NHC Group
Report Q3 22

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Key figures

NHC Group

Unaudited, in NOK million	Q3 22	Q3 21	Q2 22	Q2 21	YTD 22	YTD 21	FY 21
Revenues & income	2,033.6	1,444.9	2,242.0	1,477.5	5,962.9	4,335.6	5,975.6
EBITDA	301.9	204.6	281.6	175.6	869.9	573.3	792.7
EBITDA (%)	14.8 %	14.2 %	12.6 %	11.9 %	14.6 %	13.2 %	13.3 %
EBITA	151.7	86.4	145.9	54.7	450.3	214.9	282.7
EBITA (%)	7.5 %	6.0 %	6.5 %	3.7 %	7.6 %	5.0 %	4.7 %
EBIT	143.3	73.2	136.9	44.7	423.1	181.5	238.5
EBIT (%)	7.0 %	5.1 %	6.1 %	3.0 %	7.1 %	4.2 %	4.0 %
EBT	64.1	18.9	67.1	(54.3)	220.3	37.7	48.2
EBT (%)	3.2 %	1.3 %	3.0 %	-3.7 %	3.7 %	0.9 %	0.8 %
EBITDA - adjusted for IFRS 16	139.9	105.1	137.1	50,2	433.7	226.0	321.9
EBITA - adjusted for IFRS 16	123.6	91.1	120.6	35,6	385.4	185.7	279.2

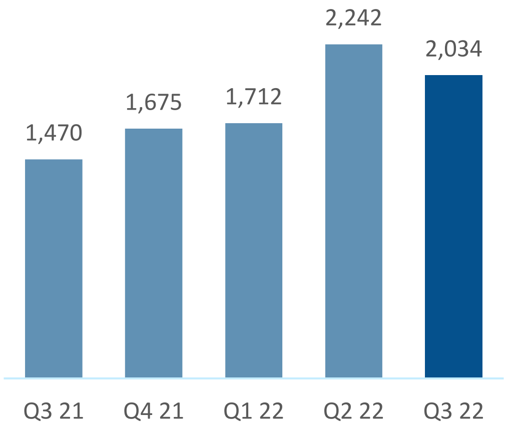
Figures are reported including effects from IFRS 16. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

Adjusted Revenue, EBITDA, EBITA, EBIT and profit before tax, adjusts for the effects from IFRS 16.

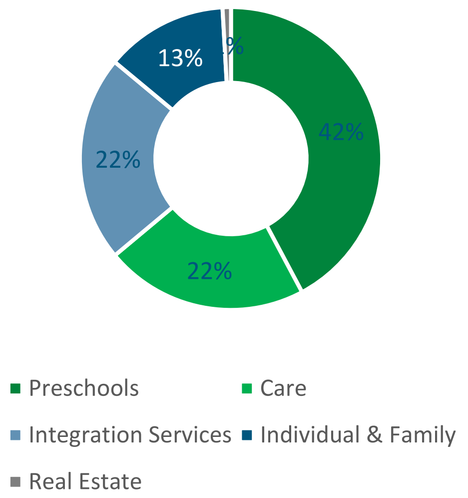
Q3 22 Highlights

- Q3 22 revenues of NOK 2,033.6 million, a growth of 41% YoY, mainly driven by Preschools and Integration Services
- EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 139.9 million, and adj. EBITA of NOK 123.6 million
- Preschools delivered an adj. EBITDA of NOK 42.5 million, down YoY, mainly explained by increased electricity costs and growth costs related to new unit openings
- In a strong quarter, Care generated an adj. EBITDA of NOK 7.7 million, down NOK 1.9 million YoY due to start-up costs and increased costs due to inflation
- Integration Services delivered an adj. EBITDA of NOK 63.0 million following high activity within both Accommodation Services, helped considerably by acute reception centers, and Interpretation Services
- Individual & Family generated an adj. EBITDA of NOK 15.4 million, up from NOK 12.6 million in Q3 21
- All operations, in line with the overall market, experience a negative impact from staff shortage and cost inflation and we expect the recent cost increases to be reflected in future agreements through indexations and price adjustments
- Large contract won within Elderly Care Norway; Oksenøya Elderly Care center, located in Bærum, with more than 150 places on an 8+1+1-year contract

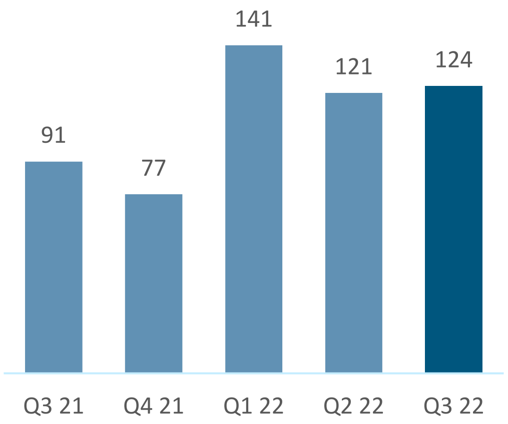
ADJ. REVENUE PER QUARTER (MNOK)



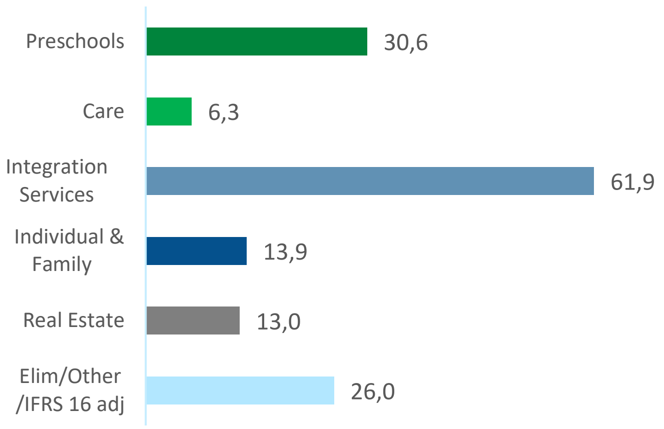
SEGMENT DISTRIBUTION Q3 22 (%)



ADJ. EBITA PER QUARTER (MNOK)

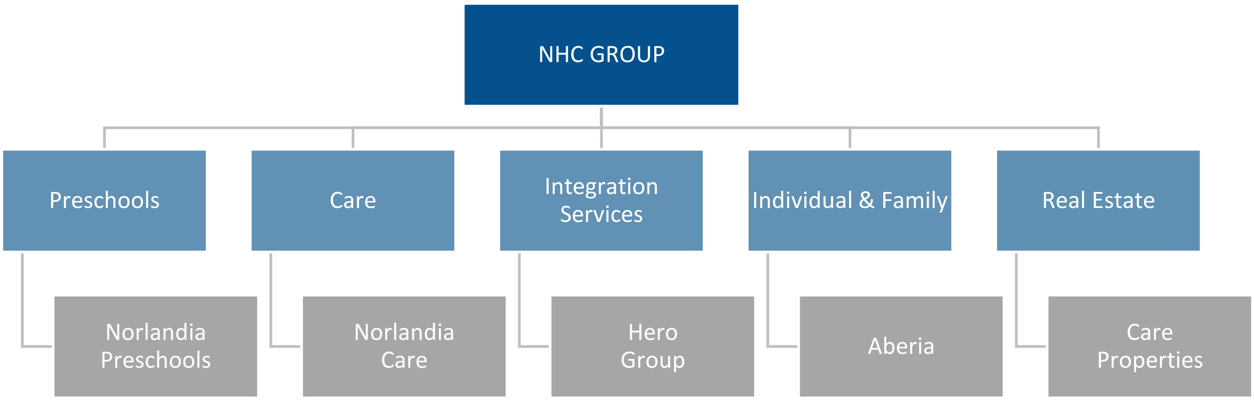


EBITA DISTRIBUTION Q3 22 (MNOK)



Norlandia Health & Care Group AS

NHC is a leading Nordic provider of care services operating within the following segments; Preschools, Care, Integration Services, Individual & Family and Real Estate. The Group has operations in Norway, Sweden, Finland, Poland, the Netherlands and Germany. Below is a simplified overview of the Group's reporting structure and the operating companies within each segment. This should not be regarded as a legal structure for the Group. For further information on each segment, we refer to the 2021 Annual Report and the respective subsidiaries' web pages.



