



Q3

2021

## About Sonans Holding

Sonans Holding is a private education company focused on providing high quality educational services. Today, Sonans Holding consists of two main operating segments: Sonans Utdanning and Oslo Nye Høyskole.

Sonans Utdanning is Norway's market leader within high school private candidate exam preparation courses, primarily to help former high school students achieve better exam results and/or complete their high school diploma to access higher education. Approximately 8,400 students are currently enrolled.

Oslo Nye Høyskole is a private university college established in 2007, acquired by Sonans Holding in 2019. Oslo Nye Høyskole has one campus located in central Oslo, in addition to a strong online offering. Approximately 2,800 students are currently enrolled.

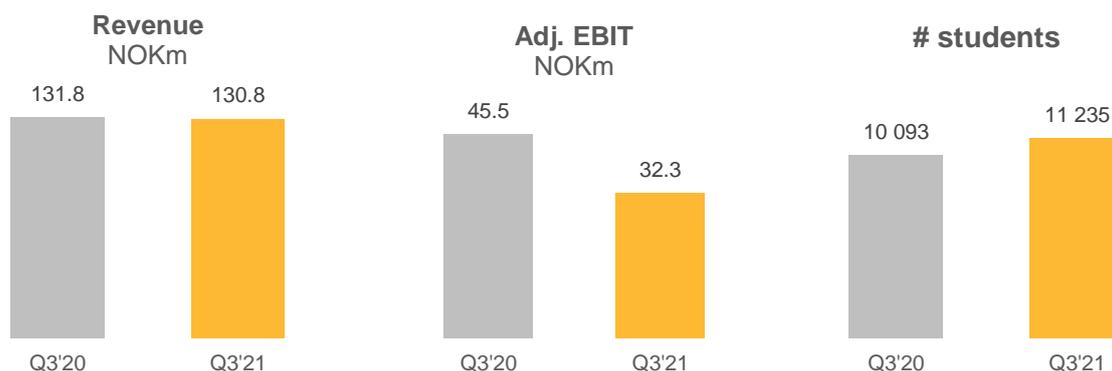
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## Online migration continues, operational measures initiated

- **Strong underlying market trends with 11% growth in total no. of active students this quarter**
- **Revenue down 1% to NOK 130.8 mill**
  - Migration to online studies for Sonans
  - Late marketing launch of programmes at Oslo Nye Høyskole due to late approvals
- **EBIT down 29% to NOK 32.3 mill**
  - Ramp-up costs related to new programmes at Oslo Nye Høyskole
  - Short-term fixed campus cost structure for Sonans
- **Sonans Utdanning**
  - Aligning operations to reflect online shift
- **Oslo Nye Høyskole**
  - New programmes well received and successfully launched
- **Norwegian School of Technology (Ntech)**
  - Ramp-up plan established, awaiting final approval



## CEO MESSAGE

“It has been an eventful quarter where important measures have been taken to secure a strong performance going forward. The underlying market trends for our student offerings remain strong, and the total number of active students increased by 11 per cent compared to the third quarter 2020.

For Sonans Utdanning, short-term profitability will be weakened due to the significant shift to online studies. We have identified and initiated measures to align operations to this trend shift. These measures will be fully implemented by early 2022.

Oslo Nye Høyskole has successfully launched 4 new bachelor programmes and further growth initiatives will be implemented. One important element in the growth strategy is to strengthen the brand identity and a new name and visual identity was launched in October.

I am also very enthusiastic about our plans for Norwegian School of Technology. The market for IT studies continues to strengthen. All ramp-up plans are completed, and we are really looking forward to launching the school next year.”

- Erik Brandt, CEO

# Interim report

## OPERATIONAL REVIEW

Important milestones have been reached during the third quarter 2021 for Sonans Holding with a strengthening of the brand identity for both the Group and Bjørknes Høyskole.

Bjørknes Høyskole has been renamed Oslo Nye Høyskole (Oslo New University College), to better reflect the strategic direction for the school and that Bjørknes Høyskole could be confused with the name of a competitor. Sonans Holding will be rebranded to Lumi Gruppen (Lumi Group) to better reflect the Group's multibranding strategy. The new name for Sonans Holding, and hence the Group, will be registered and effective from November 2021. The change in name is pending an extraordinary general meeting for changes in the company's articles of association.

The market for private education continued to be solid during the quarter and the autumn student intake reached an all-time high for Oslo Nye Høyskole. For Sonans Utdanning the student intake was mixed.

The number of students that signed up for Sonans Utdanning's courses in the autumn semester of 2021 showed a 3 per cent decline as of week 36, compared to last year. Students that signed up for online studies increased by a solid 37 per cent, while the number of campus students was down 16 per cent. The Company believes that the significant shift towards online is in part an effect from the Covid-19 pandemic.

Short term, Sonans Utdanning has a fixed cost base linked to the campus structure, while prices for private candidate courses are significantly lower for online than for campus courses. Consequently, Sonans Utdanning has initiated an extensive analysis of the decline in campus students. In addition, several operational measures have been initiated in response to the online shift.

To improve operational efficiency, classes will be merged, and organisational adjustments will be made. In addition, the sales force will be upgraded as there has been a significant increase in digital counselling and noncritical expenses will be deferred.

Student satisfaction is one of the most important key performance indicators for the Group and Sonans Utdanning devotes considerable resources to provide an optimal learning environment for the students. Student satisfaction at Sonans Utdanning is very high with a rating of 4.5 out of five and it is crucial to maintain an attractive learning environment when implementing the efficiency measures.

