

Lumi Gruppen

H2 24 Presentation

Agenda

- Introduction and Highlights
- Investing in Lumi Gruppen
- Financials H2 24
- Key Priorities and Financial Ambitions



A background image showing two women in a professional setting. The woman on the left is smiling and looking towards the right, while the woman on the right is looking down at a laptop. A laptop is visible in the foreground, partially obscured by the text.

This is Lumi Gruppen

Lumi Gruppen is a leading education provider in Scandinavia

Lumi Gruppen facilitates lifelong learning through flexible education and contributes to ensuring society has a workforce for the future.

Our vision: The best student experience

Lumi Gruppen strives to create a student experience of the highest quality, enabling individuals to leverage their full potential and strengths.

Our mission: To reach your goal together

We work relentlessly to achieve a motivating and inspirational learning environment. Lumi is committed to using flexible and engaging delivery models to achieve the best possible results for our students.

Leading higher education provider, operating across three main brands

NOKm 451

Revenue (FY2024)

~5% p.a.

Revenue CAGR (FY 2014-24)

~13.3%

Adjusted EBIT margin (FY 2024)

~100%

Free cash flow conversion* (FY 2024)

~8,500

Students, ~60% online (FY 2024)

0%

Public funding

ONH Oslo Nye
Høyskole

CAGR
2013-24
~21%

EBIT**
FY 2024
~25%

Ranked
#1

A fast-growing private university college
with a market-leading online offering.

 **Sonans**

CAGR
Pre-C19
12%

EBIT
Pre-C19
26% (2019)

Strong
student
satisfaction

Market leader in high school private
candidate exam preparation courses.

ONF Oslo Nye
Fagskole

Offering modern and future-oriented
vocational programmes in technology*.

Source: Studentbarometeret and public financial reports from Lumi Gruppen.

* Free Cash Flow Conversion = (Adj. IFRS EBITDA +/- change in NWC – Capex) divided on Adj. IFRS EBITDA)

** Excluding Oslo Nye Fagskole

* ONF is in the process of being established and at an early stage.

Introduction and Highlights

Lumi Gruppen – A leading higher education provider

Introduction

Nina Vesterby

Appointed CEO 1 August 2024

Previous Role and Experience:

- CEO, Story House Egmont AS
- CEO in the telecom industry

Education:

- Master in Business Administration & Management, NHH
- Bachelor in Business, BI Norwegian Business School



Lumi turns the corner with positive momentum in H2 24

- **Revenue:** NOK 239 million (210), reflecting solid growth of 14 per cent.
- **EBIT:** Ended at NOK 29 million (13) for the second half, with a margin of 12 per cent.
- **Adjusted EBIT:** Reached NOK 32 million (20), with a margin of 13 per cent.
- **Cash flow:** NOK 53 million (31) from operations, driven by stronger operating profit. Limited impact on net working capital (NWC) from growth.
- **ONH:** Continued strong performance with 18 per cent revenue growth in the second half.
- **Sonans:** Improved development, reversing revenue declines from the past two academic years, with close to 6 per cent revenue growth in H2 24.
- **Group:** Acquisition of the online vocational and university college start-up Ekko.

Key Achievements of Lumi Gruppen



Driving growth and financial stability

- ONH is continuing its steady growth trajectory, achieving strong revenue expansion.
- Sonans has successfully streamlined its cost structure and reduced financial risk while adapting to current market conditions.



Market leadership and development

- ONH has established itself as a leader in the online higher education segment, and as the highest rated multidisciplinary university college.
- Sonans is recognised for its strong brand and academic outcome and remains the leading private candidate exam preparation course provider.



Strengthened financial position

- Gross debt reduced from NOK 500 million to NOK 235 million.
- Satisfactory covenant headroom and strong liquidity.



Innovation and programme development

- Introduced innovative and flexible study programmes, designed to meet evolving student needs and future market demand.
- The launch of Oslo Nye Fagskole has added a new opportunity for growth within the Group.



Commitment to student quality

- ONH's quality system has been acknowledged by NOKUT for its high standards and effective integration. The institutional accreditation process is underway and is expected to conclude by late 2025 or at the start of 2026.
- Student satisfaction ratings for both ONH and Sonans remain consistently strong.
- Continued investment in technology and exploration of AI solutions reflect Lumi Gruppen's dedication to innovation and enhancing the student experience.



Political environment

- The new admission rules to higher education acknowledge the need and importance of the private candidate arrangement.
- The current political environment is considered neutral, providing a stable backdrop for Lumi Gruppen's business operations.

Investing in Lumi Gruppen

The investment case – why invest in Lumi Gruppen?



Strong secular tailwinds

- 50% undersupply of university places.
- Stable political backdrop.
- Favourable demographic trends towards lifelong learning.



Leading student satisfaction

- ONH is the highest rated multidisciplinary university college.
- Sonans has all-time high student satisfaction ratings.
- Courses are designed to meet labour market demand.



Focused on high growth market segments

- Leading innovator in online learning.
- Strong presence in lifelong learning.
- Flexible / hybrid study models.
- Additional avenues to growth in vocational and trade subjects.



Attractive financial profile

- +12% p.a. revenue growth from 2008 to 2019, before C-19. +5% p.a. revenue growth since 2014.
- High EBIT margins and capital-light.
- Courses are prepaid, ensuring excellent cash conversion.
- Profit and cash visibility 12 months ahead.

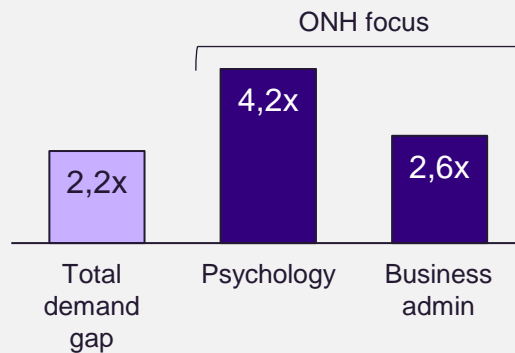
Strategic positioning

1

Selecting underserved niches with strong growth potential

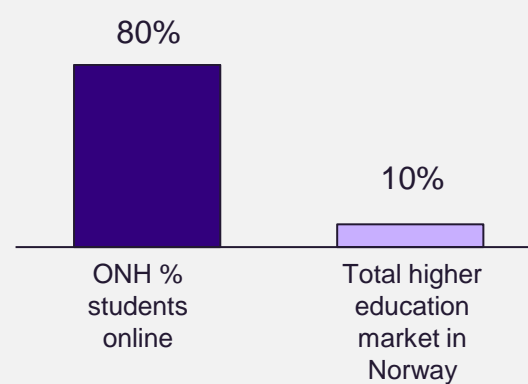
Demand gap comparison 2024-2025

Applicants/Study places, ratio



2

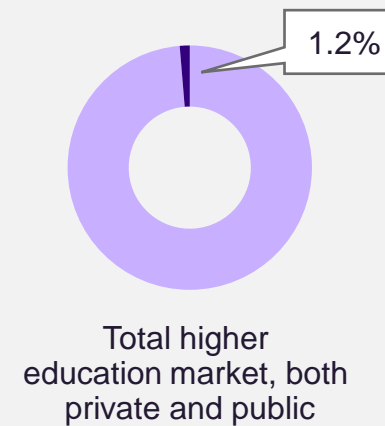
Online dominates, aligning ONH with a higher growth section of market



3

Substantial further addressable market

ONH students vs. total number of active students in Norway 2024-25

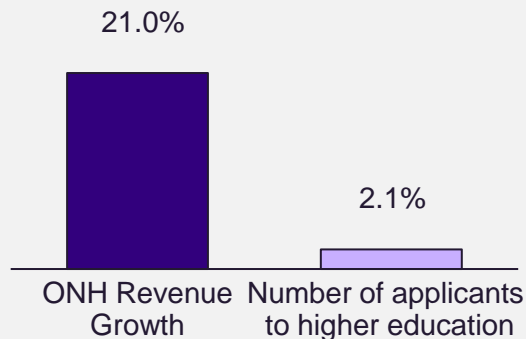


- Focuses on structurally higher growth sub-sectors.
- Committed to sustainable growth.
- Substantial market opportunity to go after.