Financials

CONSOLIDATED INCOME STATEMENT AND CASH FLOWS

The Group reported consolidated revenues of NOK 2,033.6 million in Q3 22, a 40,7 % increase YoY, on the back of revenue growth within the Preschool and Integration segments. EBITA for the quarter amounted to NOK 151.7 million, up from NOK 86.4 million in Q3 21, driven by the Integration segment.

Net financial items amounted to NOK -79.1 million for Q3 22, reflecting interest expenses of NOK 36.5 million on borrowings, interest related to capitalized leasing of NOK 40.5 million, interest income of NOK 0.5 million, and unrealized currency losses of NOK 2.6 million.

Profit before taxes amounted to NOK 64.1 million for Q3 22, up from NOK 18.9 million one year prior. Adjusted for IFRS 16 effects, profit before tax came in at NOK 76.5 million for the quarter, up from NOK 51.0 million in Q3 21.

Thus, the net effect of IFRS 16 amounted to NOK 12.4 million for Q3 22, reflecting depreciation charges of NOK 134.0 million and finance charges of 40.5 million. This was offset by reduced leasing expenses of NOK 162.0 million. See note 9 for more details.

Net cash inflow from operating activities in Q3 22 was NOK 124.6 compared to an inflow of NOK 97.8 million in the same quarter last year, mainly driven by the Integration segment, partly offset by a negative movement in working capital of NOK -174.0 million.

Net cash flow from investing activities resulted in an outflow of NOK 50.1 million in Q3 22, compared to an inflow of NOK 24.8 million in Q3 21, explained by increased investments in property, plant and equipment, and no proceeds from sale of assets recognised during the quarter. Net investment in property, plant and equipment reflected investments related to property development projects, acquisition of a property in Sweden, and maintenance capital expenditures of NOK 15.4 million.

Net cash outflow from financing activities amounted to NOK 220.1 million in Q3 22, compared to an outflow of NOK 108.0 million in Q2 21. The outflow this quarter is mainly explained by lease payments of NOK -121.6 million, cash interest expenses, including lease liability related interest expenses, of NOK -76.5 million, decreased net debt of NOK 2.1 million, and a group contribution of NOK 20.0 million.

The Group generated total cash flows of NOK -145.7 million for Q3 22.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PER 30 SEPTEMBER 2022

As of 30 September 2022, the Group had total non-current assets of NOK 8,297.1 million, an increase of NOK 771.8 million from year-end 2021. The increase in mainly explained by new leasing contracts resulting in higher right-of-use assets which was NOK 4,842.6 million as of 30 September 2022 compared to NOK 4,186.5 million at year-end 2021.

Cash and cash equivalents amounted to NOK 332.3 million on 30 September 2022, up from NOK 301.2 million on 31 December 2021. The Group has a revolving credit facility of NOK 350 million with DNB which is temporarily drawn upon in the various divisions as cash pooling and will not be fully optimized towards all markets and borders at all hours. The amount drawn on the facility will generally be highest at the end of each quarter as most of the income for preschools in Norway is received at the beginning of each quarter. As of 30 September 2022, NOK 106.9 million was drawn.

Total assets amounted to NOK 9,345.5 million at the end of Q3 22 compared to NOK 8,317.6 on 31 December 2021.

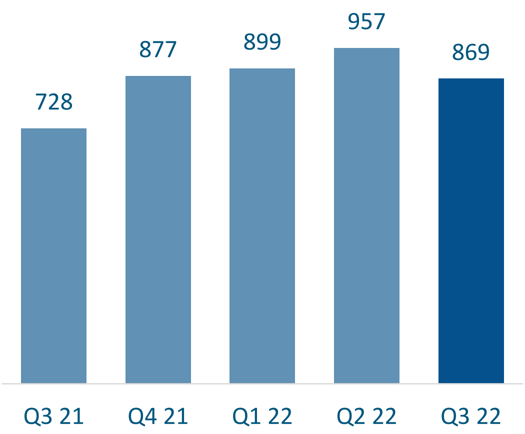
Total non-current liabilities as of 30 September 2022 amounted to NOK 7,061.5 million, including NOK 4,721.7 million classified as “Lease liabilities” under IFRS 16. Total borrowings amounted to NOK 2,122.0 million, mainly consisting of the NOK- and SEK-denominated bond loans as shown in note 8, as well as debt mainly related to Norwegian preschool properties of NOK 354.3 million.

Per 30 September 2022 the Group’s total equity amounted to NOK 658.7 million compared to NOK 472.0 million on 31 December 2021.

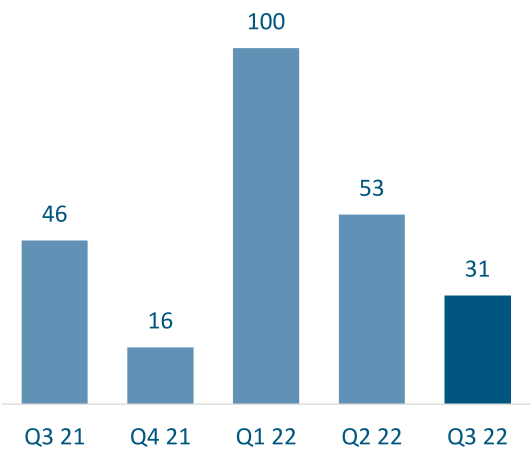
BUSINESS SEGMENTS

Preschools

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The third quarter of 2022 generated revenues of NOK 869 million, up from NOK 728 million in Q3 21, where the 19% YoY increase mainly reflected the acquisitions of Gnist Barnehager in October 2021 and Kunnskapsförskolan in March 2022. The revenue reduction compared to Q2 22 is explained by seasonality in Norway and Sweden, where there is no parent pay in July.

The segment reported an adj. EBITA of NOK 31 million in Q3 22. Profitability is down YoY mainly explained by significantly increased costs due to electricity prices and other inflation, growth costs related to new units in Sweden, and temporary reduced grants in Norway as these are based on municipal costs in 2020 which where materially lower than current levels due to Covid-19. In all our markets, recent cost increases are not reflected in the current grant level, but over time these will be accounted for through indexations and price adjustments.