Sonans Utdanning has also initiated a process to develop the online platform to increase the value per student. This process will include projects to enhance the online offering with revised content and new functions in addition to a review of the pricing strategy.

All measures to align operations to the shift in market conditions will be fully implemented by early 2022.

Longer term, the shift towards online studies represents an opportunity for Sonans Utdanning as the online model is more scalable and efficient than the campus model.

During the third quarter, Sonans Utdanning also successfully launched a new school in Ski. The new school is well received in the market with more than 120 active students.

Oslo Nye Høyskole experienced growth in the number of new students and the autumn student intake is at an all-time high. For the autumn semester of 2021, the school experienced a growth of 3 per cent in the number of signed contracts compared to last year as of week 36.

<sup>1</sup> For further information regarding definitions and Alternative Performance Measures, see Appendix.

The growth in student intake for the multi-year programmes was especially high, with 206 more bachelor students compared to last year and 26 additional master students. The growth in bachelor students is especially strong considering a late marketing launch of the programmes due to the timing of final approvals from the Norwegian Agency for Quality Assurance in Education (NOKUT). For 2022 the student intake in the bachelor programmes are expected to grow further.

The number of single subject students declined by 92 due to reduced government Covid-19 funding. During the pandemic, 150 students received free nutrition courses and these support schemes have not been prolonged for the student intake 2021. The sales performance is a consequence of a continuous effort to improve sales & marketing practices by training counsellors and adopting automated dashboards and KPIs.

Oslo Nye Høyskole will continue to focus on growing the business. The key priority will be to increase the number of students in the new programmes, but new single subject programmes will also be launched. These programmes will be derived from multi-year bachelor programmes. In addition, an additional bachelor programme will be launched in 2023.

By continuing to increase bachelor programmes' share of revenue, revenue visibility will increase in the business model and reduce operational risk.

Both Sonans Utdanning and Oslo Nye Høyskole have a strong online education presence and a clear strategy to further strengthen the online education offering to expand their student reach. Online student satisfaction already is on par or exceeds that of campus students. The online platform also provides Oslo Nye Høyskole and Sonans Utdanning with the potential to scale operations further using current infrastructure.

During the third quarter of 2021, solid progress has also been made in the establishment of the new school, NTech (Norwegian School of Technology), which is a practical IT vocational school. All ramp-up plans have been established and NTech is now awaiting accreditation from the Norwegian Agency for Quality Assurance in Education (NOKUT).

NTech has started to hire employees, secured premises and is in dialogue for collaboration with key industry participants. Sonans Holding will target a launch of the new school in 2022, most likely from the autumn semester.

NTech will be established in close cooperation with Rebel technology hub which will provide students with relevant case studies.

NTech will launch one new 2-year programme each year with unlimited capacity online and with flexible and easy-to-expand campus capacity. In addition, NTech will benefit from utilising best practice experience from both Sonans Utdanning and Oslo Nye Høyskole.

There is a large demand for high-quality practical programming expertise and the Group will offer vocational IT education and courses, both for the private and professional market.

## FINANCIAL REVIEW

*The P&L statement has been adjusted for the sale of Sonans Karriere AS. In addition, adjustments have been made for extraordinary items, including costs related to M&A, IPO and funding, costs related to the IT system Qybele, and depreciation of intangible assets associated with the acquisition of Oslo Nye Høyskole in 2019.*

*The segment accounts are based on NGAAP and adjusted for IFRS effects for comparison.*

### Statement of income

Total revenues declined by 1 per cent to NOK 130.8 million in Q3 2021, compared to NOK 131.8 million in Q3 2020. Revenue was positively impacted by a significant increase in the number of students at Oslo Nye Høyskole with NOK 5.9 million in higher sales for the quarter corresponding to 15 per cent growth. For Sonans Utdanning, migration to online continued in Q3 2021 and resulted in a net decline in revenue of 6.5 million corresponding to minus 7 per cent. Online sales have been strong in the quarter, but due to lower pricing and a different method for revenue recognition, lost campus sales have not been balanced out.

Total adjusted operating expenses (excluding bad debt) increased by 18 per cent to NOK 84.5 million in Q3 2021, compared to NOK 71.9 million in Q3 2020. The increase is driven by significant investment in Oslo Nye Høyskole to prepare for expected student growth. There were still some Covid-19 costs for Sonans Utdanning in combination with higher expenses as result of a new campus opening in Q3 2021.

Personnel cost is the largest category, totalling NOK 65.8 million in Q3 2021. Total personnel costs for Sonans Holding increased by 18.8 per cent from the same period last year. The increase was to a large extent driven by additional staff at Oslo Nye Høyskole to prepare the organisation for expected student growth as a result of the new bachelor programmes launched. For Sonans Utdanning, personnel costs increased due to general salary increases and addition of a new campus in Q3 2021. Group personnel costs was more or less unchanged in the quarter.

Premises costs (non-lease related) increased by NOK 0.7 million in the quarter and were mostly related to, like previous quarters, Covid-19 measures such as disinfection of the premises. Sales and marketing expenses in Q3 2021 were NOK 7.0 million, up 46 per cent compared to last year. The increase is related to higher activity in Q3 2021, in specific related to Oslo Nye Høyskole and the launch of new programmes.

Bad debt was NOK 1.1 million in Q3 2021 compared to NOK 2.3 million in the same quarter last year. The decrease in bad debt is due to the timing of sale of bad debt to collection agencies. Sale of bad debt is not a onetime event, but something that takes place on regular basis.