Financial achievements

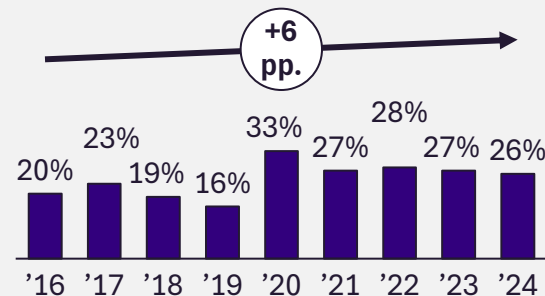
1

Consistent above market growth (CAGR 2008-2024)



2

Strong and dependable Adj. EBIT margins*

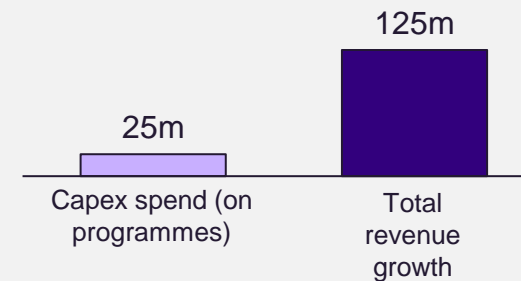


3

Proven ability to continually re-invest capital at high returns

Investment (Capex) in programmes vs. revenue growth

From FY 2021 to FY 2024



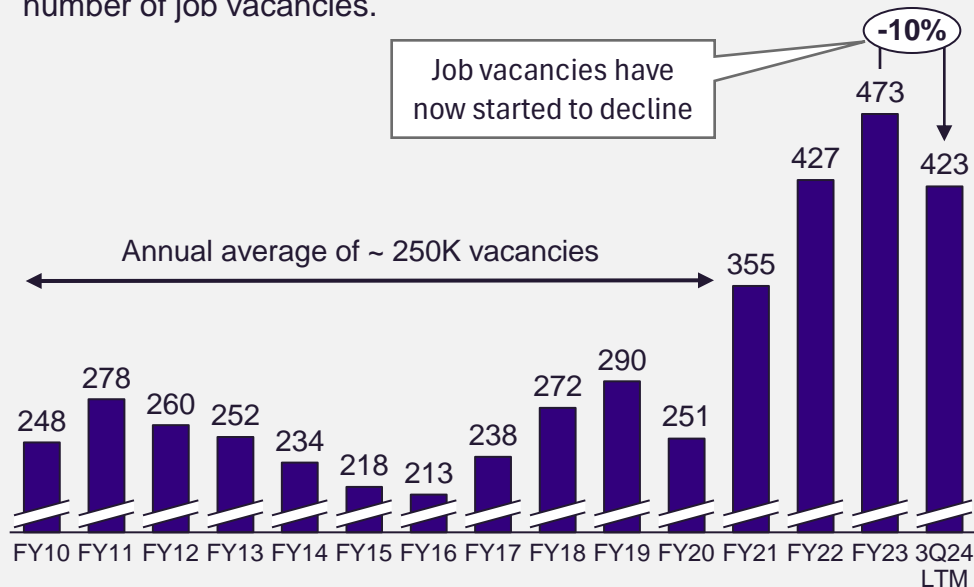
- Aligns with current and evolving student preferences.
- Demonstrates steadily improving margins over time.
- Prioritizes investments in attractive programme segments.

Key demand drivers for the private candidate exam preparation market affected by “one-off” Covid-19 effects ...

1

Norwegian total job vacancies have surged to unprecedented levels but have now peaked and are expected to normalise over the next few years.

Favourable macroeconomic conditions led to a significant reduction in unemployment among young people, accompanied by a record-high number of job vacancies.

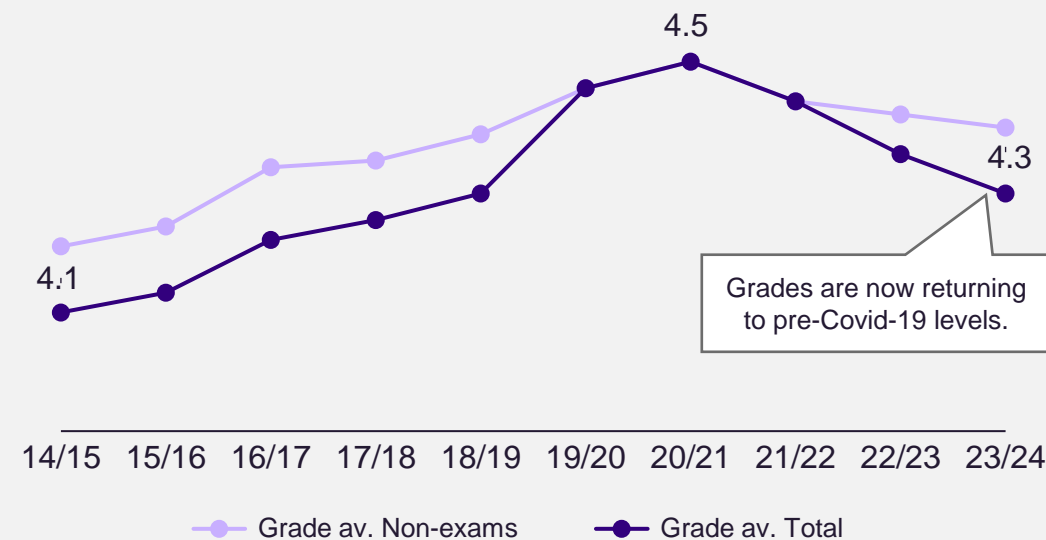


Source: NAV

2

Changes in teaching conditions and exam standards during Covid-19 led to significant grade inflation in Norway, which has taken 3 years to fully flush out (grade scale 1 to 6).

Grade inflation also resulted in a higher completion rate for high school students, affecting another area of market demand.

