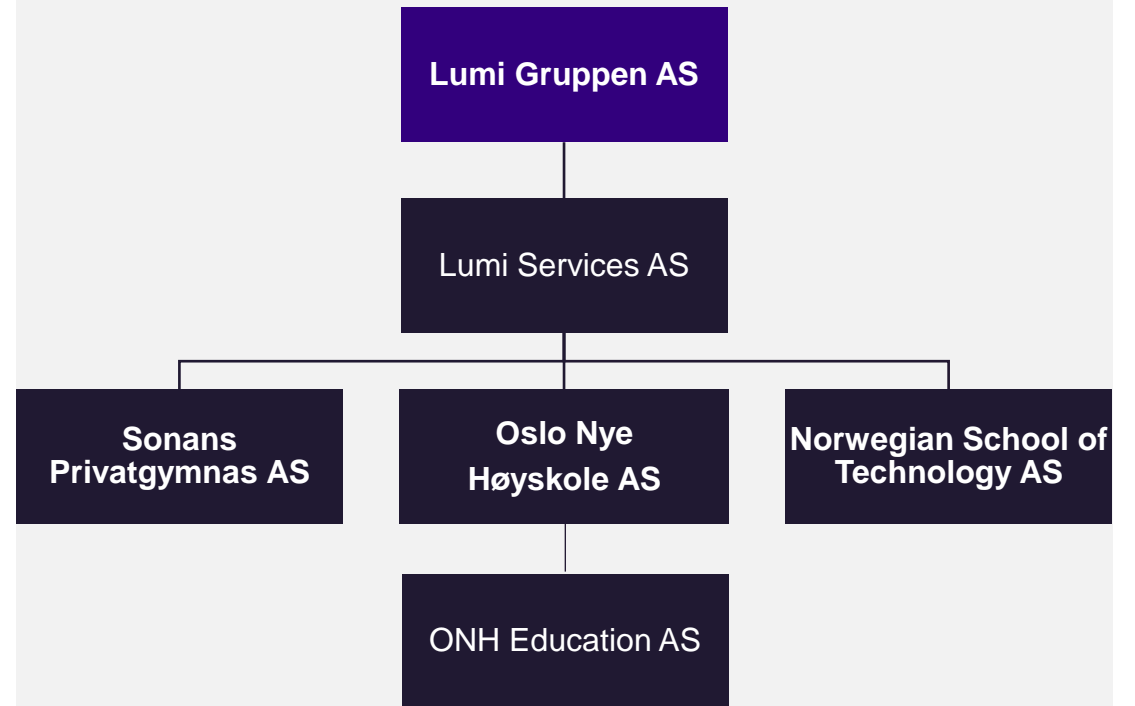
More than 15 years of experience in finance and auditing, with multiple finance leader positions



- MSc in Accounting and Auditing, BI
- MSc in Business Economics, NHH



New simplified corporate structure



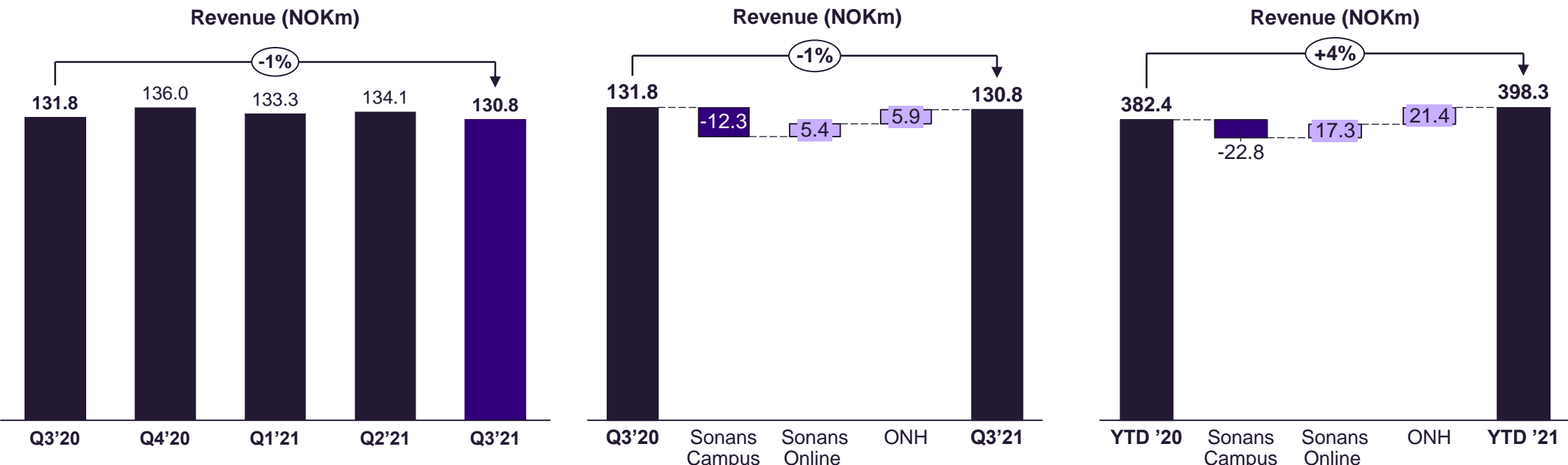


Q3 2021 Financials

Martin Prytz, CFO

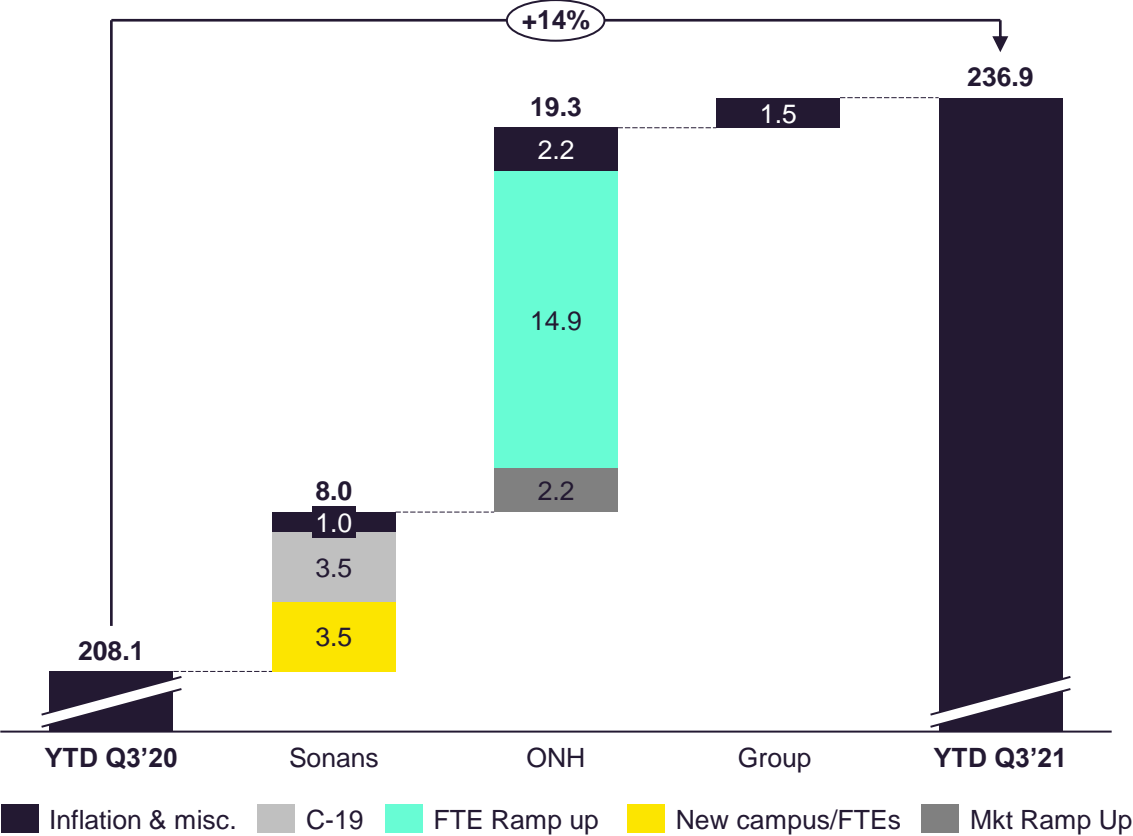
Online shift affects revenue for the school year '21/'22