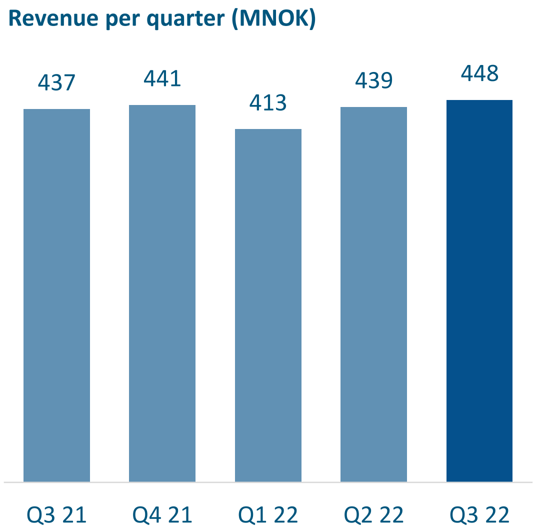
During Q3 22, we opened multiple new units in Sweden, many of which related to the acquisition of Kunnskapsförskolan completed in Q1 22. The opening of these units and units opened earlier this year generated material start-up costs during the quarter, in line with our expectations, and will continue to do so as the units ramp up. There are also several other committed new openings in pipeline the coming quarters that will have a temporary negative effect on the overall profitability. We do however, as new units normally mature within 12 – 18 months, expect the considerable recent growth in Sweden to provide a meaningful contribution already in 2023.

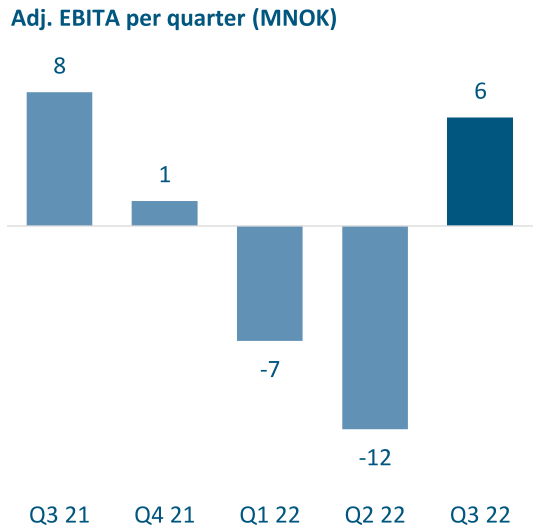
2022 is a challenging year for Preschool Norway. The extraordinary costs in 2022 related to high sick leave and significantly increased electricity prices are not reflected in the 2022 grants as these are based on municipal costs in 2020. These extraordinary costs are also borne by the municipalities and will thus be reflected in future preschool grants. Additionally, municipal costs in 2020 were affected by Covid support and preschools being closed for parts of the year, hence reducing the 2022 grants further, implying that private preschools in 2022 repay the Covid support received in 2020. This is clearly an unintended effect and the discussion with Kunnskapsdepartementet (the Ministry of Education and Research) regarding the impact of this carries on.

Our international operations are, in line with the overall market, experiencing challenges related to cost inflation and staff shortage, that impacts the current profitability level. Adjusted for these temporary effects, our international operations are progressing well, and we will continue to target effective and sticky growth in all our international markets.

As of 30 September 2022, Norlandia Preschools operates 417 units. Of these, 35 units are owned 50% and operated by Wekita (Germany).

Care





The Care segment reported revenues of NOK 448 million in Q3 22, up from NOK 437 million in Q3 21, mainly explained by increased activity within home care and patient hotels.

In Q3 22, a seasonally strong quarter, the segment reported an adj. EBITA of NOK 6 million. Profitability is down NOK 2 million YoY due to start-up costs related to new units opening in Q4 22 in Finland, increased electricity costs, and other cost inflation. We expect that most of the cost increases experienced in 2022 will be reflected in future agreements through renegotiations or index clauses. Occupancy levels in Sweden, by far our biggest market, continued to improve and are now at the highest level since 1H 20. Although having improved both in terms of occupancy and profitability year-to-date compared to prior year, our Swedish operations are still below pre-pandemic levels. We are working actively with marketing and other measures to increase occupancy back to the levels required to generate profits.

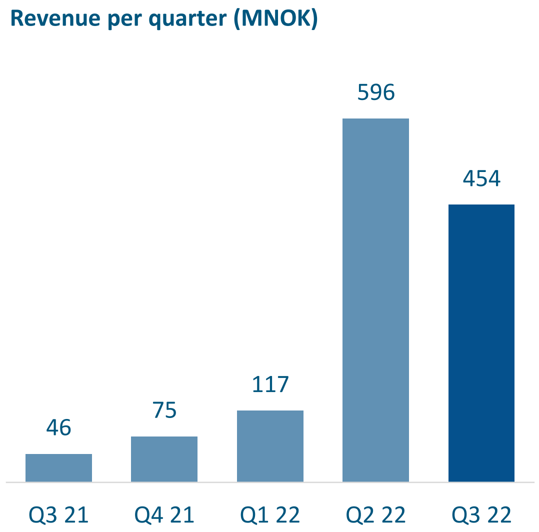
Adjusted for the temporary effects we are still experiencing from Covid-19, the long-term fundamentals for Care remain strong. Finland is progressing well and delivers solid top-line growth, up 24% year-to-date YoY, along with having several unit openings planned in the short-term. All these units have a solid demand outlook and should provide a meaningful financial contribution once matured. In addition, the profitability levels at existing Finnish operations are now healthy, after experiencing occupancy related challenges due to Covid-19 combined with little governmental support.

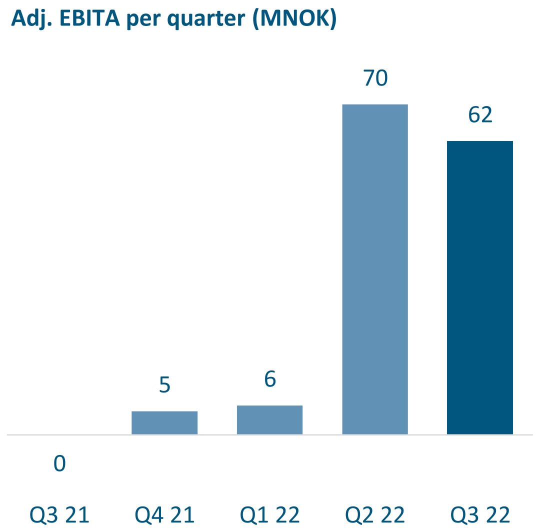
Even though Norway is politically challenging, with limited growth potential through tender awards, we are pleased to have won the Oksenøya nursing home tender in Q3 22 on an 8+1+1-year contract. The unit is located right outside Oslo and will be completed in late 2022, with operations starting in Q2 23, and have a forward-looking and innovative profile aimed at meeting future demands in terms of quality. Once fully ramped up, Oksenøya will have a capacity to house more than 150 users. We strongly believe that both the capacity and quality innovations provided by the private welfare companies will be required, in order to meet the growing demand for elderly care services. We believe this represents an upside to the Norwegian operations, although in the current political climate, we do not expect any material short-term improvement apart from Oksenøya. In the meantime, we remain focused on providing quality services, as well as new innovations and expanding our service offerings.

In Sweden, competition is intense and profit margins are thin. Although efficient operations and normalized occupancy will enable positive profitability, a shift towards own management operations is required and ongoing in order to see a meaningful improvement on profit margins. 3 new own management units were opened during 2020, while one unit opened during 2021. Although having experienced a pro-longed ramp-up period since the outbreak of Covid-19, normally, new units will be loss-making during 12 – 24 months. Once normalized, however, the profit margins for these operations should be considerably higher than within tender operations. During Q4 22 and Q1 23, we plan to open three new large own management units in Finland and one in Sweden.