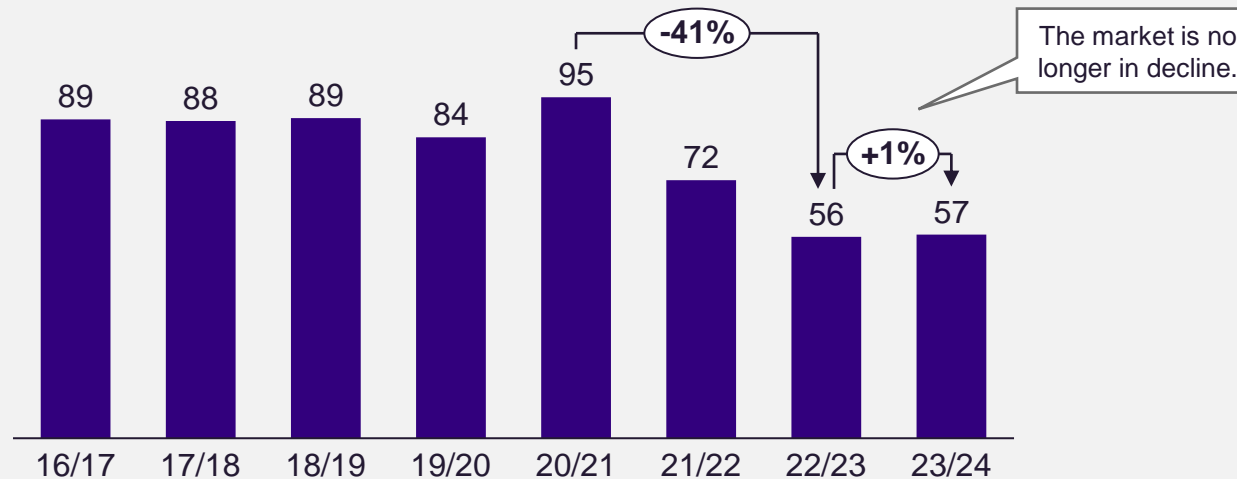


Such “one-off” factors led to a significant market decline after Covid-19, but this has now steadied

3

The number of privatist exams taken is significantly reduced.

A spike in sales during the first year of Covid-19 was followed by a significant drop in the number of private candidate exams, declining from 95k in 2020/2021 to 56k in 2023/2024 – a reduction of 40 per cent.



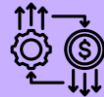
Sonans – Norway's leading provider of private candidate exam preparation

Well-positioned for the future



Strongly positioned

- Leading position with the highest number of students.
- Top brand recognition.
- Excellent student outcomes.



Managed cost base

- Campus right-sizing.
- Cost base lean and ready.
- 15% EBIT margin achievable at current volumes.



Programme innovation

- Leading online offering.
- Continued innovation combined with increased use of AI.
- Flexible study models meeting student needs.



Political support clarified

- No significant changes to the private candidate arrangement.
- Retaking exams the main option to improve ranking in applying for higher education.

Lumi Gruppen upsides

Significant market upswing for Sonans

Privatist market recovers closer to pre-pandemic levels



- Management's business plan focuses on steady growth and disciplined cost management.
- However, the key demand drivers suggest a potential path to normalisation (e.g., lower job vacancies, grade deflation).

Oslo Nye Fagskole takes off

ONF (higher vocational education college) grows at a fast pace.



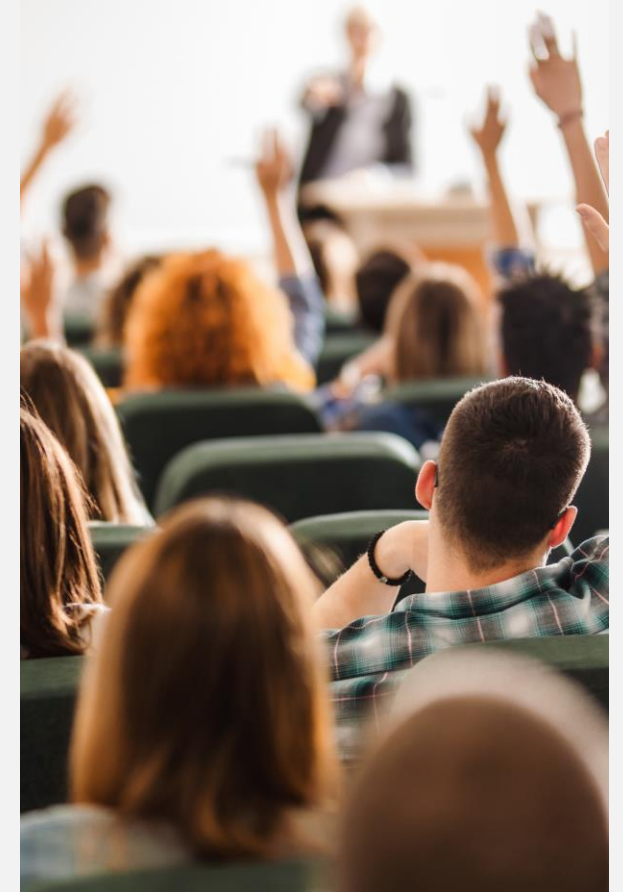
- ONF is a tech-focused vocational college.
- Newly accredited programmes are expected to see significant growth in the coming years.
- Vocational higher education is in high demand, with the market doubling in student numbers over the past six years.

M&A

Management is actively exploring potential bolt-on acquisitions.



- Diverse routes and acquisition strategies identified.
- Technology acquisitions to enhance AI capabilities and innovation.
- Expansion into adjacent markets, such as corporate training.
- Exploration of new geographies, leveraging Lumi's online expertise to maximise synergies.