- Revenue growth at 4% year to date and -1% for the quarter
- Sonans campus sales affected by migration to online
- Late marketing launch of new bachelor programmes reduced first year intake for Oslo Nye Høyskole

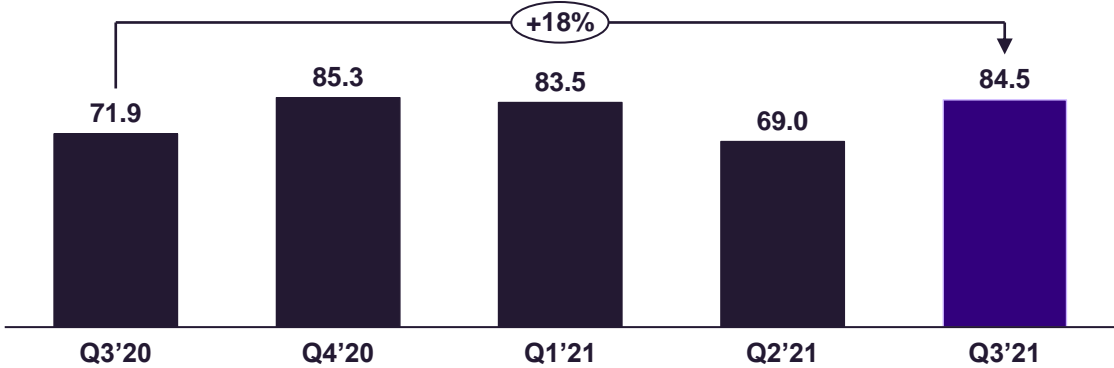


Fully invested for future growth, but up-front investments a prerequisite to receive accreditation from NOKUT

Adj. OpEx YTD (excl. Bad Debt)



Adj. OpEx* (NOKm)



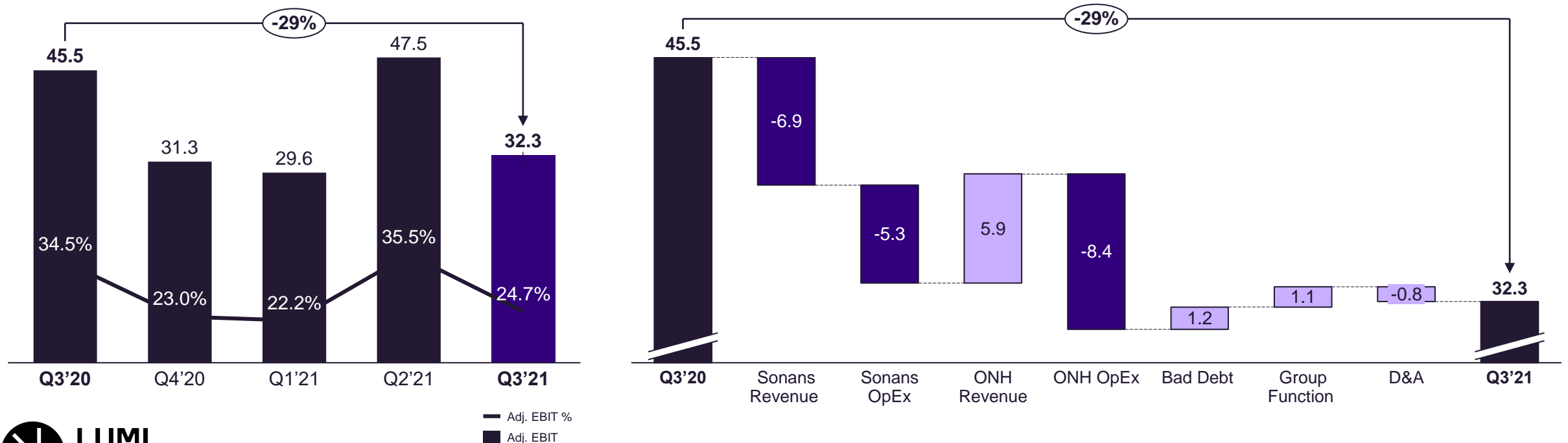
Adj. OpEx** LTM (NOKm)



* excl. Bad Debt
 ** excl. Bad Debt and C-19 virus control measures

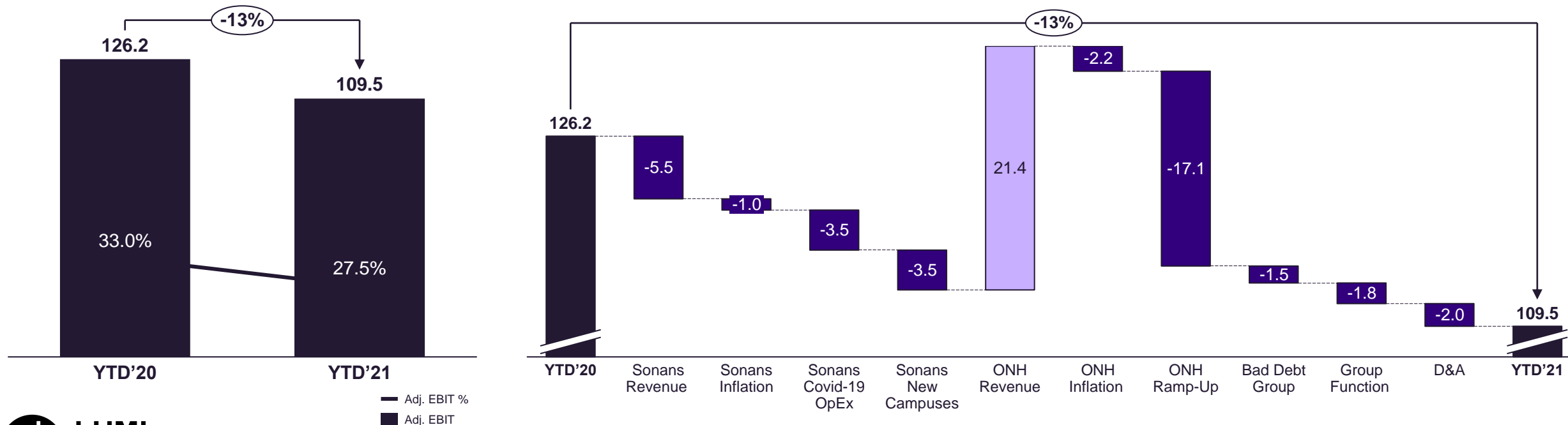
Mix & late marketing launch of bachelor programmes affects profitability

- Adj. EBIT down by 29% for the quarter
 - Decline in Sonans campus sales not fully offset by online migration
 - Online price level ~25% below campus and need more volume to balance out the decline in EBIT
 - Different method for revenue recognition for online vs. campus with impact on EBIT short term