Lead times within the Care segment are long and the Covid-19 situation could pro-long these further. However, we remain positive on the long-term merits of the care segment with strong expectations for future growth and profitability through own-management contracts and new service offerings and concepts.

Integration services





Following the outbreak of the war in Ukraine, Accommodation Services in Norway have opened more than 40 acute refugee centers with capacity to house over 10,000 refugees. A considerable share of these centers opened less than a week after UDI (The Norwegian Directorate of Immigration) first signaled the need for emergency preparedness. Through a collective effort from the whole NHC organization, Hero demonstrated an impressive ability to rapidly provide much needed support in a highly emergent situation, and in Q2 22 we first saw the full effect of this major upscaling. As predicted, the activity level decreased in Q3 22, and the segment recorded revenues of NOK 454 million and adj. EBITA of NOK 62 million. The continued strong financial performance related to solid operations within both Accommodation Services, helped considerably by acute reception centers, and Interpretation Services.

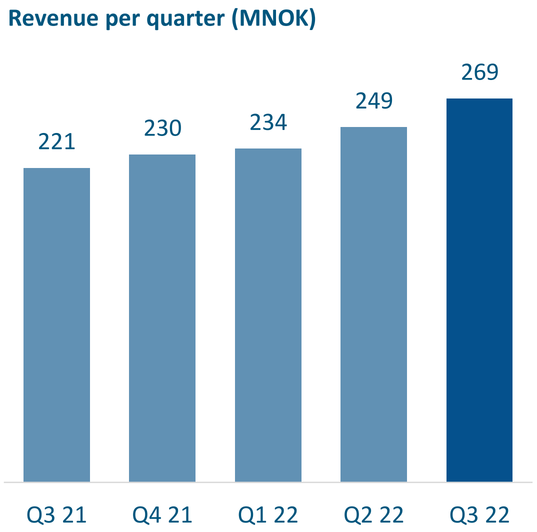
As of mid-November, the majority of the acute reception centers have been closed and replaced by long-term ordinary reception centers, which was in line with our expectations. Hero has recently won 8 new long-term contracts and is the only company with frame-agreements in all regions. Further, there are several ongoing and planned tenders by UDI to prepare for a continued high number of refugees expected to arrive in Norway the coming year. In the base case scenario, UDI estimates a total number of 40,000 refugees in 2023, which is in line with the 2022 figures. On the back of these estimates and considering Hero's market share and hit ratio on tenders, we anticipate revenues to normalize at a significant higher level than prior to the war in Ukraine, albeit lower than the most recent quarters. Profitability is expected to remain robust, despite the closing of acute centers, as Hero has developed a resilient cost base since the last wave of immigrants in 2015-2016. Lease contracts designed to better match UDI payments, flexible operating costs such as personnel expenses, and a conservative approach to costs associated with closing of units are amongst the factors that underpins the resilient cost base.

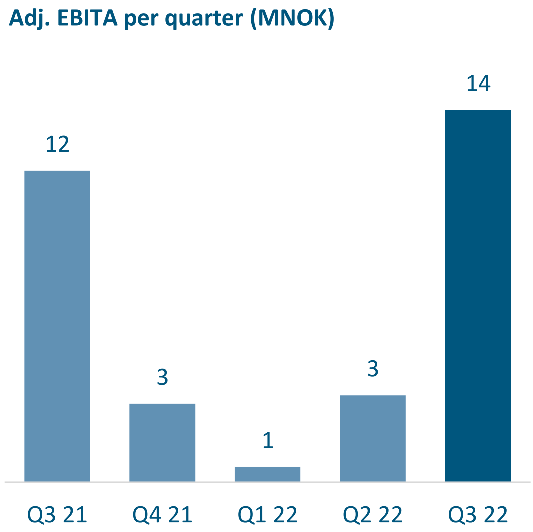
In Germany, we operate 5 reception centers with significantly increased occupancy due to the acute situation and special agreements with the immigration authorities. Although we have the necessary volume to deliver profitability in Germany, still more scale is needed in order to generate a meaningful long-term contribution, and we are actively pursuing various tender opportunities.

In addition to Accommodation Services in Norway and Germany, Hero also operates within interpretation in Norway and Sweden. After a comprehensive re-organization of the Interpretation Service segment during recent years, the operations are now solid, both in terms of growth and profitability. In Q3 22, the segment delivered YoY revenue growth of 95% and profitability in line with the all-time high quarters, making this the eight consecutive profitable quarter. We expect Interpretation Services to continue delivering a solid financial performance going forward.

After some demanding years, Hero is again a profitable division of NHC. This is an important milestone in the work to downsize and reorganize after the market peak in 2016, while at the same time safeguarding system values. Our Norwegian reception centers are ready and able to rapidly respond to market shocks, like the one we are currently witnessing. In addition to the extraordinary situation in Ukraine, we have seen increased underlying activity in Norway through tenders and are pleased to have been regarded as the preferred operator on many of these. Through proactivity in all our markets and backed by the current performances and outlook, Hero is positioned to deliver solid revenues and healthy profitability also when the Ukrainian crisis ends.

Individual & family





Aberia generated revenues of NOK 269 million in Q3 22, up 22% year on year, driven by the Norwegian operations. Aurora Omsorg, delivering childcare in Northern Norway, continues to ramp-up and delivered a revenue growth of 13% QoQ.

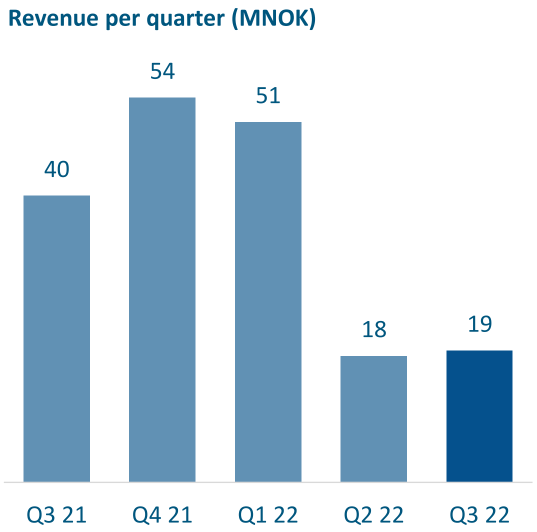
Aberia recorded an adj. EBITA of NOK 14 million, up NOK 2 million compared to Q3 21, despite increased electricity costs and staff shortage related to high sick leave.

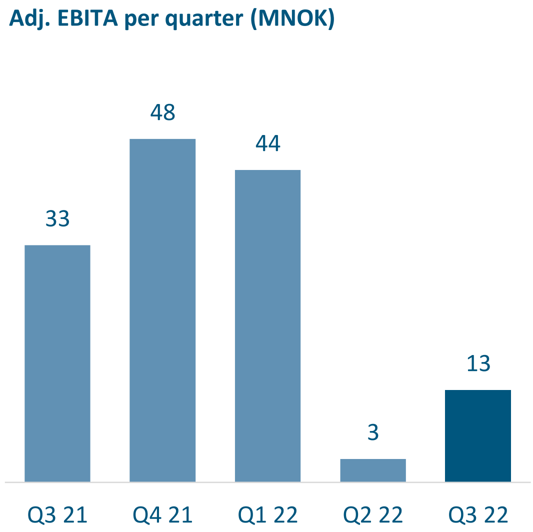
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 900 million. This has been achieved through investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified, and subsequently sold or terminated. This restructuring has now been completed.