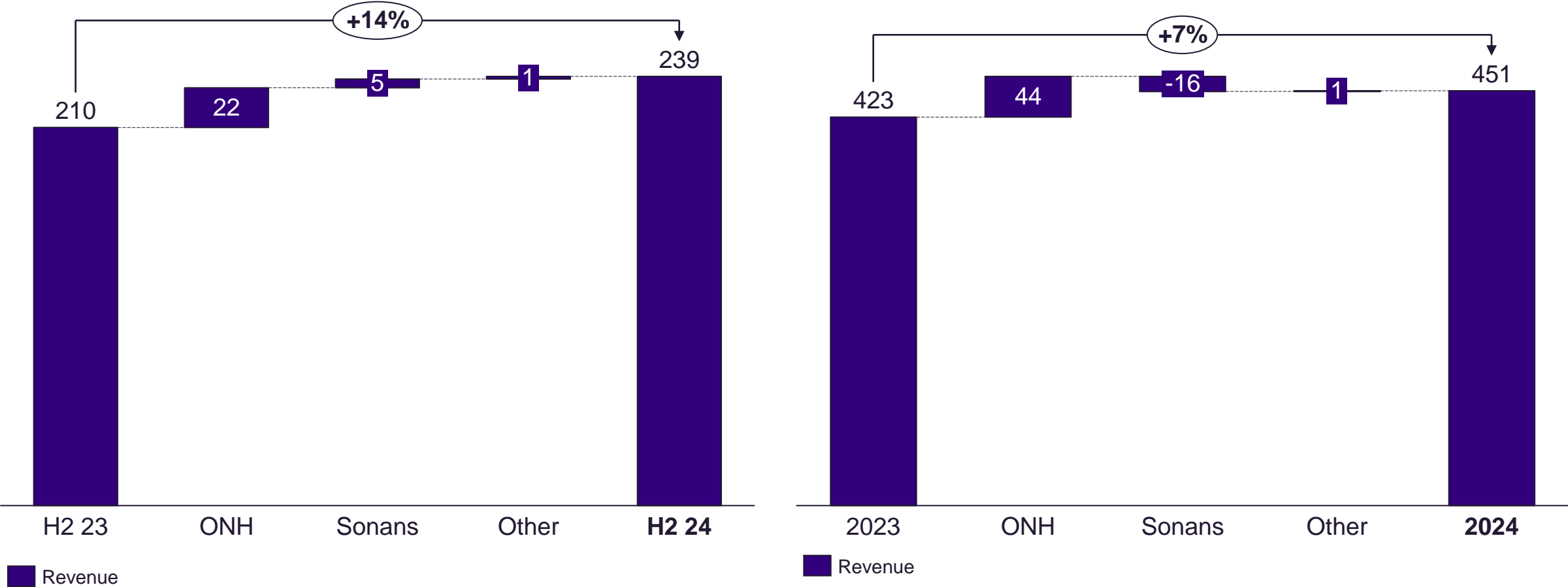


Financials H2 24

Solid 14 per cent revenue growth in H2 24

- **ONH** maintained its positive trajectory in the second half of 2024, generating NOK 145 million in revenue, representing an 18.0 per cent growth.
- This growth was driven by the continued expansion of online programmes and an increased share of recurring revenues from multi-year students. The key contributors to growth include positive market development for online university college programmes and gains in market share.
- **Sonans** delivered an encouraging performance amidst challenging end markets, achieving 5.5 per cent revenue growth and reversing the revenue declines experienced over the past two academic years.
- In the second half of 2024, Sonans reported revenue of NOK 94 million, compared to NOK 89 million in the same period last year.

Returned to growth path in H2 24

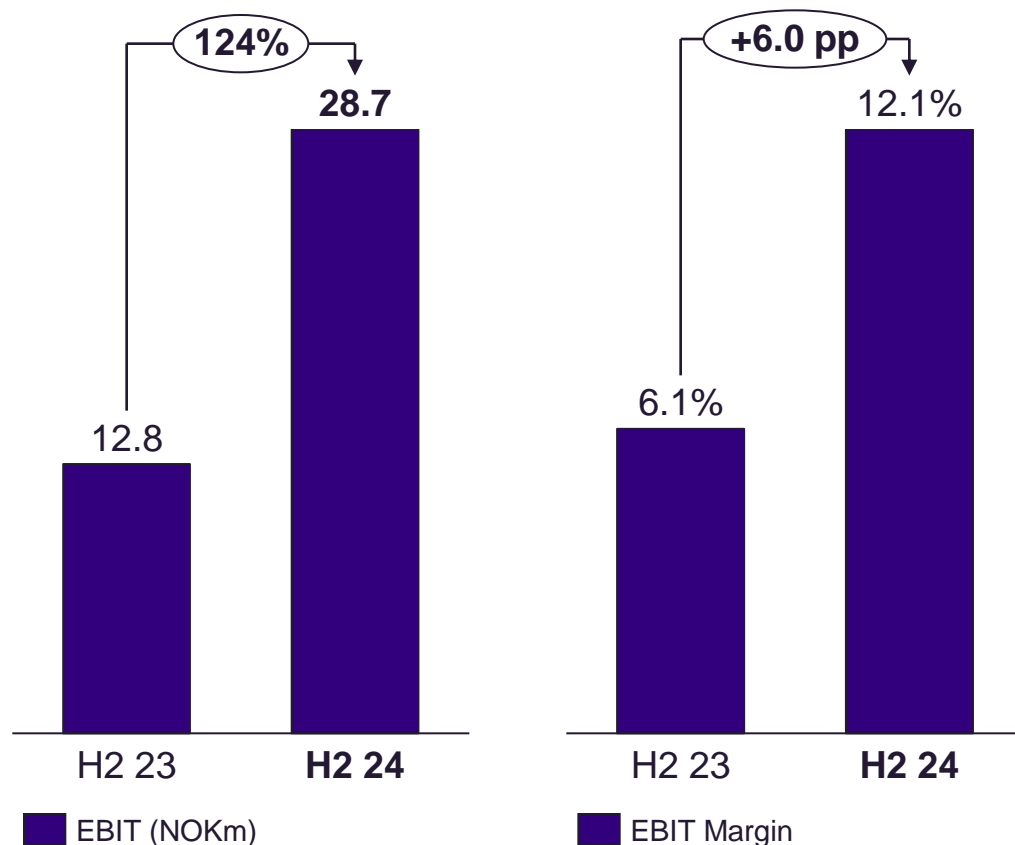


Strong EBIT growth driven by revenue increases across segments and stable OpEx development

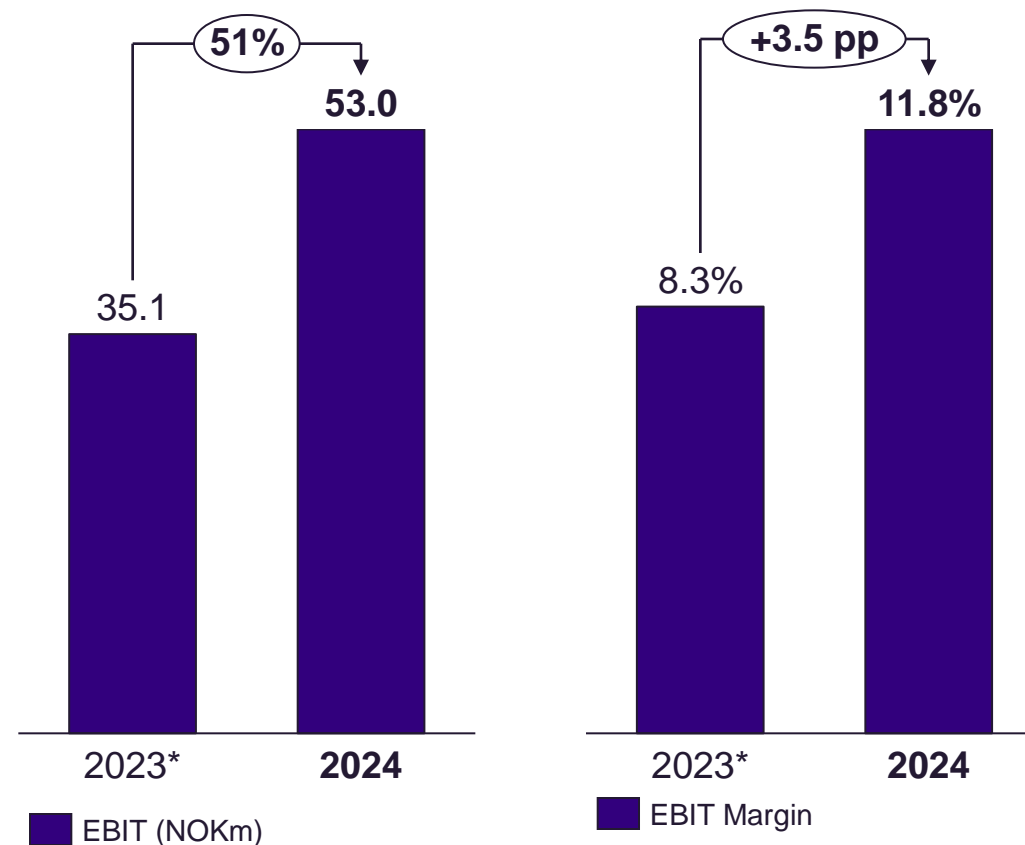
- EBIT for the Group amounted to NOK 28.7 million in the second half, compared to NOK 12.8 million in the same period last year. EBIT margin was 12.1% (+5.9 pp.).
- Excluding non-recurring expenses, Adjusted EBIT reached NOK 32.4 million, up from NOK 20.4 million the year. Adjusted EBIT margin was 13.6% (+3.5 pp.)
- The increase in EBIT was driven by revenue growth across all segments, with a solid 13.5 per cent rise in the second half of 2024.
- Additionally, a stable contribution margin from education services, coupled with the ongoing impact of implemented cost programmes, further supported this growth.