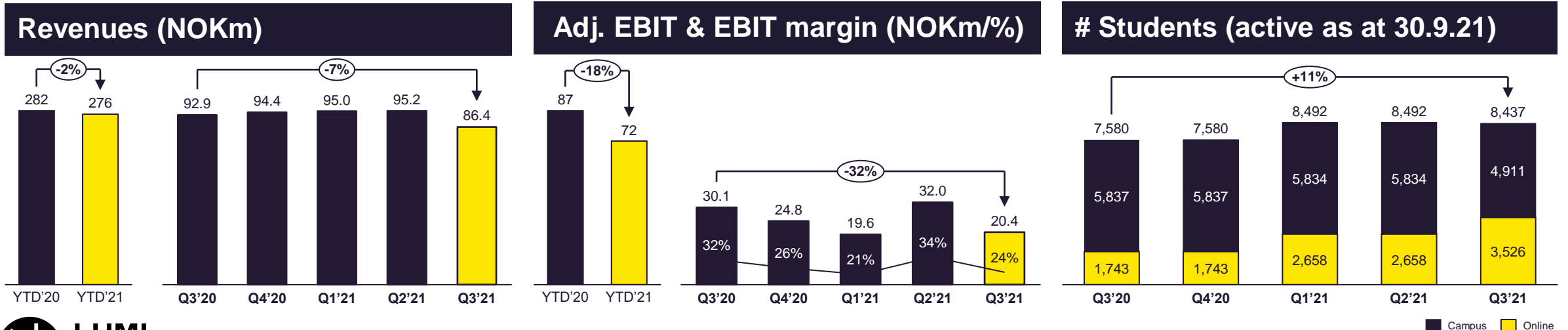
Mix & late marketing launch of bachelor programmes affects profitability

- Adj. EBIT down by 13% year to date end Q3
 - Decline in Sonans campus sales, not offset by online migration
- Late launch of marketing of ONH bachelor programmes resulted in a close to “break-even” of new programs year to date



Sonans # of students stable, but online migration affects revenues & margins

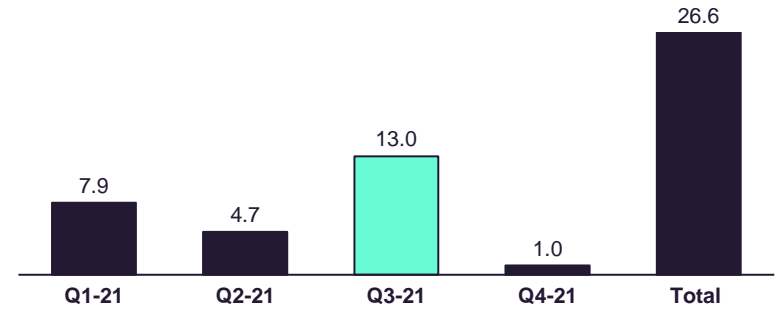
- Slower market likely due to COVID-19 pandemic
 - 2 years w/o exams in high school. Students preferring online lecturing vs. campus during C-19 pandemic
 - Online course revenue deferred over 12 months from contract date while campus is deferred over 4 or 6 months (spring/autumn)
- Adj. EBIT at 24% in Q3'21, down 32% vs. Q3'20 – Due to drop in campus sales
 - Limited flexibility in OpEx base short term.
 - Additional mkt spend of NOK 1,5 mill in Q3'21, but flat year to date vs. last year
- Online sales has higher margin, but prices are lower
 - Additional volume needed to maintain same level of margin



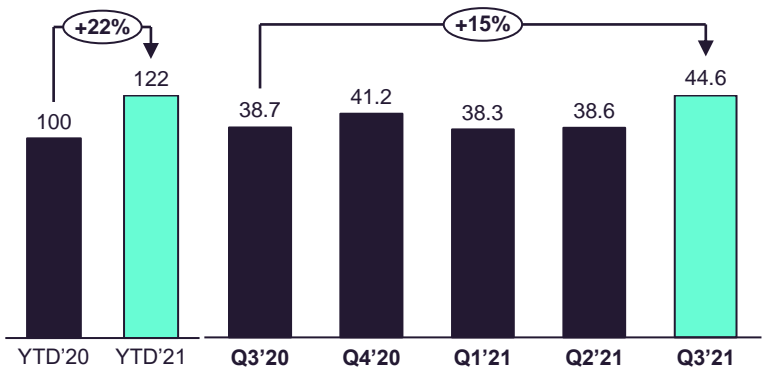
New programmes successfully started. EBIT margin is flat last quarters due to the ramp-up in cost

- ONH delivering on its growth plan - Sales growth of 15% in Q3 vs. LY
 - Slightly behind target due to late marketing launch of new bachelor programmes
- Ramp-up costs affected Adj. EBIT
 - Adj. EBIT margin 28% in Q3'21 vs 40% in Q3'20
 - OpEx in line with plan and prerequisite for launching the new bachelor programmes
- Campus prices aligned with online prices and same method for revenue recognition

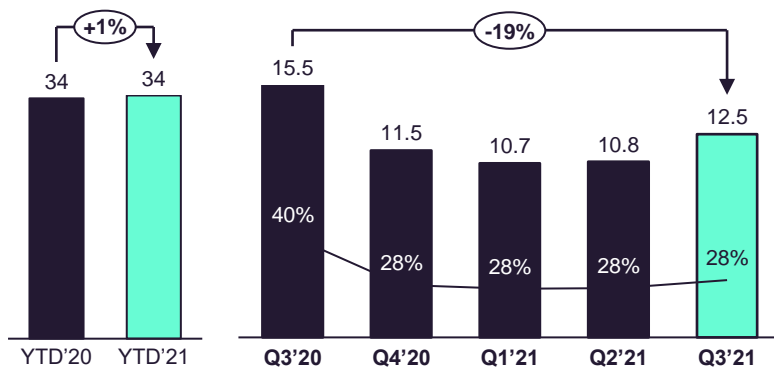
New FTEs in '21



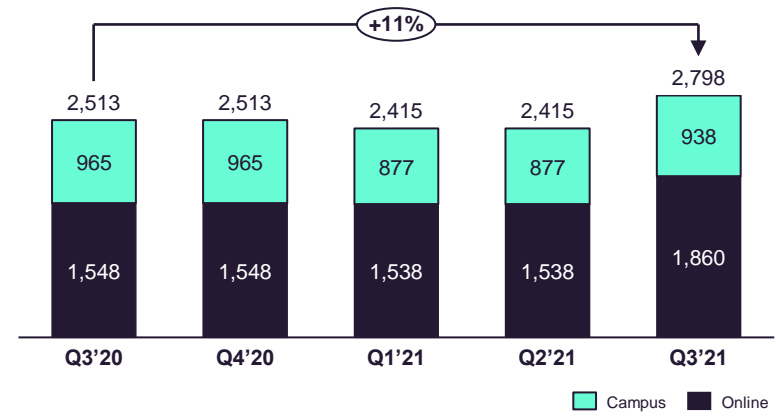
Revenues (NOKm)



Adj. EBIT & EBIT margin (NOKm/%)

