



Being the welfare innovator

a powerhouse safeguarding and developing welfare

Q3'22 Presentation

December 2022

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2. Segment analysis
3. Appendix: Financials

NHC - a powerhouse safeguarding and developing welfare

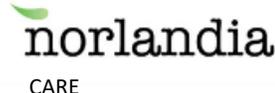
Our aspiration



Our role



Our value added





We pioneer standards and shift attitudes, defining new ways to meet society's future needs. We inspire others and raise the benchmark in progressive, sustainable welfare in our communities.

We are the drivers of positive change.

White Guide *Best Chef* award, and more than ten nominations



Being the welfare innovator

Driver of positive change

Progressing standards and building society



HERO



aberia

Sustainability is in focus at NHC with multiple initiatives ongoing



Electric car fleet

Ambition to increase the share of electric vehicles in our car fleet



Go Green

Aims at increasing knowledge and awareness around environmental sustainability



Greenhouse gas accounting

Started to perform greenhouse gas accounting at the group level, published on an annual basis



On track with sustainability goals

Scope

- The Framework covers the issuance of Sustainability-Linked Bonds and Loans and is aligned with the ICMA Sustainability-Linked Bond Principles and the LMA Sustainability-Linked Loan Principles
- NHC's underlying companies face a variety of sustainability challenges with different sustainability priorities
- For the purposes of this Framework, we have identified three themes that are of the highest relevance across the NHC Group, including reducing our carbon emissions, ensuring a level of employee satisfaction and ensuring our preschools provide children with the tools and knowledge they need to contribute to sustainable development in the future
- These three themes have been translated into three KPIs carrying equal weight

KPI #	KPI	Sustainability Performance Target (SPT)	SPT Trajectory and NHC's reported performance						
1	Perform Greenhouse gas accounting	NHC will publish its first GHG accounting report and accompanying emission reduction target in the NHC 2021 annual report, published in 2022, and annually thereafter	N/A						
2	Increasing the share of electric vehicles in the car fleet	The share of electric vehicles should increase over time, following the SPT Trajectory	Year	2020	2021	2022	2023	2024	2025
			SPT	8%	13%	17%	25%	32%	36%
			Reported	-	13%				
3	Sustainability education in our preschools	Start implementing the Go Green program across the organisation and increase the share of majority-owned preschools that have completed the program on an annual basis, following the SPT Trajectory	Year	2020	2021	2022	2023	2024	2025
			SPT	-	15%	30%	40%	47%	65%
			Reported	-	18%				

UNSDGs



Consolidation with Frösunda's sustainability reporting

- Frösunda's sustainability reporting will be consolidated with NHC's from 2022 and onwards
- Consolidation is expected to only affect the KPI related to electric vehicles in the car fleet

NHC at a glance

Revenues LTM Q3'22 (NOKm)

7,603

EBITDA¹ LTM Q3'22 (NOKm)

530

Employees (FTE)

>12,000

Users

>30,000

Units

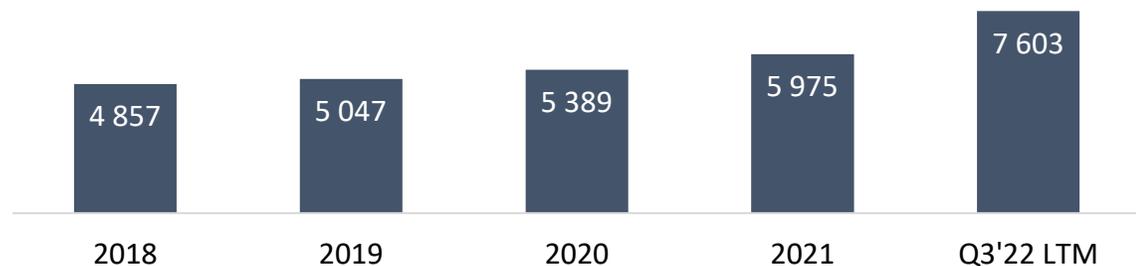
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Overview of core services

			Revenue (%) LTM Q3'22	EBITDA (%) LTM Q3'22	Countries of operation
Preschools	<ul style="list-style-type: none"> Preschools Out of school care 		 47%	 47%	
Care	<ul style="list-style-type: none"> Elderly care Patient hotels Home care 		 23%	 n/a	
Real Estate	<ul style="list-style-type: none"> Acquisition and sale of real estate Development and sale of real estate 		 2%	 21%	
Individual & Family	<ul style="list-style-type: none"> Child care & foster home Personal assistance (PA and BPA) Rehabilitation 		 13%	 5%	
Integration Services	<ul style="list-style-type: none"> Reception centres/accommodation Interpretation 		 16%	 28%	