Child Care and Respite Care services, along with Family Homes and Personal Assistance, represent the core operations in Norway. Combined, these operations are generating decent profitability. Our Personal Assistance operations in Sweden delivered material improvements compared to prior quarters but are still below our financial target following an on-going internal re-organization. We expect our Swedish operations to recover to satisfactory profit levels at the earliest in late 2022.

Aberia has been through a major restructuring to stream-line operations and focus its portfolio. Loss-making operations have been terminated or divested, the core operations are strong on quality and reputation, profitable and growing, and the segment is clearly moving in the right direction and should be generating healthy profitability going forward.

Real Estate





The Real Estate segment recorded revenues of NOK 19 million in Q3 22, with an adj. EBITA of NOK 13 million.

We built and acquired several properties in 2021. Some of these has been sold, while the remaining properties will be kept for the time being. In addition, we are engaged in several longer-lead time projects, intended to strengthen our operations, and build a pipeline for future divestments. Although increasing yields and interest costs impact the segment, a lot of the negative effects are mitigated as we are acquiring and selling in the same market. The LOI signed in Q2 22 on multiple transactions with a total sales volume of more than NOK 200 million to be carried out in Q4 22, 2023 and 2024, indicates solid profitability going forward and that NHC is regarded as a strong counterparty.

NHC will continue to gain property positions, and several new property development initiatives have been committed during the recent quarters. We believe we are well positioned to maintain the profitability level seen in the recent years. Besides cash flow and profitability, most importantly, we expect these and future transactions to support NHC's operating companies through access to good properties and solid long-term operations.

OUTLOOK AND MAIN RISK FACTORS

The tragedy of the war in Ukraine continue to unfold at the point of this writing. There is great uncertainty about how this situation will develop. What seems clear is that the ripple effects are and will be profound. Significantly, we see this in the energy situation and the energy prices in the markets where we operate. As described in the above section on our Integration services segment, Hero, as Norway's largest operator of immigration and refugee centers, has been central in the Government's efforts to provide accommodation for Ukrainian refugees. As of mid-November, UDI estimates a total number of 40,000 refugees in 2023, which is in line with the 2022 figures and there are several ongoing and planned tenders to prepare for a continued high number of refugees. On the back of these estimates, we anticipate Hero's activity level to normalize at a significant higher level than prior to the war in Ukraine.

High inflation in all the countries where we operate and increasing interest rates impact the Group's profitability. Increased salaries, electricity prices and general costs have a negative effect on this year's results, as the current price level in most of our agreements does not take the currently increased cost level into account. We do, however, regard the weakened profitability in some segments as temporary, considering that most of the cost increases experienced in 2022 will be reflected in future agreements through renegotiations or index clauses. In addition, we experience challenges related to staff shortages, in line with the overall market, and address this by new recruiting and retention practices.

Additionally, the regulatory framework has a significant influence on the Group's ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact in the way we deliver our services. Currently, these risks are most evident in Norway. The Government announced in August the mandate and composition of a group which will conduct an inquiry and write a report to describe non-profit operating models within areas of the welfare sector. This inquiry was initiated by the Socialist Left Party (SV). While we are confident that the SV`s desired outcome of the inquiry will be rejected by a majority in Parliament, we will continue to address this and other such initiatives in the future through the various channels available to us. In October, the new cabinet and a new platform was presented after the Swedish parliamentary election resulted in a change of government. The new government has expressed more positive views towards private providers of welfare services compared to the previous government. To limit our exposure to unfavourable political and market shifts, we continue to diversify our operations. Our international preschool operations are growing, and margins are healthy. We believe we have an attractive portfolio of preschools and solid positions in the markets in which we operate, and we continue to diversify as well as actively prioritize the most welcoming markets at the given time.

While Covid-19 is receiving less public attention, it remains an uncertainty and risk going forward, and the number of elderly people passing away for reasons related to Covid-19 is again increasing. The pandemic had a negative financial impact in 2021 and all our markets and operations were affected. While we hope that the worst now is behind us, the pandemic is still affecting our operations, primarily through continued low occupancy within Elderly Care, and fatigue among personnel. Through our contingency procedures we continue to plan and prepare for certain negative impacts.

The Care segment has seen the largest financial effects from the pandemic and although various Government support programs in Norway and Sweden offset a large part of the losses during 2020, Sweden had a challenging 2021 due to reduced Government support and continued low occupancy. Going forward, the financial effects for Care will be highly dependent on the developments of the pandemic, Government support, and increased occupancy. However, we expect a continued challenging operating climate for Care Sweden in the short term. Longer-term, fundamentals remain strong, and we believe there is clearly a need for the services we provide, as well as an extension of these services to meet a new and growing demand. This new demand will require higher quality services, provided in a more efficient manner. It is our ambition to be at the forefront in the supply of these services.

October 2022 was one of the warmest Octobers in recent history. That is a powerful reminder that climate change is one of the greatest challenges of our time. NHC has taken this concern very seriously for some time and our bond, issued in 2Q 2021, is sustainability-linked with specific ESG commitments. We wish and expect to be judged by our stakeholders on our ability to live up to our stated expectations for ESG performance. We work to reduce our emissions, protect the environment, and empower employees and customers to make more sustainable choices in their daily lives.

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM)

Alternative Performance Measures (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Norlandia Health & Care Group reports the financial measure "EBITDA", "EBITA" and "EBIT" in its quarterly reports, which are not financial measures as defined in IFRS. The reported numbers are included in the financial statements and can be directly reconciled with official IFRS line items. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

On January 1, 2019, Norlandia Health & Care Group adopted the new leasing standard which had a material impact on the financial statements. Consolidated figures for the Group are presented according to the new leasing standard. For the presentation of the business segments "EBITA-adjusted" is used, which exclude the IFRS 16 effects.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS

The interim financial statements are, to the best of our knowledge and based on our best opinion, presented in accordance with International Financial Reporting Standards and the information provided in the financial statements give a true and fair view of the Company's and Group's assets, liabilities, financial position, and result for the period. The financial report provides an accurate view of the development, performance and financial position of the Company and the Group and includes a description of the key risks and uncertainties the Group is faced with.

Oslo, 23 November 2022

Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen	Roger Adolfsen	Ingvild Myhre
Chairman of the Board	Member of the Board	Member of the Board

Yngvar Tov Herbjørnssønn
CEO

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Anders Belsvik
Finance Manager & Investor Relations
anders.belsvik@norlandia.com

Ticker codes:

Norlandia Health & Care Group AS has issued two bond loans listed on Oslo Stock Exchange (www.euronext.com) with the following names and ticker codes:
Norlandia Health & Care Group AS 21/25 FRN FLOOR C
Ticker: NHCG01 ESG

Norlandia Health & Care Group AS 21/25 FRN SEK FLOOR C
Ticker: NHCG02 ESG

The report is available on www.oslobors.no.