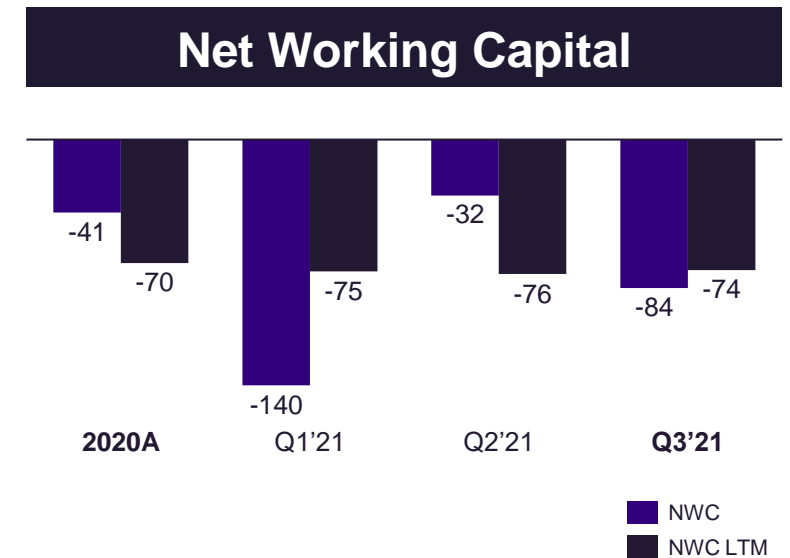
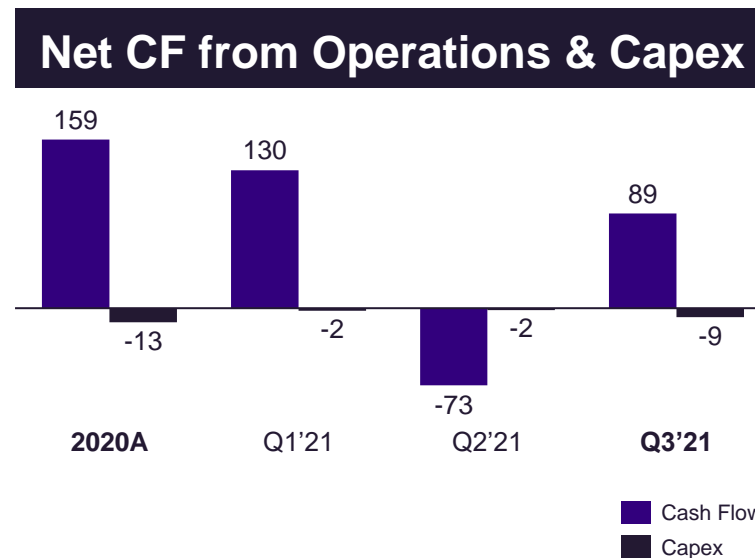
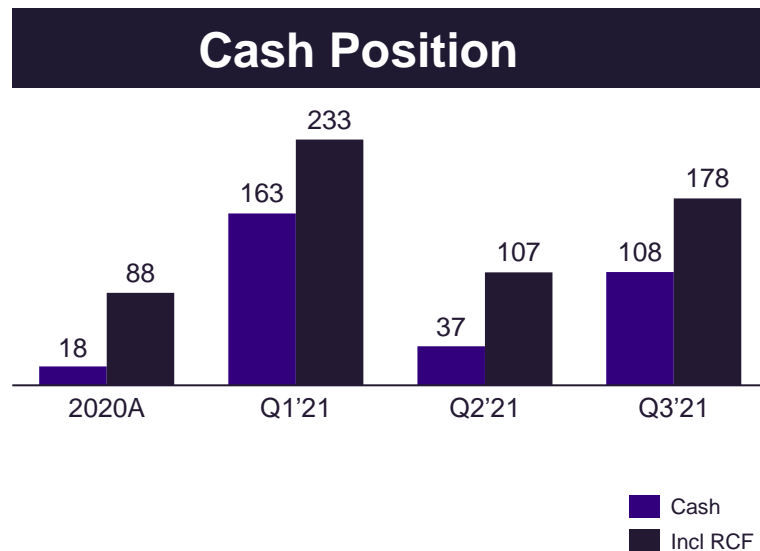


Students (active as at 30.9.21)



Q3 cash flow in line with expected seasonality

- Leverage ratio – NIBD / Adj. EBITDA of 2.4x
- Cash position as at 30 September NOK 108 mill + available RCF of NOK 70 mill
- Cash Conversion of NOK 80 mill in Q3'21 (90%) and NOK 134 mill YTD (91%)



Financial focus: Operational improvement and return on investment in new bachelor programs

- **Sonans Utdanning:**

- Implementing efficiency measures to bridge drop in margin from the mix shift
- Optimization of sales and marketing resources across schools
- Make business model more flexible and adapt model to more digital delivery

- **ONH:**

- Return on investment from the new programmes
- Ramp-up in cost for new programmes taken in 2021
- Additional bachelor programmes not planned to be launched before 2023 the earliest

- **Lumi Group:**

- Achieve savings from increased online advisory and sales
- Group functions to absorb increased back-office cost on behalf of the brands



Q3 2021 Strategy and Operations

Erik Brandt, CEO

Well positioned in strong markets & with a competitive edge

Sonans Utdanning

- Strengthening online value proposition

- Rightsizing cost base & optimize operations after online shift

Oslo Nye Høyskole

- New programmes successfully launched and solid platform for growth

- Shift towards multi-year studies increases revenue visibility

Norwegian School of Technology (NTECH)

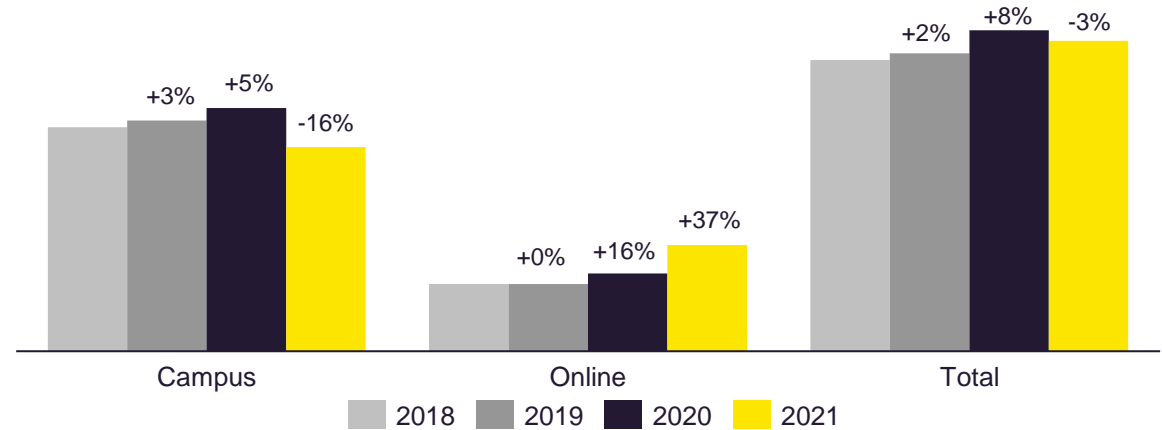
- Significant ambitions in segment with highest growth rate

- Ramp up plan established, awaiting final approval

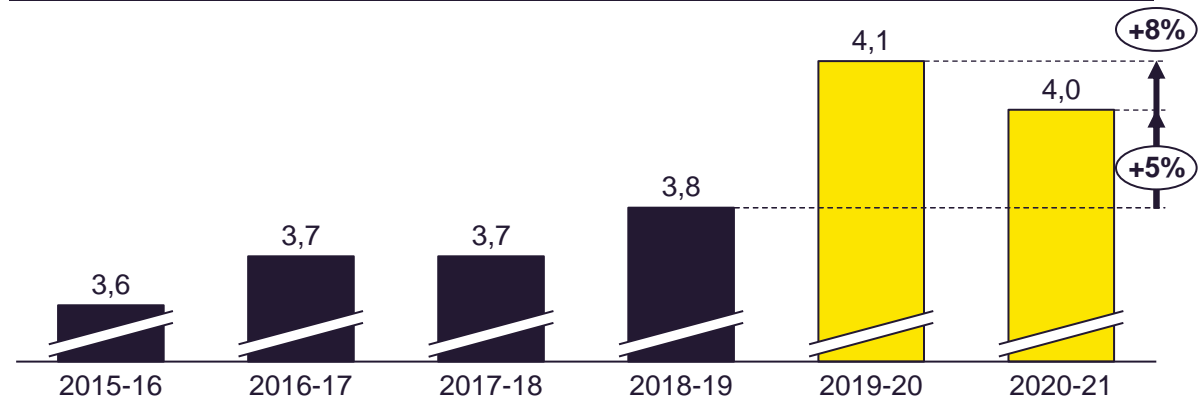
Sonans Strong underlying markets - student mix affects revenues