Reported EBIT increased by 124 per cent in H2 24

Second half of 2024

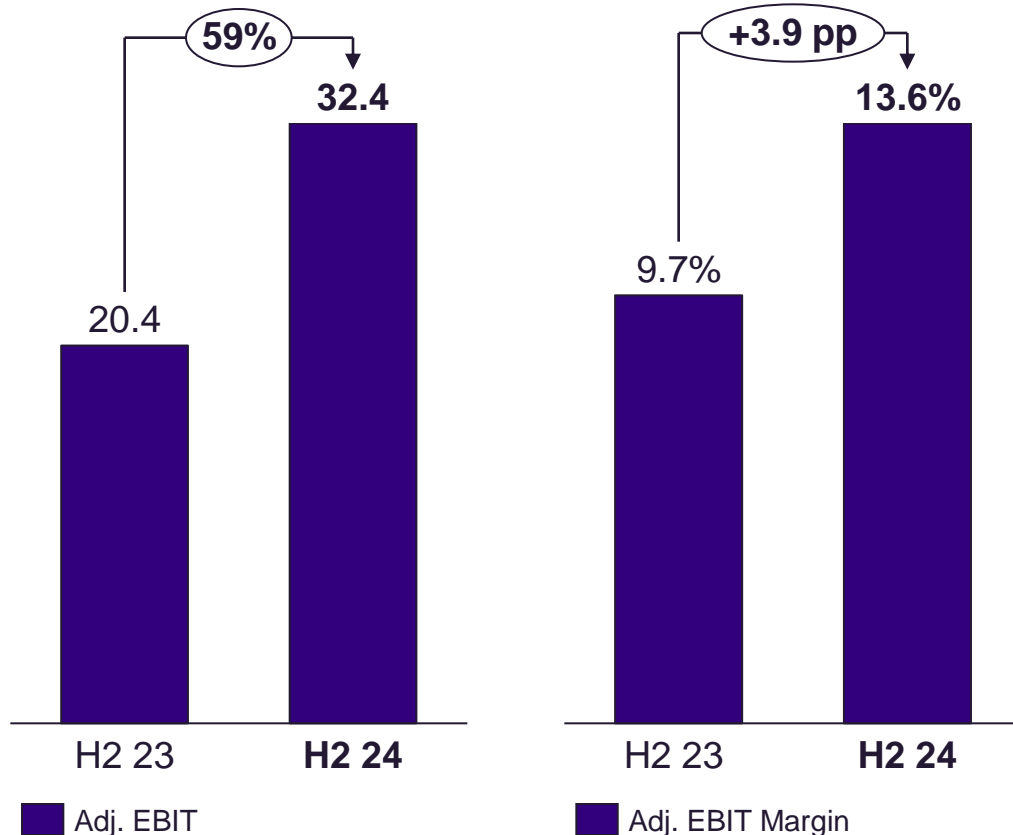


Financial year 2024

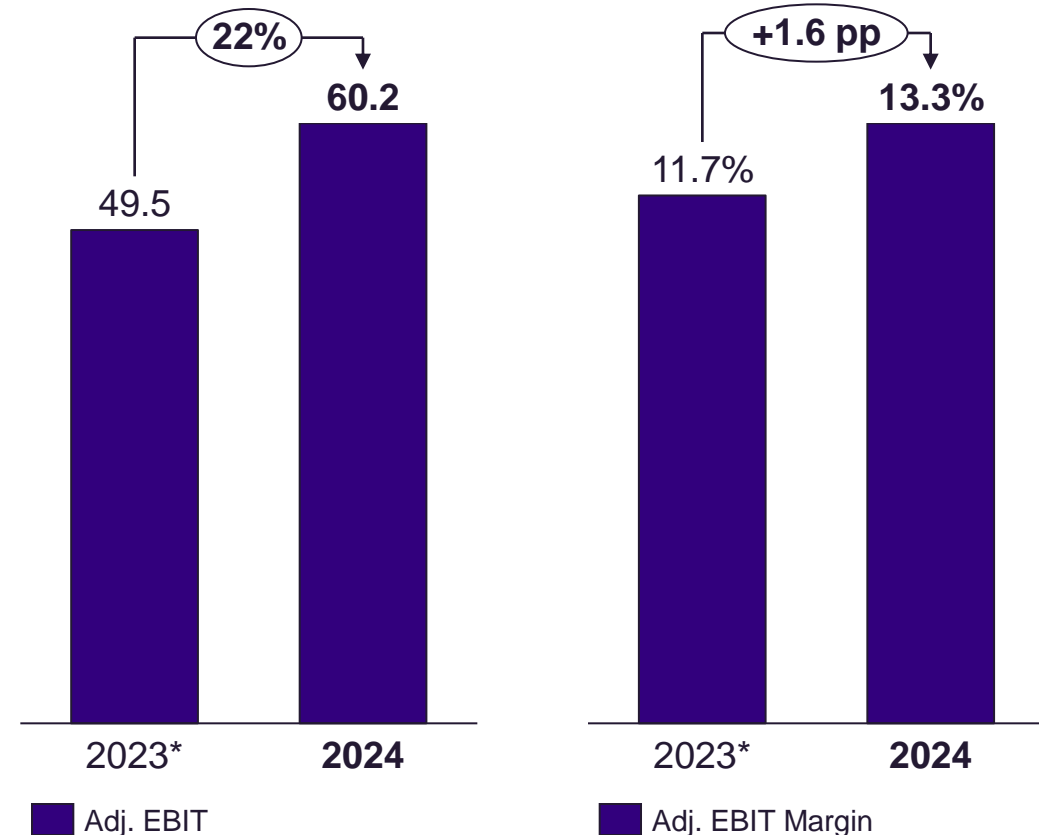


Adjusted EBIT increased by 59 per cent in H2 24

Second half of 2024



Financial year 2024



ONH: EBIT increased by 41%, driven by revenue growth and controlled expense development