Other adjusted operational expenses totalled NOK 6.6 million, representing a decrease of NOK 0.7 million from Q3 2020.

Depreciation and amortisation expenses were NOK 12.9 million in Q3 2021 compared to NOK 12.1 million in Q3 2020.

Adjusted EBIT ended at NOK 32.3 million, a decrease of 29 per cent compared to the same period last year.

The net financial expense in Q3 2021 was NOK 6.2 million compared to NOK 11.6 million in Q3 2020.

Income tax expense in Q3 2021 was NOK 4.2 million compared to NOK 6.2 million in Q3 2020.

Profit before tax was NOK 17.4 million in Q3 2021 compared to NOK 22.1 million in Q3 2020.

### **Statement of balance sheet**

The Group's assets totalled NOK 1,355.5 million in Q3 2021. This was a decrease of NOK 9.2 million from Q3 2020, caused by a reduction in capitalised lease commitments of NOK 12.1 million. This reduction was partly offset by an increase in intangible and tangible assets of NOK 7.1 million. As at 30 September 2021, the cash balance stood at NOK 107.6 million.

As at Q3 2021, the Group's equity amounted to NOK 534.8 million, an increase of NOK 247.3 million since Q3 2020. In the listing process in February, NOK 200 million of equity was raised through an issue of 4 million new shares. The equity ratio was 39.5 per cent in Q3 2021, compared to 21.1 per cent in Q3 2020.

Current and non-current liabilities to financial institutions were NOK 446.9 million in Q3 2021 compared to NOK 662.7 million in Q3 2020. The loan facility in Nordea was refinanced in Q1 2021 in connection with the listing, and debt was reduced by NOK 156.2 million. A new senior facility of NOK 450.0 million was established together with a revolving credit facility of NOK 70.0 million.

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 GAAP. Sonans Holding AS has prepared its consolidated financial statements for the year ended 31 December 2020 in accordance with IFRS, and from 2021 and going forward the accounts will be in accordance with IFRS. The transition date was 1 January 2019.

### **Statement of cash flows**

Net cash flow from the Group's operations during Q3 2021 was NOK 89.3 million. The difference between cash flow from operations and profit before tax of NOK 21.6 million is mainly due to changes in working capital. For both Sonans Utdanning and Oslo Nye Høyskole, most students pay tuition fees early in the semester (resulting in a very positive cash flow in Q1 and Q3), and the latter part of the semester the cash is used for ongoing operations.

The net cash outflow from investing activities amounted to NOK 8.6 million during Q3 2021. Of that, NOK 6.6 million relates to capitalised

development costs for new programmes at Oslo Nye Høyskole and NTech and NOK 2.0 million relates to investments in fixed assets such as IT equipment and computers.

The net cash outflow from financing was NOK 10.3 million during Q3 2021. This is the principal portion of lease liabilities in accordance with IFRS 16.

During Q3 2021, the Group had a net increase in cash and cash equivalents of NOK 70.4 million. As at the balance sheet date, the Group had cash and

cash equivalents of NOK 107.6 million, compared to NOK 17.8 million at the same date in 2020. Q3 represents one of the seasonal high points for available cash for Sonans Holding.

## SEGMENT DEVELOPMENT

In the following sections each operating segment is reviewed. Unless otherwise stated, comments regarding the development reflect a comparison of the third quarter 2021 with the third quarter 2020.



## SONANS UTDANNING

**Sonans Utdanning is the largest operating segment of the Group and constitutes ~70 per cent of the total revenues and has enrolled 8,437 students in the autumn semester. Sonans is a well-known brand in Norway and the largest private candidate educator.**

Total revenues ended at NOK 86.4 million in the third quarter, a 7 per cent decrease from the same period last year. Due to the Covid-19 pandemic, Sonans Utdanning experienced an extraordinary shift from students attending classes on campus to online studies. The number of online students grew by 32% in the quarter with additional revenue of NOK 5.4 million. However, since online prices are approximately 25 per cent lower, this has not been sufficient to balance out lost sales at campus.

Sonans Utdanning continued to cement its position as the market leader in the autumn semester and the total number of active students increased by 11 per cent compared to the same period last year.

Operating costs (excluding bad debt) increased by NOK 5.3 million in Q3 2021 compared to the same period last year. Some of the cost increase was driven by continued Covid-19 measures and amounted to NOK 0.4 million in the quarter. Personnel costs increased by NOK 2.5 million due to an accrual for a general salary increase from September 2021, additional salary costs from one new campus opened in August 2021 and the roll-over effect of several new principals hired during last year. Marketing costs were NOK 1.6 million higher in the quarter and were a result of different