- COVID-19 pandemic affected '20 & '21 intake
 - 2 years w/o exams influenced student intake in '21
 - Increasing demand & need for higher education
- Successful launch of new school in Ski
 - 131 new students enrolled
- Strong market position with a competitive edge
 - 85% qualify for higher studies when graduating
 - High student satisfaction
- Shift in student mix from campus to online continued
 - Triggered by COVID-19 pandemic

Final enrollment student intake autumn 2021 (Week 36)



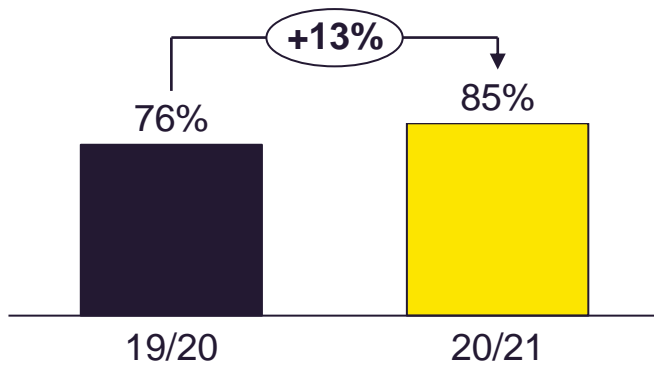
Development in high school grades (average)



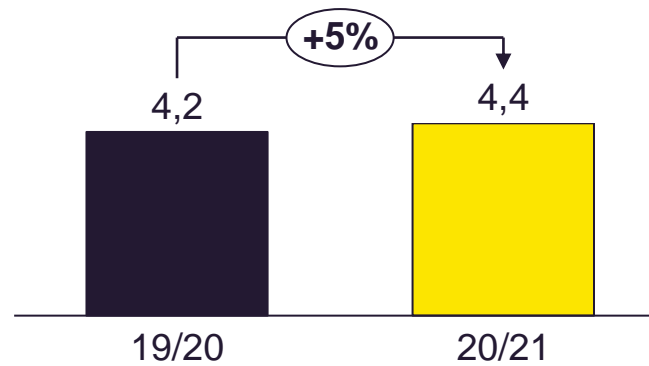
Sonans Continued improved student offerings

- Improved operational KPIs confirms that the Sonans platform is solid
 - High quality student offering unaffected by online migration
- Softer campus market likely Covid-19 driven

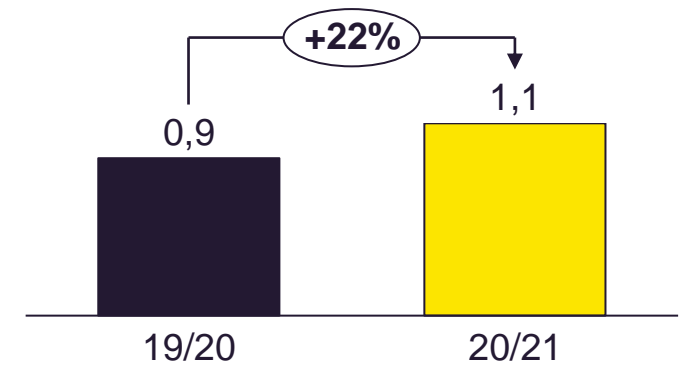
• # of students that recommend Sonans



Counselor service feedback



Improved Grade vs. first time

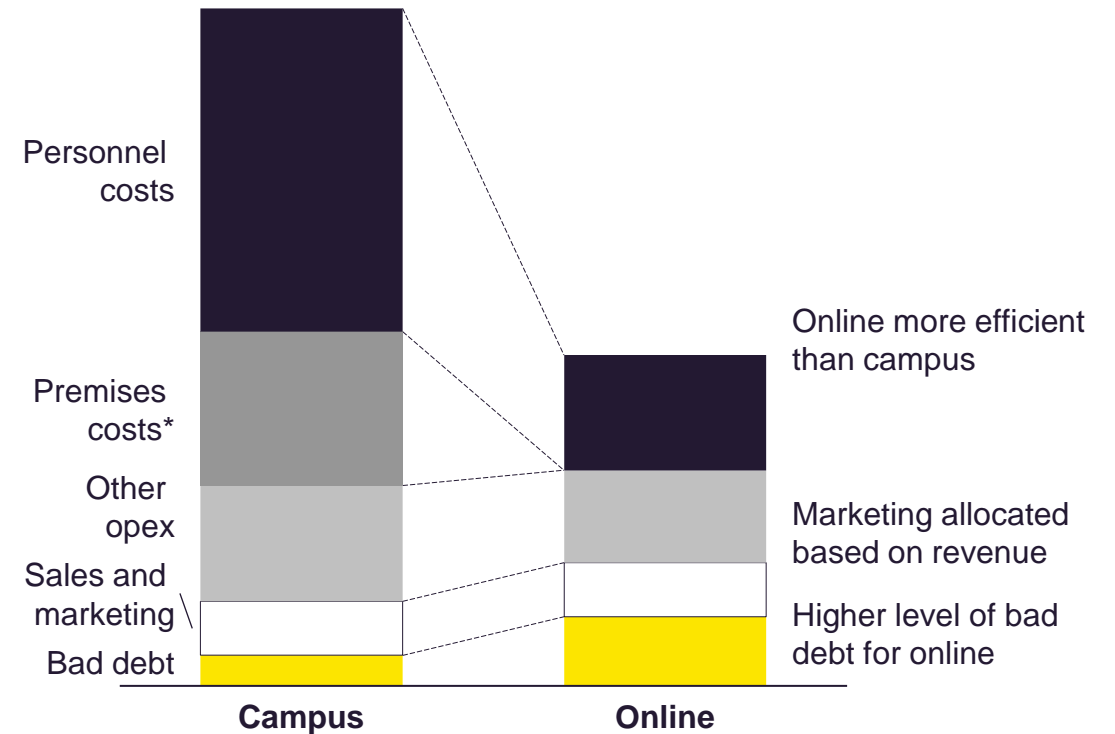


Sonans Aligning operations to reflect online shift

- Efficiency measures with financial impact from early 2022
 - Cost reduction plan completed and implemented
 - Measures to align operations to the shift towards online
- Merging classes
 - Improve classroom efficiency and teacher utilization
 - Maintaining student satisfaction and learning environment
- Improving efficiency in sales force
 - Significant increase in digital counselling
- Rightsizing organisation and improve flexibility in business model
 - Improve organisational efficiency
 - Shorter response time to changes in student mix