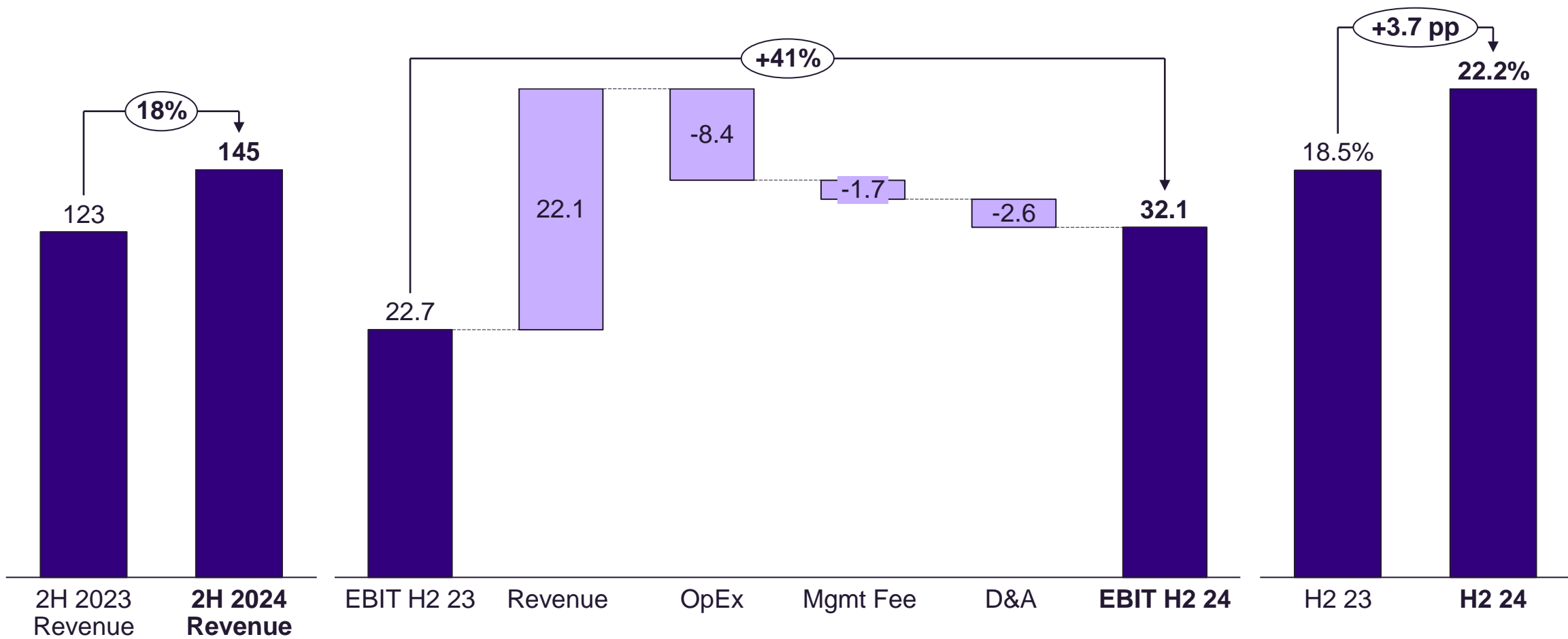
Operating profit/EBIT

- EBIT ended at NOK 32.1 million, representing a margin of 22.2%. Adjusted EBIT reached NOK 33.1 million, with a margin of 22.9%. Excluding ONF*, the EBIT margin improved to 24.6%, while the Adjusted EBIT margin rose to 25.3%.

Operating expenses

- Growth in expenses mainly driven by additional faculty and admin staff needed for increased student volumes and an expanded programme portfolio.
- Management fee was adjusted upward by NOK 1.7 million, although total fees in the Group were reduced.
- D&A was negatively impacted by a timing difference of approximately NOK 3 million, resulting from the recognition of a new lease contract. This led to the full depreciation of the right-of-use asset, while no lease adjustments were reflected in other OpEx, as the first three months are rent-free.

ONH: Revenue, EBIT and EBIT margin for H2 24



Sonans: EBIT turned from negative to positive, driven by revenue growth and net expense reduction

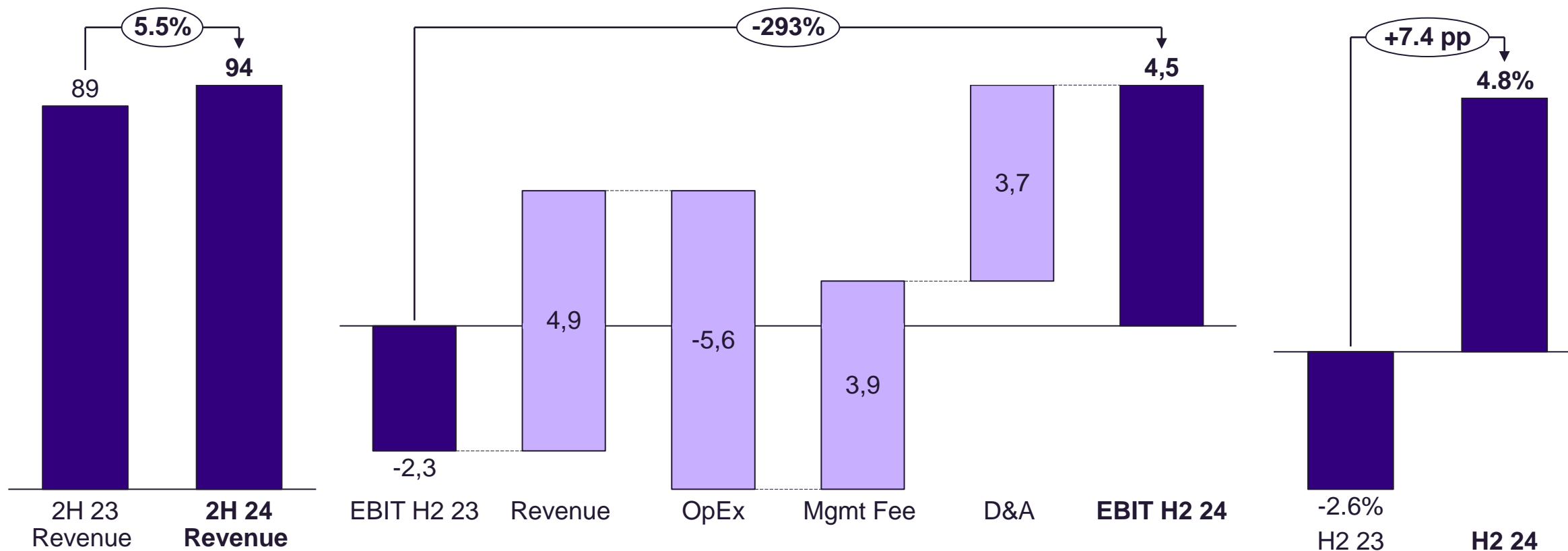
Operating profit/EBIT

- EBIT ended at NOK 4.5 million, representing a margin of 4.8%. Adjusted EBIT was NOK 5.7 million, with a margin of 6.1%.