Interim condensed financial information

Consolidated Income Statement

NHC Group

Unaudited, in NOK million	Notes	Q3 22	Q3 21	YTD 22	YTD 21	FY 21
Operating revenues		2,033.6	1,429.8	5,936.4	4,312.0	5,933.8
Other income		(0.0)	15.0	26.5	23.6	41.8
Total	3	**2,033.6**	**1,444.9**	**5,962.9**	**4,335.6**	**5,975.6**
Direct cost of goods and services		(96.5)	(40.6)	(255.8)	(122.6)	(175.1)
Personnel expenses		(1,225.9)	(1,025.0)	(3,641.3)	(3,140.9)	(4,303.1)
Other operating expenses	9	(409.2)	(174.6)	(1,195.9)	(498.7)	(704.6)
EBITDA		**301.9**	**204.6**	**869.9**	**573.3**	**792.7**
Depreciation	9	(150.2)	(118.2)	(419.6)	(358.4)	(509.9)
EBITA	3	**151.7**	**86.4**	**450.3**	**214.9**	**282.7**
Amortisation	4	(8.4)	(13.3)	(27.2)	(33.4)	(44.3)
Operating profit/(loss) - EBIT		**143.3**	**73.2**	**423.1**	**181.5**	**238.5**
Net financial items	5, 9	(79.1)	(54.2)	(202.8)	(136.9)	(189.0)
Share of net income from associated companies		-	-	-	(6.9)	(1.2)
Profit/(loss) before taxes		**64.1**	**18.9**	**220.3**	**37.7**	**48.2**
Income taxes	6	1.0	1.0	(13.8)	4.6	(4.5)
Net income		**65.1**	**19.9**	**206.5**	**42.3**	**43.7**
Net income attributable to:						
Equity holders of the parent company		61.6	20.4	206.3	44.2	47.0
Non-controlling interests		3.5	(0.5)	0.2	(1.8)	(3.3)

Consolidated Statement of Comprehensive Income

NHC Group

Unaudited, in NOK million	Q3 22	Q3 21	YTD 22	YTD 21	FY21
Net income	**65.1**	**19.9**	**206.5**	**42.3**	**43.7**
Currency translation differences	7.6	(1.2)	7.6	(17.8)	(27.1)
Items that may be subsequently reclassified to P&L	**7.6**	**(1.2)**	**7.6**	**(17.8)**	**(27.1)**
Remeasurement of defined benefit pension plans	-	-	-	-	5.8
Income taxes related to these items	-	-	-	-	(1.3)
Items that will not be subsequently reclassified to P&L	**-**	**-**	**-**	**-**	**4.5**
Other comprehensive income/(loss), net of taxes	**7.6**	**(1.2)**	**7.6**	**(17.8)**	**(22.6)**
Total comprehensive income	**72.7**	**18.7**	**214.0**	**24.6**	**21.1**
Total comprehensive income attributable to					
Equity holders of the parent company	71.3	0.3	214.3	26.6	25.5
Non-controlling interests	1.3	18.4	(0.3)	(2.0)	(4.5)

Consolidated Statement of Financial Position

NHC Group

Unaudited, in NOK million	Notes	30.09.2022	31.12.2021	30.09.2021
ASSETS				
Non-current assets				
Property, plant & equipment		738.8	663.4	506.2
Right-of-use assets		4,842.6	4,186.5	3,561.6
Goodwill	7	1,976.3	1,906.2	1,765.5
Intangible assets	7	537.4	563.5	568.5
Deferred tax assets		99.2	120.8	115.4
Investment in associated companies		47.0	31.1	28.5
Other investments		15.2	12.2	12.4
Other non-current receivables		40.5	41.6	46.0
Total non-current assets		**8,297.1**	**7,525.2**	**6,604.1**
Current assets				
Inventories		5.8	8.1	5.7
Trade receivables		447.0	284.4	275.5
Other current receivables		263.4	198.6	221.3
Cash and cash equivalents		332.3	301.2	298.1
Total current assets		**1,048.5**	**792.4**	**800.6**
Total assets		**9,345.5**	**8,317.6**	**7,404.7**
EQUITY AND LIABILITIES				
Equity				
Share capital		312.0	312.0	312.0
Other equity		346.4	149.0	151.8
Equity attributable to owners of the parent		**658.4**	**461.0**	**463.8**
Non-controlling interests		0.3	11.0	13.0
Total equity		**658.7**	**472.0**	**476.8**
Liabilities				
Pension liabilities		40.6	101.4	115.1
Borrowings	8	2,122.0	2,124.4	1,928.2
Lease liabilities		4,721.7	4,050.0	3,438.9
Deferred tax liabilities		139.9	148.5	145.7
Other non-current liabilities		37.3	3.0	3.0
Total non-current liabilities		**7,061.5**	**6,427.3**	**5,631.0**
Trade payables		209.6	129.5	116.7
Borrowings	8	27.5	51.0	74.3
Lease liabilities		456.7	416.8	374.4
Taxes payable		6.8	20.4	5.4
Other current liabilities		924.8	800.5	726.1
Total current liabilities		**1,625.4**	**1,418.3**	**1,296.9**
Total liabilities		**8,686.9**	**7,845.6**	**6,927.9**
Total equity and liabilities		**9,345.5**	**8,317.6**	**7,404.7**

Consolidated Statement of Cash Flows

NHC Group

Unaudited, in NOK million	Q3 22	Q3 21	YTD 22	YTD 21	FY 21
Cash flow from operating activities					
EBITDA	301.9	204.6	869.9	573.3	792.7
Net taxes paid and other EBITDA cash adjustments	(3.3)	23.1	(106.5)	17.7	(47.5)
Change in net working capital	(174.0)	(129.9)	8.8	(124.2)	(137.8)
Net cash flow from operating activities	**124.6**	**97.8**	**772.2**	**466.8**	**607.4**
Cash flow from investing activities					
Net investment in property, plant and equipment	(63.1)	(24.5)	(117.7)	(97.1)	(136.5)
Investment in shares in business	5.0	(20.2)	(69.7)	(50.7)	(126.1)
Proceeds from sale of assets	-	70.6	131.7	89.2	308.6
Net change in financial receivables	8.0	(1.1)	0.0	(4.7)	(3.4)
Net cash flow from investing activities	**(50.1)**	**24.8**	**(55.7)**	**(63.3)**	**42.6**
Cash flow from financing activities					
Net change in interest-bearing debt	(2.1)	45.7	(90.3)	63.1	11.7
Lease liability - amortisation	(121.6)	(97.2)	(350.8)	(292.6)	(414.7)
Payment to non-controlling interest	-	(0.0)	(7.4)	(2.2)	(2.2)
Net interest paid and other financial items	(76.5)	(56.5)	(211.3)	(159.8)	(225.9)
Distributions to owners	(20.0)	-	(20.0)	-	-
Net cash flow from financing activities	**(220.1)**	**(108.0)**	**(679.8)**	**(391.5)**	**(631.1)**
Changes in cash and cash equivalents					
Net change in cash and cash equivalents	(145.7)	14.6	36.7	12.1	18.8
Effects of changes in exchange rates on cash	(0.7)	0.7	(5.6)	0.7	(3.0)
Cash and cash equivalents at the beginning of period	478.7	282.8	301.2	285.4	285.4
Cash and cash equivalents at end of period	**332.3**	**298.1**	**332.3**	**298.1**	**30-1.2**