Online model more scalable & efficient than campus

Cost as share of sales – indicative only

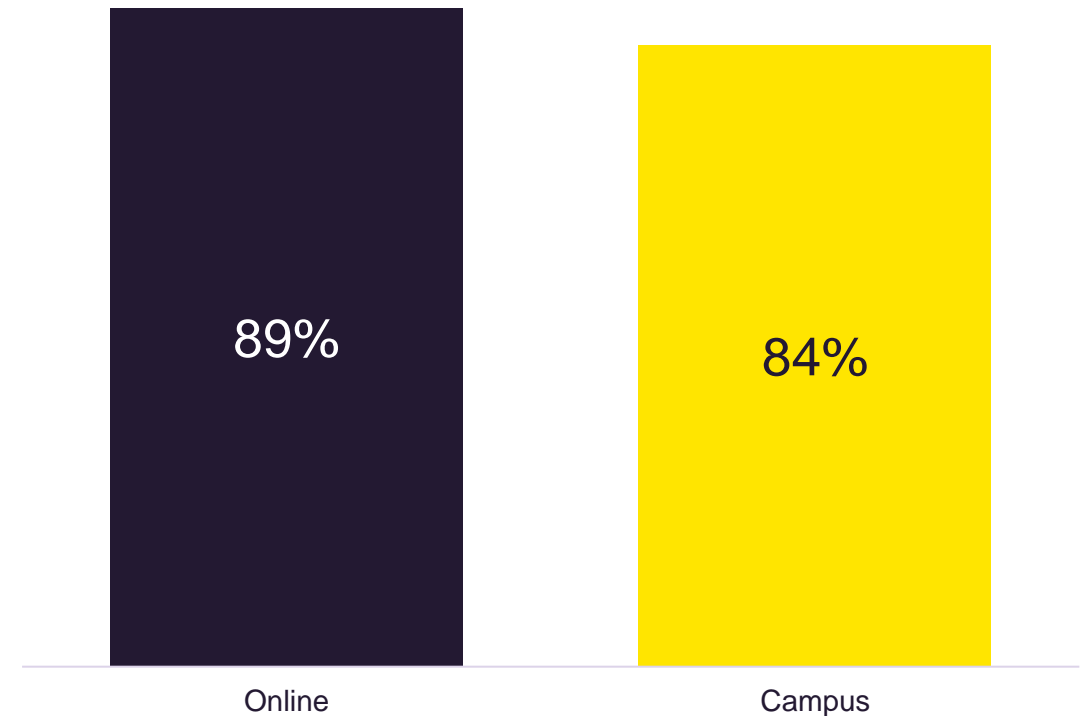


* Premises cost before effect of IFRS16

Sonans Development of online platform to increase value per student

- Broad analysis of student behaviour initiated
 - Identify reasons for change in student mix
 - Competitors experienced same shift
- Enhance online offering with revised content and new functions
- Project initiated to test price elasticity and the results from this work to form the basis for a new pricing strategy going forward
- Online Student satisfaction on par or higher than campus

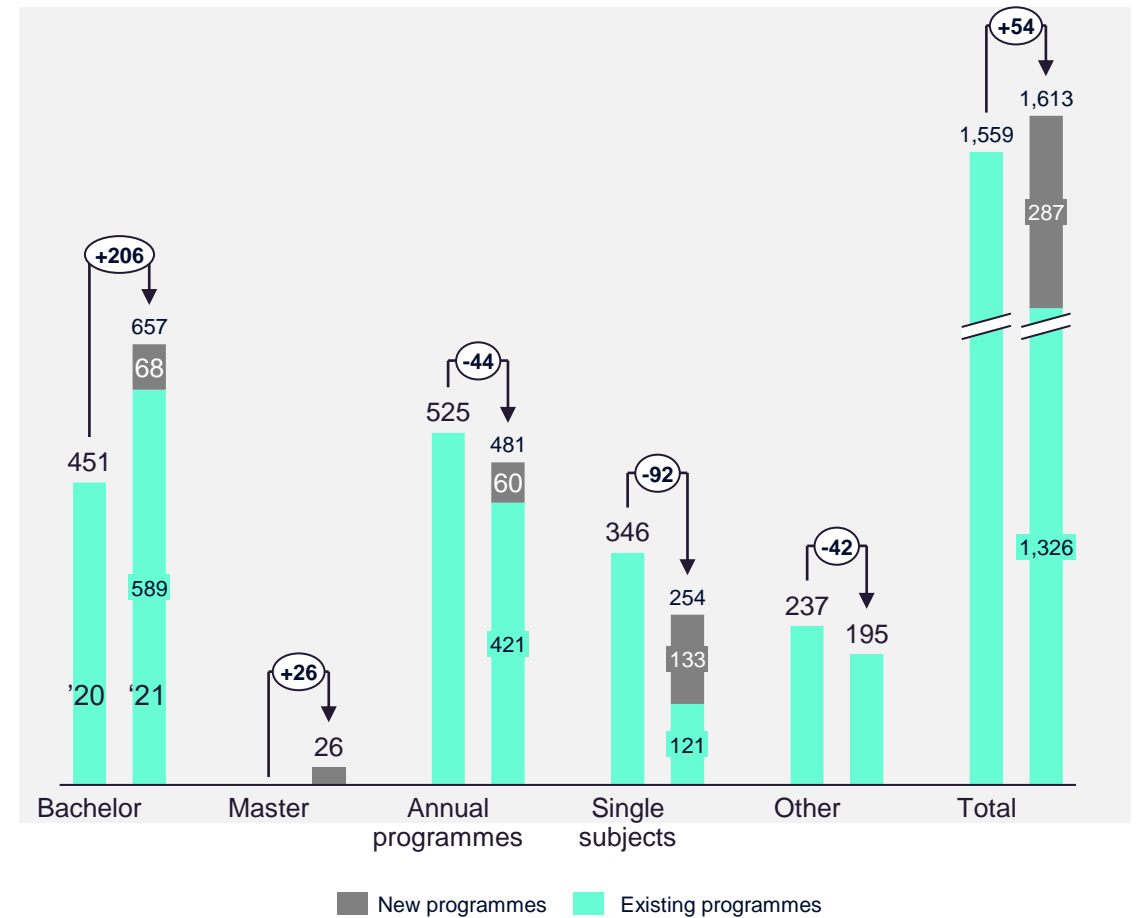
of students that will recommend Sonans Utdanning



Record high demand & successful start of new programmes

- Bachelor students up 46% to 657 students
 - Despite late launch of marketing new programmes
 - Strong growth especially in psychology programmes
 - Student intake expected to increase in 2022
- Annual programs down 9% to 481 students
 - Shift towards bachelor programmes
- Single subjects down due to reduced COVID-19 funding
 - 150 students in free nutrition courses during COVID-19 pandemic
- Somewhat soft demand for Master program

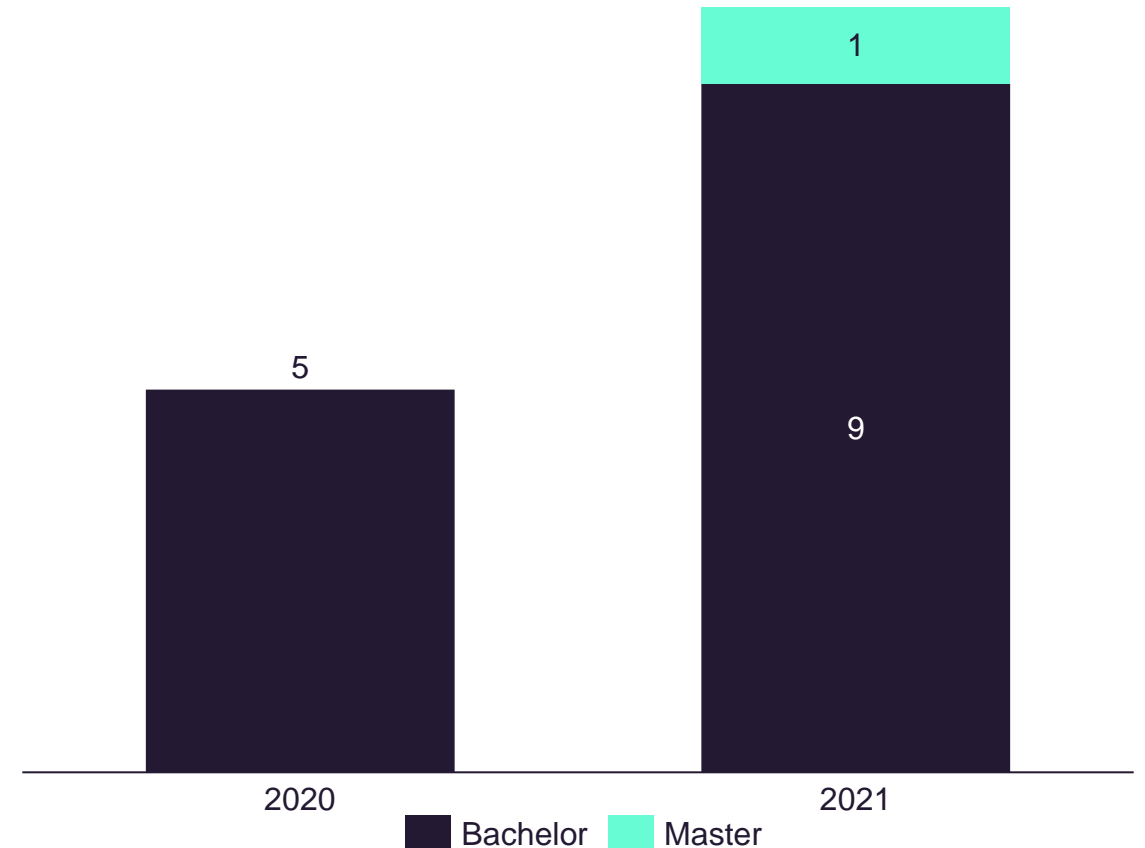
Signed contracts per week 36 (last year vs. this year)