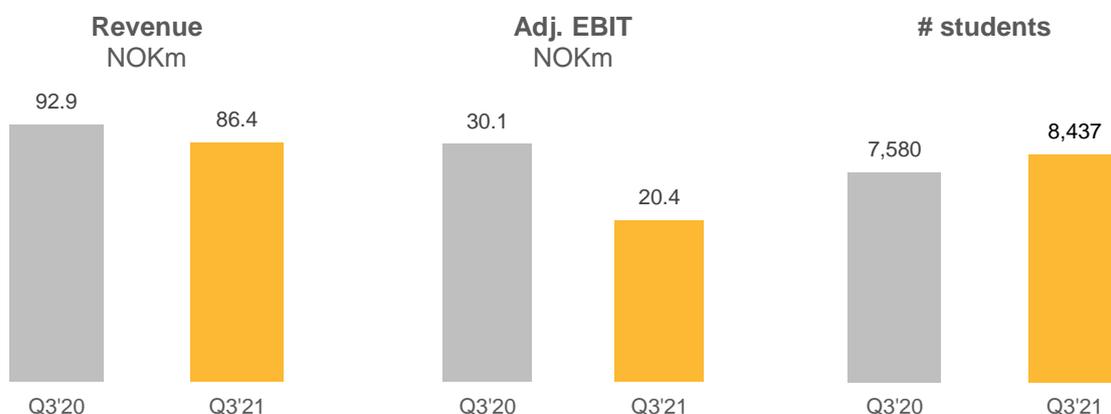
timing of activities compared to last year. Bad debt costs ended at 0.5 million for the quarter, down NOK 1.2 million from last year. Lower bad debt cost this quarter is due to the sale of bad debt to a collection agency. Other costs were up NOK 0.8 million in the quarter.

Adjusted EBIT ended at NOK 20.4 million, compared to NOK 30.1 million last year, with a corresponding EBIT margin of 23.6 per cent in Q3 2021 compared to 32.3 per cent in Q3 2020.

In the autumn student intake for the 2021/22 school year, the mix shift from campus to online has continued. In the short term, the shift is a challenge for Sonans Utdanning and will impact revenues given the current pricing structure where online courses are priced lower than similar campus subjects. A large part of Sonans Utdanning's cost base is fixed in the short term, and this impacts profitability.

Nevertheless, the shift represents an opportunity in the longer run as online is a more flexible and efficient business model. Sonans has identified measures and is implementing them to adjust the cost base to the increased share of online students.

In addition, Sonans will continue to develop the online platform to increase value per student. This will include initiatives to enhance online offerings with revised content and new functions. In addition, the current online pricing model will also be revised.



## OSLO NYE HØYSKOLE

**Oslo Nye Høyskole is a university college with a campus in Oslo and a large share of online students. Currently, online revenues constitute 54 per cent of total revenues. The school has enrolled 2,798 students during the autumn intake semester. The reporting entity consists of Oslo Nye Høyskole AS, the university college, and ONH Education AS, which generates revenues from sending students abroad to partner universities.**

Total revenues were NOK 44.6 million in the third quarter, an increase of 15.2 per cent compared to the corresponding quarter last year. For Oslo Nye Høyskole, revenues increased by 15.4 per cent in the third quarter. Revenues at ONH Education were down NOK 0.2 million compared to the same period last year due to Covid-19 effects (less students abroad).

The growth was mainly driven by new programmes and strengthened by a high degree of recurring revenues as a significant share of students take three-year bachelor's degrees. The strong growth has enabled the school to achieve scale, which will have a positive impact on profitability.

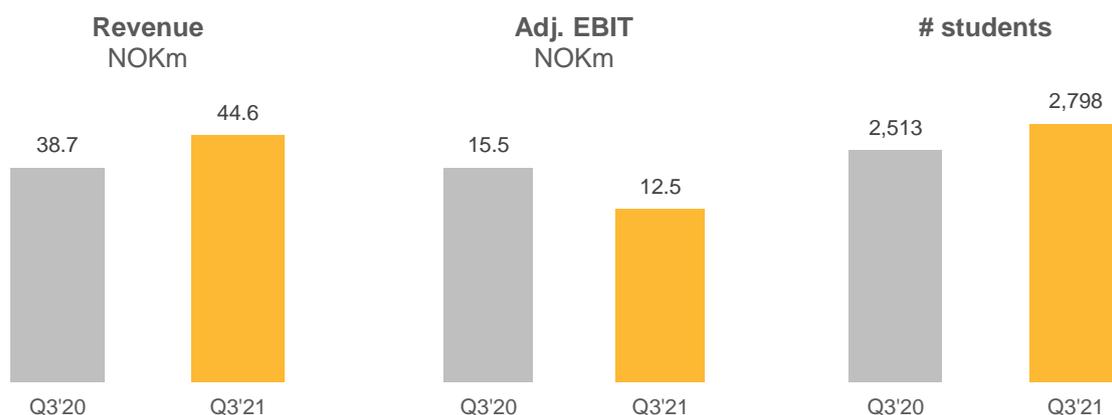
Operating costs (excluding bad debt) at Oslo Nye Høyskole increased by NOK 8.4 million in Q3 2021 compared to the same period last year, predominantly caused by a payroll increase of NOK 7.2 million due to the net addition of 13 full-time

employees in the quarter. There was also an impact from new employees starting earlier this year. The growth in headcount is related to preparing the organisation for an increased number of students. Lastly, other costs increased by NOK 0.8 million this quarter due to more students boosting general operating expenses.

Adjusted EBIT was NOK 12.5 million, compared to NOK 15.5 million during the same period last year, with a corresponding EBIT margin of 28.1 per cent in Q3 2021 compared to 40 per cent in Q3 2020.

The enrolment development was very positive in the autumn semester with an increase of 285 active students from Q3 2020, an increase of 11.3 per cent. The positive development was driven mainly by four new bachelor programmes launched this autumn. In addition, a strong bachelor intake autumn 2020 contributed positively and the big cohort of bachelor students from the autumn 2020 intake will contribute with growth for the next school year as well.

The enrolment figures are especially strong given a relatively late accreditation from the Norwegian Agency for Quality Assurance in Education (NOKUT), which resulted in a relatively short marketing period for the new programmes. Consequently, Oslo Nye Høyskole expects an additional increase in students during the autumn intake 2022.