Consolidated Statement of Changes in Equity

NHC Group

2022 Unaudited, in NOK million	Attributable to equity holders of the parent Share capital	Share premium	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Equity as of 1 January 2022	**312.0**	**167.8**	**(35.2)**	**16.4**	**461.0**	**11.0**	**472.0**
Net income for the period	-	-	206.3	-	**206.3**	0.2	**206.5**
Other comprehensive income for the period	-	-	-	8.0	**8.0**	(0.5)	**7.6**
Total comprehensive income for the period	**-**	**-**	**206.3**	**8.0**	**214.3**	**(0.3)**	**214.0**
Contributions by and distributions to owners							
Group contribution to owner	-	-	(20.0)	-	**(20.0)**	-	**(20.0)**
Distribution to non-controlling interests	-	-	-	-	**-**	(0.2)	**(0.2)**
Transactions with non-controlling interests	-	-	3.1	-	**3.1**	(10.2)	**(7.1)**
Total contributions and distributions	-	-	(16.9)	-	**(16.9)**	(10.4)	**(27.3)**
Equity as of 30 September 2022	**312.0**	**167.8**	**154.2**	**24.4**	**658.4**	**0.3**	**658.7**

2021 Unaudited, in NOK million	Attributable to equity holders of the parent Share capital	Share premium	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Equity as of 1 January 2021	**300.0**	**-**	**(69.0)**	**42.4**	**273.3**	**17.7**	**291.0**
Net income for the period	-	-	47.0	-	**47.0**	(3.3)	**43.7**
Other comprehensive income for the period	-	-	4.5	(26.0)	**(21.5)**	(1.1)	**(22.6)**
Total comprehensive income for the period	**-**	**-**	**51.5**	**(26.0)**	**25.5**	**(4.5)**	**21.0**
Contributions by and distributions to owners							
Capital increase	12.0	167.8	(17.7)	-	**162.1**	-	**162.1**
Distribution to non-controlling interest	-	-	-	-	**-**	(2.2)	**(2.2)**
Total contributions and distributions	**12.0**	**167.8**	**(17.7)**	**-**	**162.1**	**(2.2)**	**159.9**
Equity as of 31 December 2021	**312.0**	**167.8**	**(35.2)**	**16.4**	**461.0**	**11.0**	**472.0**

Notes to the consolidated statements

1. GENERAL

The consolidated financial statements of Norlandia Health & Care Group AS comprise the company and its subsidiaries, collectively referred to as the Group. The Group operates within markets that involve certain operational risk factors. The Group is further exposed to risk that arise from its use of financial instruments. The various companies within the Group are systematically working to mitigate and manage risk on all levels. The annual report for 2021 offers additional description of the Group's objectives, policies, and processes for managing those risk elements and the methods used to measure them.

2. BASIS FOR PREPARATION

The interim financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The interim financial statements are unaudited.

3. REVENUE, EBITDA, EBITA AND EBIT BY SEGMENT

The Group has identified operation segments in accordance with the reporting requirement in IFRS 8. Based on the legal structure and the internal reporting the reportable segments are; "Preschool", "Care", "Integration Services", "Individual & Family" and "Real Estate". The segment "Other" includes both Group eliminations as well as Other operating revenue not related to the identified segments.

(NOK million)	Q3 22	Q3 21	Q2 22	Q2 21	YTD 22	YTD 21	2021
Revenues and income by segment							
Preschools	869,0	727,6	956,8	788,7	2 724,5	2 248,0	3 125,2
Care	447,6	436,7	439,1	423,0	1 299,9	1 273,3	1 714,7
Integration services	454,4	46,4	595,6	54,2	1 167,2	162,5	237,5
Individual & Family	269,4	220,7	249,2	212,0	752,8	634,6	864,7
Real Estate	18,5	40,2	17,7	0,8	86,8	51,3	105,3
Other/Elim/IFRS 16 adj	(25,3)	(26,8)	(16,5)	(1,2)	(68,3)	(34,1)	(71,9)
Total	**2 033,6**	**1 444,9**	**2 242,0**	**1 477,5**	**5 962,9**	**4 335,6**	**5 975,5**

(NOK million)	Q3 22	Q3 21	Q2 22	Q2 21	YTD 22	YTD 21	2021
EBITDA by segment							
Preschools	42,5	55,4	65,9	68,6	220,2	189,6	220,4
Care	7,7	9,6	(10,5)	(17,3)	(8,2)	(16,7)	(13,7)
Integration services	63,0	1,3	70,7	4,7	141,1	11,6	17,8
Individual & Family	15,4	12,6	4,4	3,8	21,3	21,8	25,7
Real Estate	13,1	33,6	3,3	(4,1)	60,4	36,3	85,0
Other/Elim/IFRS 16 adj	160,3	92,2	147,8	119,7	435,1	330,7	457,9
Total	**301,9**	**204,7**	**281,6**	**175,6**	**869,9**	**573,3**	**793,2**

(NOK million)	Q3 22	Q3 21	Q2 22	Q2 21	YTD 22	YTD 21	2021
EBITA by segment							
Preschools	30,6	46,1	53,3	58,3	184,1	162,8	178,8
Care	6,3	7,8	(11,9)	(18,9)	(12,3)	(21,9)	(20,5)
Integration services	61,9	(0,0)	69,6	3,4	137,7	7,2	12,2
Individual & Family	13,9	11,7	3,3	2,9	17,8	19,1	22,0
Real Estate	13,0	33,3	3,3	(4,2)	60,1	35,9	84,1
Other/Elim/IFRS 16 adj	26,0	(12,4)	28,3	13,3	62,9	11,9	7,4
Total	**151,7**	**86,5**	**145,9**	**54,7**	**450,3**	**214,9**	**284,0**

(NOK million)	Q3 22	Q3 21	Q2 22	Q2 21	YTD 22	YTD 21	2021
EBIT by segment							
Preschools	28,1	38,2	47,1	53,6	169,1	145,7	157,8
Care	6,3	4,4	(12,7)	(22,2)	(14,7)	(32,3)	(34,2)
Integration services	61,9	(0,1)	69,6	3,3	137,7	7,0	12,0
Individual & Family	13,3	11,0	2,6	2,3	15,9	17,1	17,7
Real Estate	13,0	33,3	3,3	(4,2)	60,1	35,9	84,1
Other/Elim/IFRS 16 adj	20,7	(13,6)	27,1	12,0	55,0	8,1	2,3
Total	**143,3**	**73,2**	**136,9**	**44,7**	**423,1**	**181,5**	**239,8**

(NOK million)	YTD 22	2021
Operating revenues by geography		
Norway	3 483,3	2 780,8
Sweden	1 651,6	2 180,6
International	809,2	978,8
Other/Elimination	(7,7)	(6,5)
Total revenues by geography	**5 936,4**	**5 933,8**

YTD 22	Preschools	Care	Integration services	Individual & Family	Other / Elim
Norway	51 %	23 %	97 %	88 %	0 %
Sweden	23 %	72 %	1 %	12 %	0 %
International	26 %	5 %	2 %	0 %	0 %
Real Estate/Other/Elimination	0 %	0 %	0 %	0 %	100 %
Total revenues by geography	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

2021	Preschools	Care	Integration services	Individual & Family	Other / Elim
Norway	48 %	21 %	79 %	85 %	0 %
Sweden	25 %	74 %	6 %	15 %	0 %
International	28 %	4 %	15 %	0 %	0 %
Real Estate/Other/Elimination	0 %	0 %	0 %	0 %	100 %
Total revenues by geography	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

4. AMORTIZATION

Primarily relates to amortization of excess values in Norlandia Care Group AS and investments in subsidiaries within the Care segment.

5. NET FINANCIAL ITEMS

The finance income and loss are presented net as Net Financial Items in the Income Statement whereas the split is shown in the table below. The non-realized currency effect mainly relates to the bond issued in SEK and has a direct impact in the Income Statement. As the Group has net investments in SEK, the effect is partially offset by a corresponding opposite effect through Currency translation differences in the Statement of Comprehensive income.