Successful ramp up of new programs & rebranding

- Bjørknes Høyskole rebranded to Oslo Nye Høyskole
 - To strengthen market position
- Strategy plan to focus on bachelor programmes successful
 - Supports long-term growth strategy
- 4 new bachelor programmes successfully started
- Successful ramp-up of organisation
 - 27 new full time employees
- Profitability expected to improve with a higher number of bachelor students and the ramp-up cost for new programmes already taken

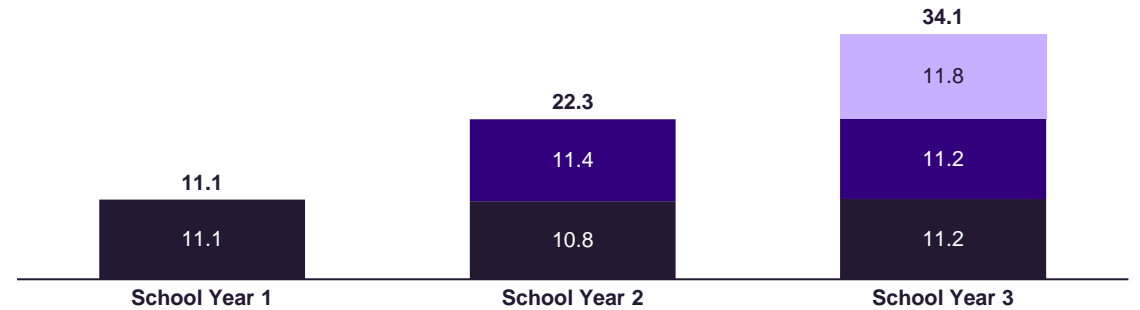
Significant growth in # programmes offered at ONH



Increasing revenue visibility in business model

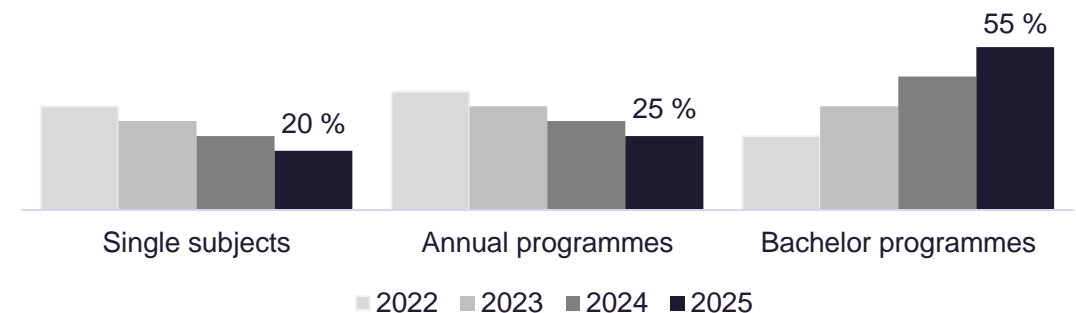
- Significant change in student models and programmes
 - From mostly annual programs to multiple year programmes
 - Increasing portion of recurring revenues
 - More visibility and lower risk
- Bachelor share of total revenue will increase further in 2022
 - Limited time to market new programmes in 2021
- Growth initiatives will continue
 - Focus on increasing volumes in new programmes
 - Introduce single subject/annual units derived from the existing bachelor programmes
 - Additional bachelor programmes will be launched in 2023

Illustration revenue from launch of new bachelor programmes*



* Based on actual student intake for autumn 2020 for new bachelor of psychological health work. Tuition fee of NOK 42,000 per semester. Inflation of 3%. 5% churn after the first two semesters

Illustration share of total revenue per program*

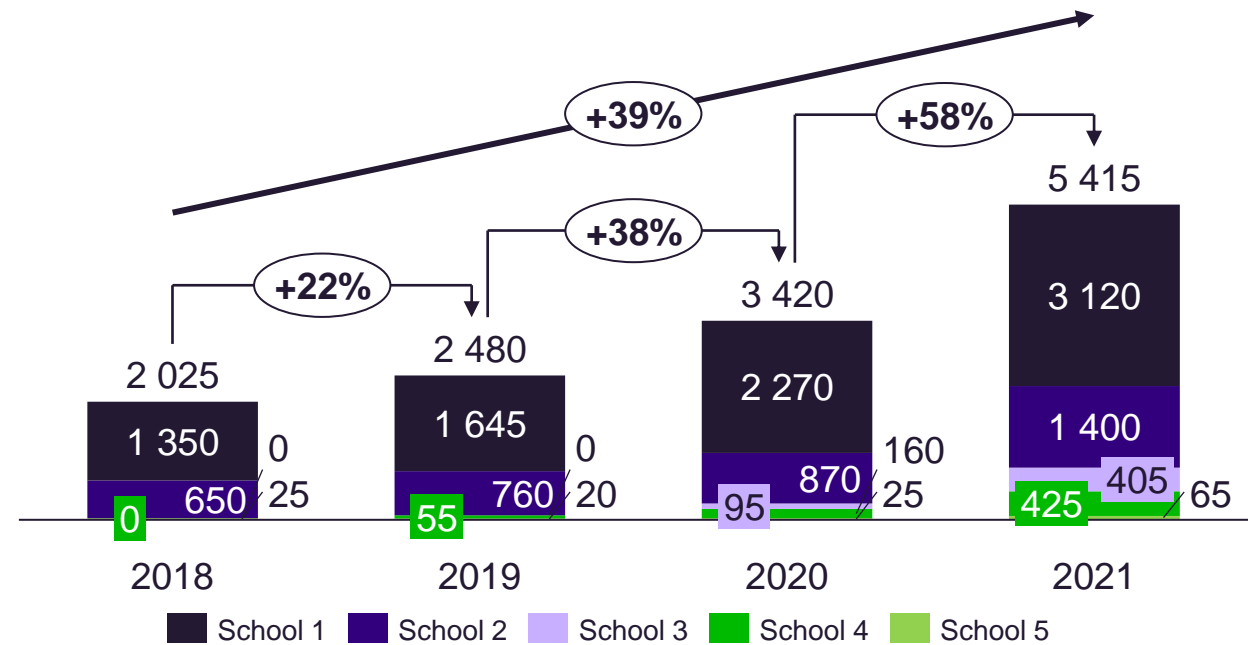


* Illustration based on Bachelor programmes growing +20-25 % per year and around 2-5 % growth for annual programmes and single subjects