## OUTLOOK

The demand for higher education is increasing in Norway, and Sonans Holding is well positioned as the market leading provider of private education. Through a combination of high student satisfaction and a unique learning concept, the Company has established a competitive edge and is well positioned to exploit market opportunities going forward.

The overall long-term financial ambitions for the Group remain unchanged. However, the Covid-19 pandemic has led to a faster than expected shift in student mix from campus to online which will affect performance at Sonans Utdanning in the shorter term.

Sonans Utdanning is therefore working on initiatives that will make the business model more robust to market changes and adapt the model to more digital delivery.

Consequently, Sonans Utdanning has initiated several processes to improve operational efficiency and flexibility. These measures will include merging classes to improve classroom efficiency, more efficient digital counselling, rightsizing the organisation and improving the scalability in the business model. In addition, the online platform will be further developed to increase value per student such as adding new functions and adjusting prices to better reflect the online value proposition.

A key element when aligning Sonans Utdanning to the shift in market conditions will be to never compromise on student satisfaction and make sure the optimal learning environment will be maintained. The measures will be fully implemented in early 2022.

Longer term, the change in student mix represents an opportunity for Sonans Utdanning as the online model is significantly more scalable and efficient than the campus model. Sonans Utdanning is currently assessing how to adjust the operating model to reflect the change to online as efficiently as possible.

For Oslo Nye Høyskole, prices for online studies are equal to campus courses and focus will be on reaching economies of scale for the new bachelor programmes and improving profitability while introducing new growth initiatives.

Autumn student intake has been strong for Oslo Nye Høyskole despite the late marketing launch of the new bachelor programmes. This will drive growth for the next few years as new students at multi-year programmes (i.e., bachelor and masters) will continue as students at the school for several years. In addition, new single subject courses will be introduced derived from the bachelor programmes which will further increase the number of students with limited extra costs. However, due to slower sales than expected last weeks of the autumn sales cycle, the growth rate for Oslo Nye Høyskole in 2021 will be slightly lower than indicated in the Q2'21 report.

The ramp-up plans for NTech have been established and are under implementation. Marketing of the new studies will commence as soon as final approval has been given by the Norwegian Agency for Quality Assurance in Education (NOKUT). For Sonans Holding, focus will be on optimising sales and marketing resources across the Group and extracting cost synergies from increased online advisory and sales. In addition, group functions such as back-office functions will be optimised. All in all, financial ambitions have been revised down somewhat for Sonans Utdanning. In addition, somewhat lower growth for Oslo Nye Høyskole this year due to a slower sale last weeks of the autumn sales cycle.

Sonans Utdanning	Financial ambitions
Revenue	<u>2021</u> : Slight decline Long term: 5%
EBIT	<u>2021</u> : Around 25% <u>Long term</u> : towards slightly above 30%
Oslo Nye Høyskole	
Revenue	<u>2021</u> : Around 20% <u>Long term</u> : 25%
EBIT	<u>2021</u> : Around 30 % <u>Long term</u> : >30 %

## SHAREHOLDER INFORMATION

Sonans Holding's share capital was NOK 15.2 million as at 30 September 2021, consisting of 36,193,814 ordinary shares, each with a par value of NOK 0.42. All the shares have been fully paid and have equal rights. Sonans Holding owned 193,814 treasury shares as at the balance sheet date.

## DIVIDEND

Sonans completed a refinancing in connection with the listing on 17 February 2021 and will not pay a dividend to its shareholders in 2021.

The Company's dividend policy is to strive to distribute dividends to the shareholders. The Company's target pay-out ratio is to distribute 60-80 per cent of net profit in the future. However, the amount of any dividend to be distributed will depend on, inter alia, the Company's investment requirements and rate of growth. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend amount will be as contemplated above.

## FINANCIAL POLICY

The Group intends to maintain a constant leverage ratio by returning excess capital to shareholders via dividends. The target leverage ratio is 2.5x net debt (current and non-current bank borrowings less cash and cash equivalents) to Adjusted EBITDA before the impact of IFRS 16. The Group maintains the flexibility to utilise its revolving credit facility to fund dividend payments to shareholders whilst remaining in line with the target leverage level. At the balance sheet date, the leverage ratio was 2.4x Adj. EBITDA, which is well within the financial covenant.

## RISK AND UNCERTAINTY FACTORS

The Group's operations are affected by several external factors. The risk factors considered to be most significant to the Group's future development are market risk, credit risk and liquidity risk. Please see Chapter 1 of the Information Document

published on 16 February 2021 for a detailed description of the Group's risk factors.

## 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.

## RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the nine months of 2021, give a true and fair view of the Company's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the interim report for the nine months of 2021 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining three months of 2021, and major related party transactions.