(NOK million)	Q3 22	Q3 21	YTD 22	YTD 21	FY 21
Interest income	0.5	0.2	1.3	0.8	1.9
Interest expenses borrowings	(36.5)	(29.3)	(102.1)	(76.2)	(106.7)
Interest expenses lease liability	(40.5)	(27.4)	(110.6)	(84.5)	(121.1)
Non-realized currency effects	(2.6)	2.3	11.8	31.8	45.6
Other finance income	(0.0)	(0.3)	0.2	(0.3)	(0.4)
Other finance expenses	(0.0)	0.3	(3.5)	(8.4)	(8.4)
Net financial items	**(79.1)**	**(54.2)**	**(202.8)**	**(136.9)**	**(189.0)**

6. TAX CALCULATIONS

Calculation of income tax is calculated yearly and presented in the annual statements. Tax expense recognized in the quarterly reports relates to tax effects from the amortization of intangible assets.

7. INTANGIBLE ASSETS AND GOODWILL

The intangible assets in the Group primarily relates to goodwill, excess value on customer contracts and trademark, which were generated through the various acquisitions within the Group.

8. BORROWINGS

The debt financing for the Group is made up of bond loans, property debt and a revolving credit facility.

(NOK million)	30.09.2022	31.12.2021	30.09.2021
Bond loans	1 688,2	1 682,3	1 704,6
Revolving credit facility	106,9	104,9	105,6
Property debt outside ringfence structure	345,1	293,0	100,5
Other debt/property debt	9,2	95,3	91,8
Total current and non-current borrowings	**2 149,5**	**2 175,4**	**2 002,5**

In May 2021, the Group successfully placed a senior secured sustainability-linked bond due in May 2025. The bond consists of a NOK and SEK tranche with a total amount of NOK 1,700 million as shown in the table below. The new bond loan has a minimum liquidity covenant, of NOK 100 million.

Bond Loans (NOK million)	Maturity	Currency	Nominal value
Norlandia Health & Care Group AS	5/2025	NOK	950,0
Norlandia Health & Care Group AS	5/2025	SEK	750,0
Total			**1 700,0**

9. IFRS 16 - LEASING

The table below illustrate the effects for profit and loss when implementing the new IFRS 16 standard as of January 2019.

(NOK million)	Q3 22	Q3 22 - IFRS 16	Q3 22 - Adjusted	YTD 22	YTD 22 - IFRS 16	YTD 22 - Adjusted
Operating revenues	2,033.6	-	2,033.6	5,936.4	-	5,936.4
Other income	(0.0)	-	(0.0)	26.5	25.1	51.7
Total	**2,033.6**	**-**	**2,033.6**	**5,962.9**	**25.1**	**5,988.0**
Direct cost of goods and services	(96.5)	-	(96.5)	(255.8)	-	(255.8)
Personnel expenses	(1,225.9)	-	(1,225.9)	(3,641.3)	-	(3,641.3)
Other operating expenses	(409.2)	(162.0)	(571.2)	(1,195.9)	(461.4)	(1,657.3)
EBITDA	**301.9**	**(162.0)**	**139.9**	**869.9**	**(436.2)**	**433.7**
Depreciation	(150.2)	134.0	(16.3)	(419.6)	371.3	(48.3)
EBITA	**151.7**	**(28.1)**	**123.6**	**450.3**	**(64.9)**	**385.4**
Amortisation	(8.4)	-	(8.4)	(27.2)	-	(27.2)
Operating profit/(loss) - EBIT	**143.3**	**(28.1)**	**115.2**	**423.1**	**(64.9)**	**358.2**
Net financial items	(79.1)	40.5	(38.7)	(202.8)	110.6	(92.3)
Share of net income from associated companies	-	-	-	-	-	-
Profit/(loss) before taxes	**64.1**	**12.4**	**76.5**	**220.3**	**45.6**	**265.9**

10. EVENTS AFTER BALANCE SHEET DATE

On 18 November 2022 the Group announced a potential business combination between Norlandia Health & Care Group AS and Brado AB, where the Company has for a long period been considering a potential business combination with Frösunda and its parent company Brado AB. Such a transaction would be in line with the previously communicated plan to combine the two groups to create a leading Nordic and North-European private health and care provider.

Financial statements for the parent company

Income statement

Norlandia Health & Care Group AS

Unaudited, in NOK thousands	Note	Q3 22	Q3 21	YTD 22	YTD 21	FY 21
Revenues		1,890	557	5,146	1,670	2,227
Total		**1,890**	**557**	**5,146**	**1,670**	**2,227**
Personnel expenses		(359)	(367)	(1,382)	(1,875)	(3,006)
Other operating expenses		(1,575)	(4,748)	(4,191)	(8,465)	(8,523)
Operating profit/(loss)		**(44)**	**(4,558)**	**(427)**	**(8,670)**	**(9,302)**
Net financial items	1	(28,363)	(13,245)	(59,727)	(8,266)	185,839
Profit/(loss) before taxes		**(28,408)**	**(17,803)**	**(60,154)**	**(16,936)**	**176,537**
Income taxes		-	-	-	-	(21,202)
Net income		**(28,408)**	**(17,803)**	**(60,154)**	**(16,936)**	**155,335**

Statement of financial position

Norlandia Health & Care Group AS

Unaudited, in NOK thousands	Note	30.09.2022	31.12.2021	30.09.2021
ASSETS				
Non-current assets				
Deferred tax asset		-	-	21,202
Shares in subsidiaries and associates		1,656,454	1,656,454	1,656,454
Loans to group companies		495,719	745,552	745,105
Total non-current assets		**2,152,173**	**2,402,006**	**2,422,762**
Current assets				
Current group receivables		148,336	-	-
Other current receivables		340	190,783	346
Cash and cash equivalents		143,094	45,720	-
Total current assets		**291,771**	**236,503**	**346**
Total assets		**2,443,944**	**2,638,509**	**2,423,107**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		312,000	312,000	312,000
Share premium reserve		167,784	167,784	167,784
Total restricted equity		**479,784**	**479,784**	**479,784**
Retained earnings		143,680	223,833	51,562
Total equity		**623,464**	**703,617**	**531,346**
Liabilities				
Non-current liabilities				
Bond loans	1	1,661,319	1,659,207	1,679,621
Non-current interest-bearing debt	1	106,858	104,904	105,600
Total non-current liabilities		**1,768,177**	**1,764,111**	**1,785,221**
Current liabilities				
Trade payables		-	946	53
Trade payables group companies		-	-	291
Current interest-bearing debt		-	-	49,185
Current liabilities to group companies		24,681	24,681	25,404
Other current liabilities		27,622	145,155	31,607
Total current liabilities		**52,303**	**170,781**	**106,540**
Total liabilities		**1,820,480**	**1,934,892**	**1,891,762**
Total equity and liabilities		**2,443,944**	**2,638,509**	**2,423,107**

Notes

1. FINANCE COSTS

Finance Costs in Q3 22 includes NOK 32.7 million in interest expense related to the bond loan. Net currency movement for the period was NOK -5.4 million for the quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

HERO GROUP AS
www.hero.no

KIDSA DRIFT AS
www.kidsabarnehager.no

ABERIA HEALTHCARE AS
www.aberia.no

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