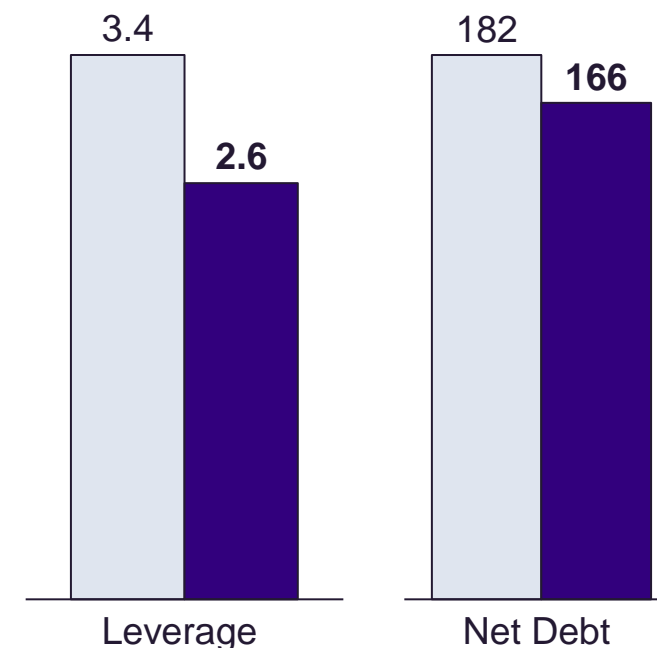
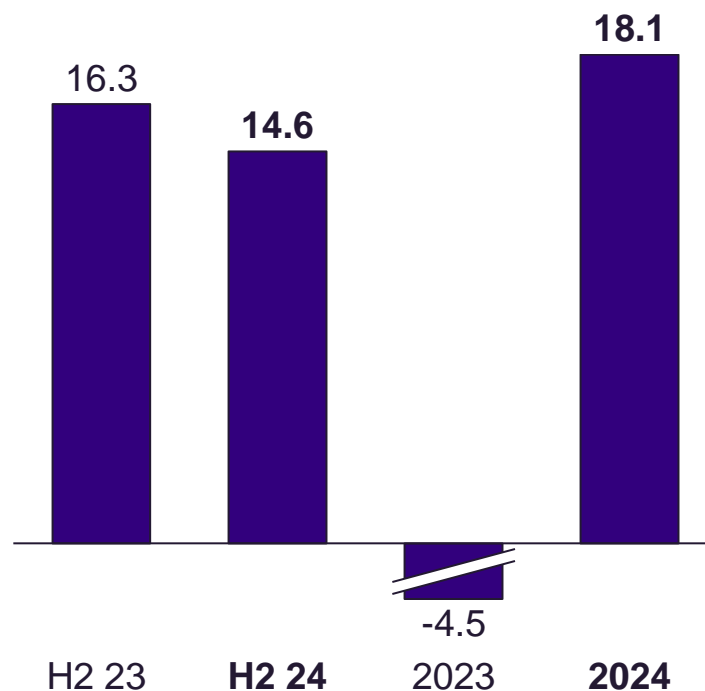
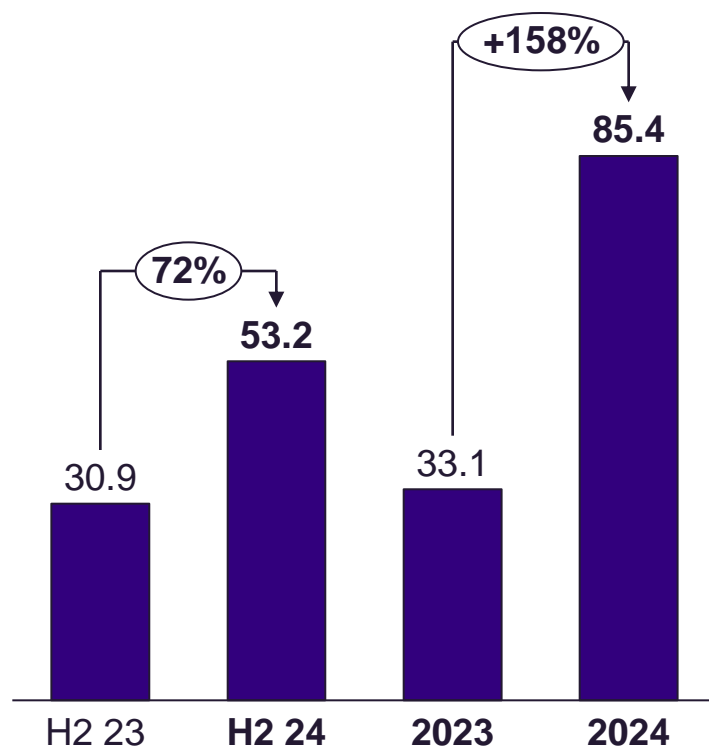
Operating expenses

- The net reduction in expenses was driven by the continued effect of implemented cost programmes. Growth in other operating expenses was primarily due to higher marketing costs. Anticipating a stronger market recovery, additional marketing funds were invested in the campaign for the 2024/25 academic year.
- Management fee was adjusted down by NOK 3.9 million.
- D&A expenses was reduced by NOK 3.7 million, reflecting the reduction in number of campuses, combined with sub-leasing and new improved lease terms for active campuses.

Sonans: Revenue, EBIT and EBIT margin for H2 24



Strong cash flow driven by EBIT growth and minimal NWC impact from revenue expansion



Op. Cash Flow

Changes in NWC

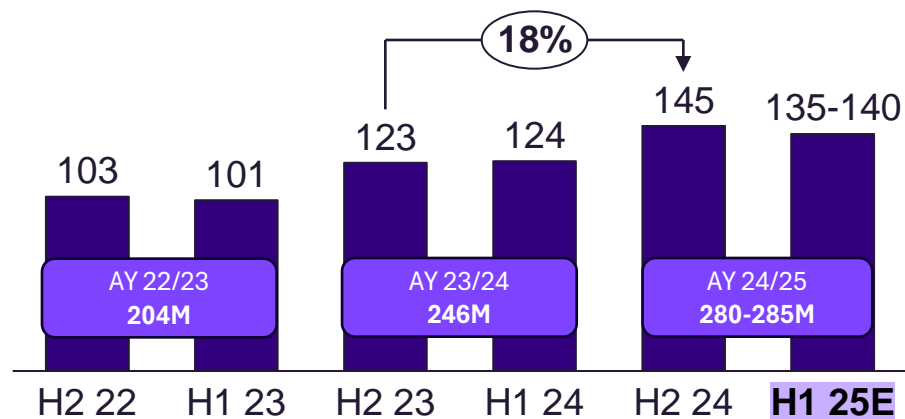
H2 23 H2 24

Outlook - the market drivers and outlook appear positive for the group and its segments

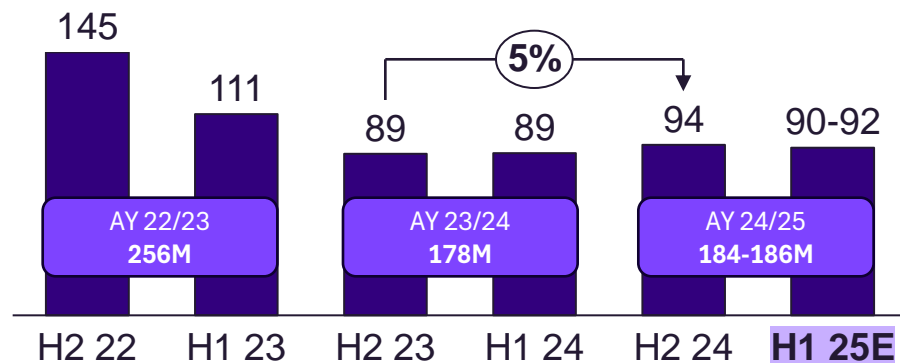
- Development at Sonans remains somewhat uncertain; however, the market has stabilised, providing opportunities to improve margins even at current volumes.
- The online higher education market is expected to continue growing, with ONH well positioned to capture a significant share of this expansion.
- ONF has established itself as an attractive market segment.
- For the 2024/2025 academic year, Lumi expects revenues to range between NOK 464 and 471 million.