Oslo, 3 November 2021, The Board of Directors



Helge Midttun

Chair



Anne Dahle



Edmund Lazarus



Mark Joseph



Erik Brandt

CEO

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in 1000k	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Year 2020
Revenue	130 874	131 034	398 333	381 587	516 996
Government grants	-	845	-	845	1 057
Other operating income	-	-	-	-	354
<b>Total revenue</b>	<b>130 874</b>	<b>131 880</b>	<b>398 333</b>	<b>382 433</b>	<b>518 407</b>
Payroll expenses	65 833	55 413	176 261	155 475	224 788
Depreciation and amortisation expenses	13 973	15 887	41 206	47 768	63 968
Impairment	-	-	-	-	-
Loss from sale of Sonans Karriere AS	-	-	-	-	-
Other operating expenses	23 265	20 695	88 274	70 630	96 990
<b>Total operating expenses</b>	<b>103 071</b>	<b>91 995</b>	<b>305 740</b>	<b>273 873</b>	<b>385 746</b>
<b>Operating profit/(loss) (EBIT)</b>	<b>27 803</b>	<b>39 884</b>	<b>92 593</b>	<b>108 559</b>	<b>132 661</b>
Interest income	142	243	510	675	1 022
Financial income	-	-	-	176	177
Interest expense	(3 910)	(11 477)	(13 434)	(38 616)	(50 176)
Financial expense	(2 467)	(350)	(17 360)	(970)	(2 599)
Net financial items	(6 235)	(11 584)	(30 284)	(38 735)	(51 576)
<b>Profit/(loss) before income tax</b>	<b>21 568</b>	<b>28 300</b>	<b>62 309</b>	<b>69 825</b>	<b>81 085</b>
Income tax	4 162	6 236	12 632	15 311	18 196
<b>Profit/(loss) for the year</b>	<b>17 407</b>	<b>22 065</b>	<b>49 677</b>	<b>54 514</b>	<b>62 889</b>
Profit/(loss) from continuing operations	17 407	22 065	49 677	54 514	62 889
Profit/(loss) from discontinued operations	-	-	-	(23 913)	(23 913)
<b>Profit/(loss) for the year</b>	<b>17 407</b>	<b>22 065</b>	<b>49 677</b>	<b>30 601</b>	<b>38 976</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in 1000k	30.09.2021	30.09.2020	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Concessions etc.	-	-	-
Intangible assets	15 147	8 400	11 112
Deferred tax asset	388	-	49
Goodwill	957 032	957 032	957 032
<b>Total intangible assets</b>	<b>972 567</b>	<b>965 432</b>	<b>968 194</b>
Leasehold improvements	-	-	1 553
Financial leasing	-	-	-
Right-of-use assets	148 555	160 641	150 127
Office machinery and equipment	14 247	17 006	12 225
<b>Total tangible assets</b>	<b>162 802</b>	<b>177 647</b>	<b>163 905</b>
Investments in shares	1 559	1 499	1 499
Other non-current receivables	-	902	-
<b>Total non-current financial assets</b>	<b>1 559</b>	<b>2 401</b>	<b>1 499</b>
<b>Total non-current assets</b>	<b>1 136 928</b>	<b>1 145 480</b>	<b>1 133 597</b>
<b>Current assets</b>			
Accounts receivables	62 119	65 326	23 970
Earned, not invoiced	24 500	30 589	51 879
Derivatives	-	-	-
Other current assets	24 337	17 426	16 194
Other current receivables	-	-	-
Cash and bank deposits	107 609	105 897	17 846
<b>Total current assets</b>	<b>218 566</b>	<b>219 239</b>	<b>109 889</b>
<b>TOTAL ASSETS</b>	<b>1 355 494</b>	<b>1 364 719</b>	<b>1 243 487</b>

Amounts in 1000k	30.09.2021	30.09.2020	31.12.2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15 201	2 995	2 995
Treasury stock	(81)	(43)	(42)
Share premium	479 465	295 010	291 632
Other reserves	(1 236)	(1 856)	(1 236)
Retained earnings	41 480	(8 622)	4 225
<b>Total equity</b>	<b>534 828</b>	<b>287 485</b>	<b>297 573</b>
<b>Non-current liabilities</b>			
Pension liabilities	2 201	3 180	2 201
Deferred tax	-	2 471	-
Liabilities to financial institutions	426 967	614 694	541 800
Non-current lease liabilities	110 830	121 870	113 271
Contingent consideration	-	-	-
Other non-current liabilities	-	2 628	-
<b>Total non-current liabilities</b>	<b>539 998</b>	<b>744 843</b>	<b>657 272</b>
<b>Current liabilities</b>			
Liabilities to financial institutions	20 000	48 002	54 002
Current lease liabilities	46 639	45 431	44 229
Derivatives	-	131	496
Trade creditors	2 936	4 776	5 558
Tax payable	13 356	12 147	22 792
Public duties payable	10 476	9 100	16 079
Unearned revenue	163 546	125 681	82 195
Contingent consideration	-	30 000	30 000
Other current debt	23 715	57 124	33 290
<b>Total current liabilities</b>	<b>280 668</b>	<b>332 392</b>	<b>288 641</b>
<b>Total liabilities</b>	<b>820 666</b>	<b>1 077 234</b>	<b>945 913</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 355 494</b>	<b>1 364 719</b>	<b>1 243 486</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in 1000k	Q3 2021	2020
<b>Cash flow from operations</b>		
Profit before income taxes	21 568	56 617
Taxes paid in the period	-	(15 659)
Gain/loss from sale of fixed assets	-	146
Loss on sale of subsidiary (Sonans Karriere)	-	21 945
Interest expense	6 063	35 831
Interest paid	(3 910)	(35 864)
Depreciation	13 973	66 203
Interest lease payment	-	-
Change in trade debtors	(38 812)	(1 227)
Change in other debtors	591	-
Change in trade creditors	(2 884)	(4 321)
Differences in expensed pensions and payments in/out of the pension scheme	-	(1 773)
Items classified as investments or financing	-	1 320
Change in other current assets and liabilities	92 711	35 714
<b>Net cash flow from operations</b>	<b>89 300</b>	<b>158 932</b>
<b>Cash flow from investments</b>		
Proceeds from sale of fixed assets	-	100
Purchase of fixed assets	(2 007)	(6 529)
Purchase of intangible assets, patents, development	(6 609)	(6 797)
Payment to buy shares in other companies	-	-
Payment to buy subsidiaries (Bjørknes Education and Bjørknes Høyskole)	-	(30 000)
Net cash derecognised upon sale of subsidiary	-	(1 895)
<b>Net cash flow from investments</b>	<b>(8 616)</b>	<b>(45 121)</b>
<b>Cash flow from financing</b>		
Proceeds from the issuance of new liabilities	-	-
Payment of principal portion of lease liabilities	(10 329)	(40 769)
Repayment of liabilities to financial institutions	-	(68 001)
Repayment of other loans	-	(21 999)
Purchase of treasury shares	-	(573)
<b>Net cash flow from financing</b>	<b>(10 329)</b>	<b>(131 342)</b>
Exchange gains / (losses) on cash and cash equivalents	-	-
Net change in cash and cash equivalents	70 355	(17 531)
Cash and cash equivalents at the beginning of the period	37 254	35 378
<b>Cash and cash equivalents at the end of the period</b>	<b>107 609</b>	<b>17 846</b>
Additional unused credit facilities	70 000	70 000