N*TECH Exceptionally strong markets for IT-studies

- Avg. market price of NOK 100k per year
 - 2 year programmes
- Accelerating growth in demand for IT consultants
 - Exceptional strong labour market
 - Strong growth also for new institutions
- Norwegian School of Technology well positioned
 - Will utilise best practice from both Sonans Utdanning & Oslo Nye Høyskole

Student growth vocational tech schools*



*Source: DBH fagskolestatistikk

N*TECH Ramp up plans IT-studies

- Execution plan completed
 - Reduce time to market when accreditation is received
- Launch one new 2 year program each year
 - Capacity unlimited online
 - Campus capacity can easily be expanded
- Close collaboration with the tech industry
 - Rebell, a tech-hub for providing students with case studies
 - Promote NTECH as leading vocational tech school

Illustration of growth in #students

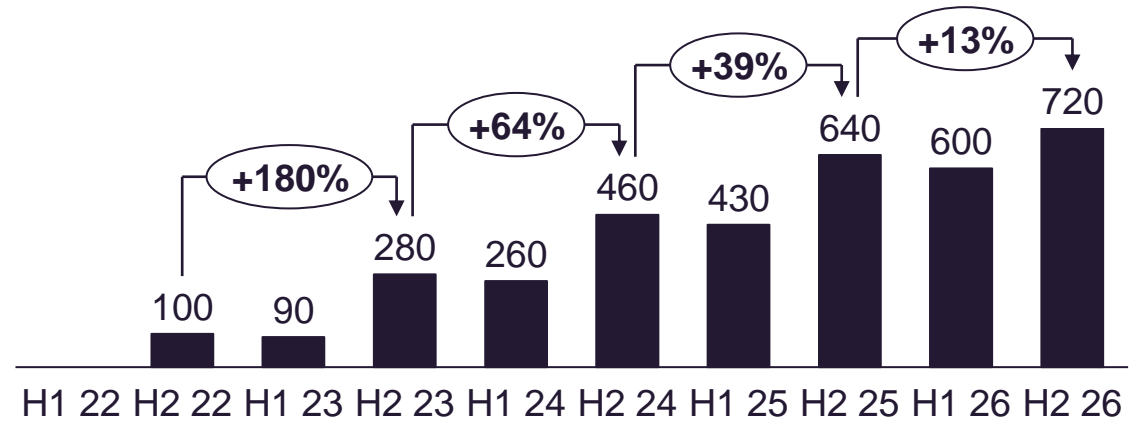
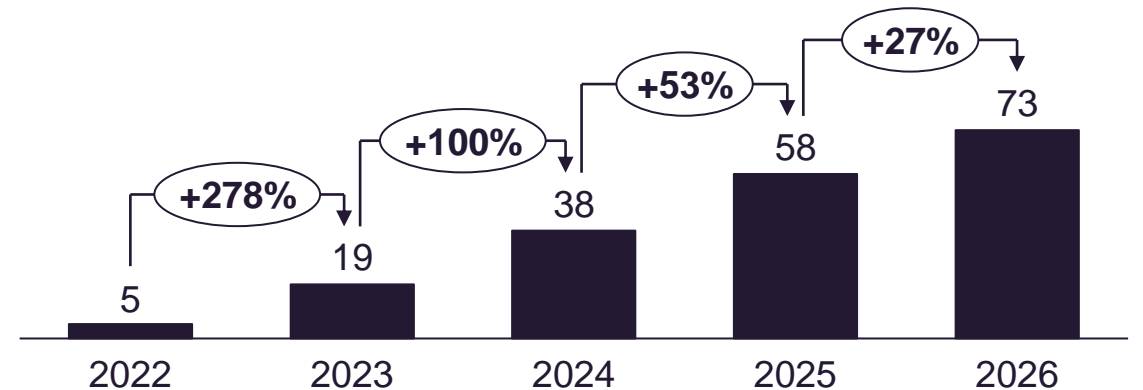




Illustration of growth in revenue* (NOKm)



Summary / Outlook

- **Sonans Utdanning**
 - Aligning operations to shift in market conditions under implementation. Implementation of measures early 2022
 - Strengthen online value proposition to allow adjustment in pricing and hence bridge the gap between online and campus prices
- **Oslo Nye Høyskole**
 - Focus on increasing volumes in new bachelor programmes
 - Introduce single subject/annual units derived from the existing bachelor programs
 - Additional bachelor programmes will be launched in 2023
- **Norwegian School of Technology**
 - Ramp up plan established and ready to execute
 - Awaiting final approval/accreditation

Financial ambitions		
KPI / Brand	 Sonans	 ONH Oslo Nye Høyskole
Revenue growth	5 % 2021: slight decline for the year	25% 2021: Around 20% (25% / Q2'21)
Adj. EBIT margin	30% 2021: around 25 %	>30% 2021: around 30 %
Leverage NIBD / EBITDA	~2.5x	
Capex	Short term level 2-3% of revenues due to exceptional development activities Mid- to long-term target 1% of revenue	
Dividend pay-out policy	60-80%	

Disclaimer

This report includes forward-looking statements which are based on our current expectations and projections about future events. Statements herein, other than statements of historical facts, regarding future events or prospects, are forward-looking statements. All such statements are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements. As a result, you should not place undue reliance on these forward-looking statements

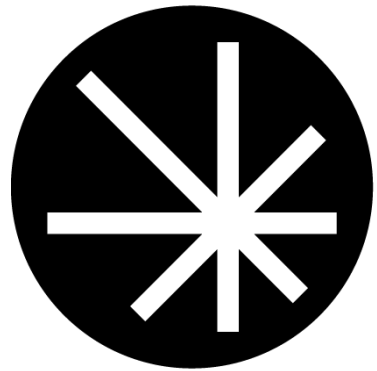
The Group reports its financial results in accordance with accounting principles IFRS. However, management believes that certain alternative performance measures (APMs) provide management and other users with additional meaningful financial information that should be considered when assessing the Group's ongoing performance. These APMs are non-IFRS financial measures, and should not be viewed as a substitute for any IFRS financial measure. Management, the board of directors and the long term lenders regularly uses supplemental APMs to understand, manage and evaluate the business and its operations. These APMs are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance

Appendix

Consolidated Profit & Loss per Q3'21 and YTD'21

NOKm	Q3'21	Q3'20	y-o-y	YTD'21	YTD'20	y-o-y
Revenue	130,8	131,8	-0,8%	398,3	382,4	4,2%
Adj. OpEx	84,5	71,9	17,0%	236,9	208,1	13,8%
Bad Debt	1,1	2,3	-51,0%	13,7	11,7	17,1%
Adj. EBITDA	45,2	57,6	-21,5%	147,8	162,6	-9,1%
Adj. EBIT	32,3	45,5	-29,0%	109,5	126,2	-13,2%
Exceptional Items	4,3	5,6	-23,2 %	16,7	17,6	-5,1 %
EBIT Reported	28,0	39,9	-29,8%	92,6	108,6	-14,7 %

Q3'21	Q3'20	YTD'21	YTD'20
100%	100%	100%	100%
64,4%	54,6 %	59,5%	54,6 %
0,9%	1,7 %	3,4 %	3,1 %
34,6%	43,7%	37,1%	43%
24,7%	34,5%	27,5%	33%
3,3 %	4,2 %	4,2 %	4,6 %
21,4 %	30,2 %	23,2 %	28,4 %



LUMI
GRUPPEN