Outlook – revenue estimates for AY 2024/2025

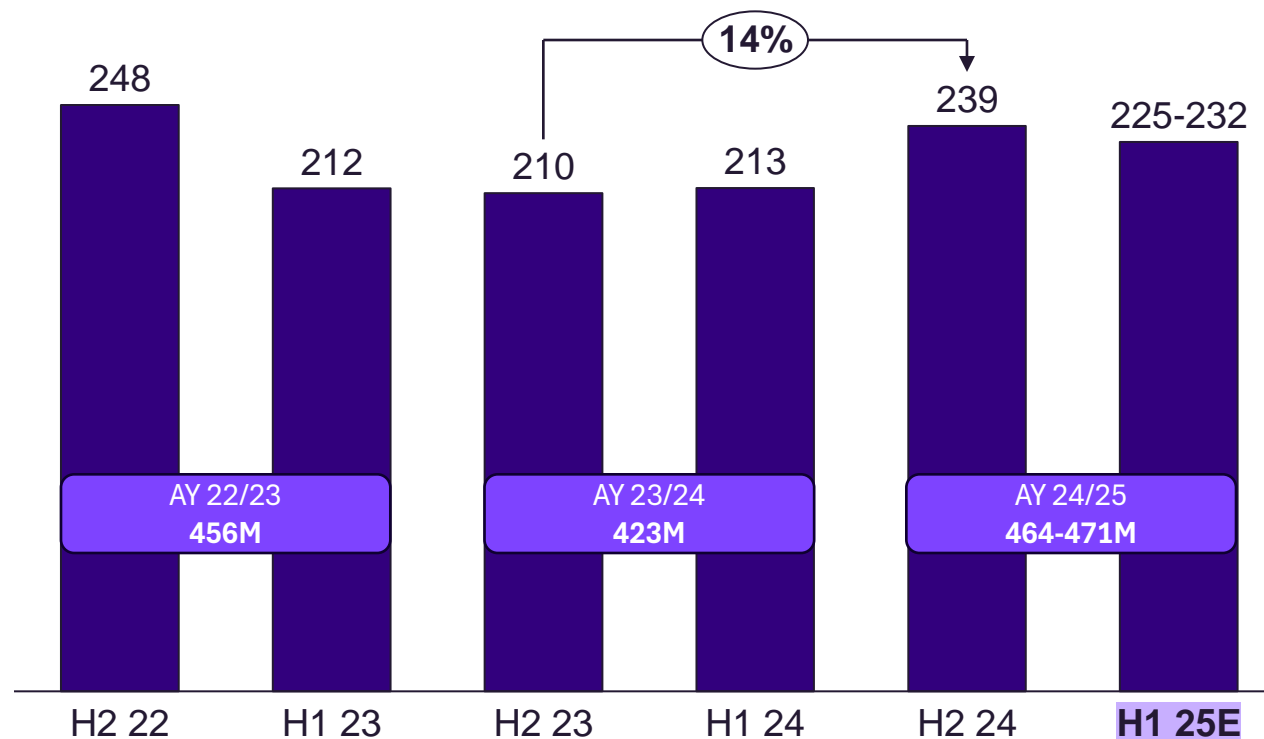
Oslo Nye Høyskole ~ 280-285M



Sonans ~ 184-186



Lumi Gruppen ~ 464-471M





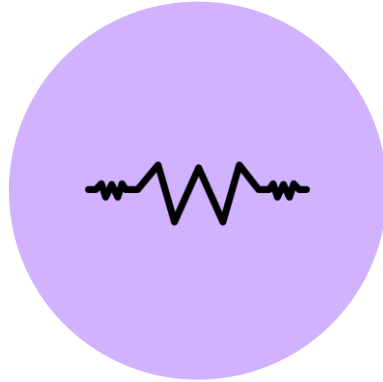
Key Priorities and Financial Ambitions

Management – key near-term priorities



Continued double-digit growth for ONH

- Applications submitted to continue launch of new programmes.
- Now established in the attractive higher vocational market (ONF).
- Move to new campus in 2025, strengthening the university college profile.



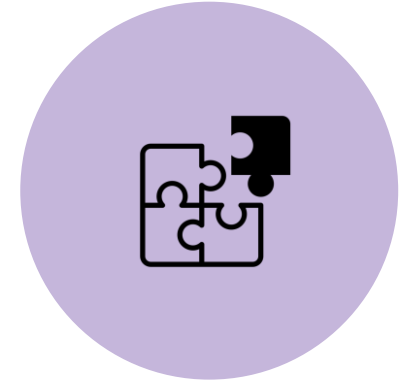
Return Sonans to normalised profitability

- Continued cost optimisation in a market that has now stabilised.
- Improve operating leverage with a leaner business model.



Maintain online-focus and leadership




- ONH is an online education innovator; Sonans is the largest online player in the private candidate exam preparation market.
- Continue to invest in online capabilities to ensure Lumi is always at the forefront of new tech developments (e.g. AI).



Consider further acquisitions

- Possibilities in both core and adjacent markets.

Financial Ambitions towards the AY 2026-27

	 ONH Oslo Nye Høyskole	 Sonans	 ONF Oslo Nye Fagskole
Growth/Revenue	>10% pa	~5% pa Further upside, depending on the recovery.	>30 NOKm in 4 years
Adj. EBIT %	>25%	~15%	>25%
Key priorities	<ul style="list-style-type: none"> • Double-digit growth. • Develop new programmes. • Institutional accreditation. 	<ul style="list-style-type: none"> • 10-20% margins short-term, >20% longer-term. • Online leadership and top brand recognition. 	<ul style="list-style-type: none"> • Newly established vocational college. • Develop and implement new programmes. • Online only.

Financial Calendar and Updates

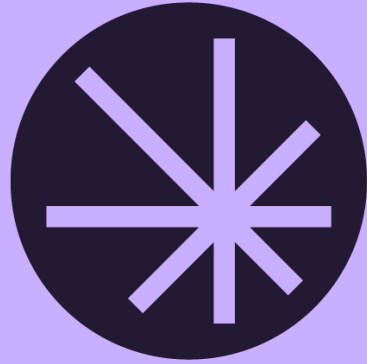
A group of four students in a classroom setting. A young man in a blue striped shirt is seated at a desk on the left, looking towards the center. Two young women stand in the center; one in a green jacket holds a small notepad, and the other in a pink striped shirt holds a tablet. A young man in a grey sweater stands on the right, looking down. In the foreground, the back of a young woman's head is visible. The desk has a laptop and papers. The background shows blue plastic chairs and a plain wall.

Financial calendar

Financial calendar and market updates

Interim	H2 Report: 10 February 2025
	H1 Report: 14 August 2025
Annual	Annual accounts: 11 April 2025
Other	Lumi market update 2025 (TBA)
	Trading update autumn intake 2025/2026 (TBA)





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GRUPPEN