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**30.09.2021**

Amounts in 1000k	Share capital	Share premium	Treasury stock	Other reserves	Retained earnings	Total
<b>Equity at 01 January 2021</b>	<b>2 995</b>	<b>291 632</b>	<b>(42)</b>	<b>(1 236)</b>	<b>4 226</b>	<b>297 574</b>
Listing costs Euronext Growth	-	-	-	-	(11 854)	(11 854)
Issued share capital	12 206	187 833	(39)	-	-	200 000
Ordinary dividends	-	-	-	-	-	-
IFRS Adjustments	-	-	-	-	(614)	(614)
Total income/expense for the year	-	-	-	-	49 722	49 722
<b>Equity at 30.09.2021</b>	<b>15 201</b>	<b>479 465</b>	<b>(81)</b>	<b>(1 236)</b>	<b>41 479</b>	<b>534 828</b>

**30.09.2020**

Amounts in 1000k	Share capital	Share premium	Treasury stock	Other reserves	Retained earnings	Total
<b>Equity at 01 January 2020</b>	<b>2 995</b>	<b>292 218</b>	<b>(38)</b>	<b>(1 856)</b>	<b>(34 750)</b>	<b>258 569</b>
Issued share capital	-	2 792	(5)	-	-	2 787
Ordinary dividends	-	-	-	-	-	-
IFRS Adjustments	-	-	-	-	(2 316)	(2 316)
Total income/expense for the year	-	-	-	-	28 444	28 444
<b>Equity at 30.09.2020</b>	<b>2 995</b>	<b>295 010</b>	<b>(43)</b>	<b>(1 856)</b>	<b>(8 622)</b>	<b>287 485</b>

## NOTE 1 - BASIS OF PREPARATION AND ACCOUNTING POLICIES

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, Oslo Nye Høyskole AS, ONH Education AS, and Norwegian School of Technology AS. The operating companies in the Group are Sonans Privatgymnas AS, Oslo Nye Høyskole AS, ONH Education AS, and Sonans Gruppen AS.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020.

The information in this interim financial report has not been subject to audit.

### **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.

## NOTE 2 ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

## NOTE 3 EVENTS AFTER SEPTEMBER 30 2021

Between 30 September 2021 and the resolution of these Interim Financial Statements, there have not been any events that have had a material impact on Sonans Holding's result in the interim period or the value of the group's assets and liabilities at 30 September 2021.

## NOTE 4 CONTINGENT LIABILITIES

As part of the transaction where Sonans acquired Oslo Nye Høyskole AS (previously named Bjørknes Høyskole) in 2019, Oslo Nye Høyskole entered into an extension of several agreements regarding the IT system "Qybele", and certain services connected to Qybele. In Q2 2021 one of the counterparties raised a claim that the calculation method which has been used to calculate the fee since 2017 is incorrect and has requested additional payment of around NOK 3 million for the 2020 fee. Further, that counterparty has reserved its right to make similar claims for previous years, although no such claims have currently been presented. Sonans disputes the claim and has made no accrual for it in the financial accounts. Preparations for arbitration proceedings have been initiated, and the dispute is expected to be decided by the end of Q1 2022.

# Appendix

## BRIDGE FROM REPORTED TO PRO FORMA ADJUSTED FINANCIALS

Sonans Holdig AS (excluding discontinued operations - Sonans Karriere AS)								
NOKm	2020				2021			FY 20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Revenues	124,8	125,8	131,8	136,0	133,3	134,1	130,8	518,4
Personnel costs	59,5	40,5	55,4	69,3	61,8	48,7	65,8	224,8
Premises costs	3,9	2,5	4,3	4,4	4,6	4,8	5,0	15,2
Sales and marketing	8,8	8,7	4,8	5,1	8,1	8,2	7,0	27,4
Bad debt*	7,1	2,4	2,3	7,0	7,6	4,9	1,1	18,7
Other costs	8,6	7,9	9,2	9,9	15,8	10,9	10,1	35,7
Loss from sale SK	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total OpEx</b>	<b>88,0</b>	<b>62,1</b>	<b>76,0</b>	<b>95,7</b>	<b>97,9</b>	<b>77,5</b>	<b>89,1</b>	<b>321,8</b>
<b>EBITDA</b>	<b>36,9</b>	<b>63,7</b>	<b>55,8</b>	<b>40,2</b>	<b>35,4</b>	<b>56,6</b>	<b>41,7</b>	<b>196,6</b>
Depreciations	1,7	1,7	1,5	1,7	1,9	1,9	2,1	6,6
IFRS16 depreciations	14,2	14,3	14,4	14,5	11,7	11,7	11,8	57,4
Amortisations	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>21,0</b>	<b>47,7</b>	<b>39,9</b>	<b>24,1</b>	<b>21,8</b>	<b>43,0</b>	<b>27,8</b>	<b>132,6</b>
Sonans Holdig AS Adjusted (excluding discontinued operations - Sonans Karriere AS)								
NOKm	2020				2021			FY 20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Revenues	124,8	125,8	131,8	136,0	133,3	134,1	130,8	518,4
Personnel costs	59,5	40,5	55,4	69,3	61,8	48,7	65,8	224,8
Premises costs	3,9	2,5	4,3	4,4	4,6	4,8	5,0	15,2
Sales and marketing	8,8	8,7	4,8	5,1	8,1	8,2	7,0	27,4
Bad debt*	7,1	2,4	2,3	7,0	7,6	4,9	1,1	18,7
Other costs	6,3	5,9	7,3	6,5	9,0	7,2	6,6	26,0
Loss from sale SK	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total OpEx</b>	<b>85,6</b>	<b>60,0</b>	<b>74,2</b>	<b>92,3</b>	<b>0,0</b>	<b>73,9</b>	<b>85,6</b>	<b>312,1</b>
<b>Adj. EBITDA</b>	<b>39,2</b>	<b>65,8</b>	<b>57,6</b>	<b>43,7</b>	<b>42,2</b>	<b>60,3</b>	<b>45,3</b>	<b>206,3</b>
Depreciations	1,7	1,7	1,5	1,7	1,9	1,9	2,1	6,6
IFRS16 depreciations	10,4	10,5	10,6	10,7	10,8	10,8	10,9	42,2
Amortisations	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Adj EBIT</b>	<b>27,1</b>	<b>53,5</b>	<b>45,5</b>	<b>31,3</b>	<b>29,6</b>	<b>47,6</b>	<b>32,3</b>	<b>157,5</b>
<b>Adj EBIT margin</b>	<b>21,7%</b>	<b>42,6%</b>	<b>34,5%</b>	<b>23,0%</b>	<b>22,2%</b>	<b>35,5%</b>	<b>24,6%</b>	<b>30,4%</b>
<i>Adjustments:</i>								
M&A, listing and funding related group costs	0,2	0,7	0,2	1,7	5,0	1,8	1,0	2,8
Qybele	2,1	1,4	1,6	1,7	1,9	1,9	2,5	6,9
IFRS16 depreciation student contracts	3,8	3,8	3,8	3,8	1,0	1,0	1,0	15,2
<b>Sum</b>	<b>6,1</b>	<b>5,9</b>	<b>5,6</b>	<b>7,2</b>	<b>7,8</b>	<b>4,6</b>	<b>4,5</b>	<b>24,9</b>
*IFRS bad debt principle change		3,4		-3,4				

## ALTERNATIVE PERFORMANCE MEASURES

The Group reports its financial results in accordance with IFRS accounting principles as issued by the IASB and as endorsed by the EU. 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 use 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 assessing compliance with financial covenants.

Alternative Performance Measures reflect adjustments based on the following items:

### Pro Forma revenues

Pro Forma revenues are revenues for the Group adjusted for sold or acquired entities. Sonans Karriere AS was disposed from the Group in early June 2020, and the financials of Sonans Karriere AS are included in the reported consolidated reported revenues for the Group until and including May 2020.

### Adjusted EBITDA before impact of IFRS 16

Adjusted EBITDA before impact of IFRS 16 is a measure of EBITDA adjusted for (i) lease expenses applying IAS 17 Leases, (ii) revenue and cost from sold or acquired business, and (iii) certain extraordinary items affecting comparability. The Group has presented this APM because it considers it to be an important supplemental measure to understand the leverage ratio of the Group.

### EBIT

EBIT is a measure of earnings before deducting net financial items and taxes. The Group has presented this APM because it considers it to be an important supplemental measure to understand the

overall picture of profit generation in the Group's operating activities.

### Adjusted EBIT

Adjusted EBIT is a measure of EBIT adjusted for (i) revenue and cost from sold or acquired business, and (ii) certain extraordinary items affecting comparability, and (iii) for the subsidiaries of Sonans Holding AS, also including IFRS adjustments as these companies report on NGAAP. The Group has presented these APMs because it considers them to be important supplemental measures to understand the underlying profit generation in the Group's operating activities.

### Adjusted EBIT margin

Adjusted EBIT divided by total revenue.

### Net debt

Current and non-current borrowings for the period (excluding property lease liabilities recognised under IFRS 16) less cash and cash equivalents for the period. Net debt is a non-IFRS financial measure, which the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group has presented this APM as it is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking into account cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding borrowings. Net debt is also used as part of the assessment for financial covenant compliance.

### Leverage ratio

Net debt divided by last twelve months Adjusted EBITDA before impact of IFRS 16.

### Cash conversion

Operating cash flow divided by Adjusted EBITDA before impact of IFRS 16.



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