Significantly improved financial performance and deleveraging

Revenues (NOK million)



EBITDA (NOK million)



Leverage ratio¹



Comments on LTM Q3 2022

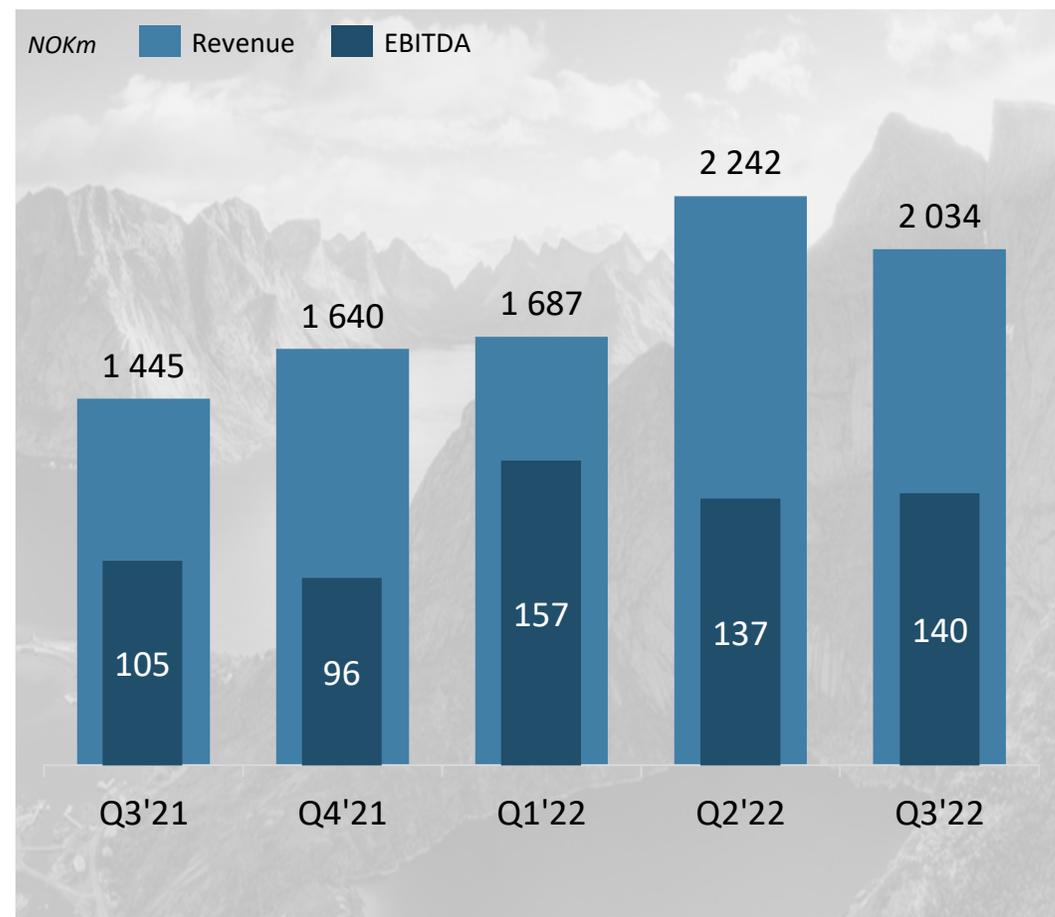
- Revenue of NOK 7,603 million, a growth of 27% on 2021, mainly driven by Preschools and Integration Services
- EBITDA of NOK 530 million, significantly up on 2021, on the back of strong performances within Preschools, Integration Services and Real Estate
- Care delivered negative profitability LTM, mainly due to reduced occupancy and pro-longed ramp-up time at new units following Covid-19. Occupancy is, however, slightly increasing, and is expected to reach sustainable levels during the coming quarters
- Aberia generated LTM EBITDA in line with 2021, despite experiencing challenges related to staff shortage and cost inflation
- The Group's leverage ratio¹ has declined significantly recent years following improved adj. EBITDA and reduced net interest bearing debt

NHC Group: Q3 2022

Comments

- Revenues of NOK 2,034 million, a growth of 41% YoY and the second highest quarterly revenue ever recorded by the Group
- Revenue growth is driven by Preschools, one the back of several acquisitions, organic growth within Individual & Family, and increased activity within Integration Services following the Ukrainian crisis
- The Group generated an EBITDA of NOK 140 million in Q3 2022, up NOK 35 million YoY, and among the all-time high quarters in terms of profitability
- The Group delivered strong results despite all segments being negatively affected by staff shortage and cost inflation
- In the coming years, we expect these extraordinary costs to be compensated through increased revenues

Revenues & EBITDA (NOK million)



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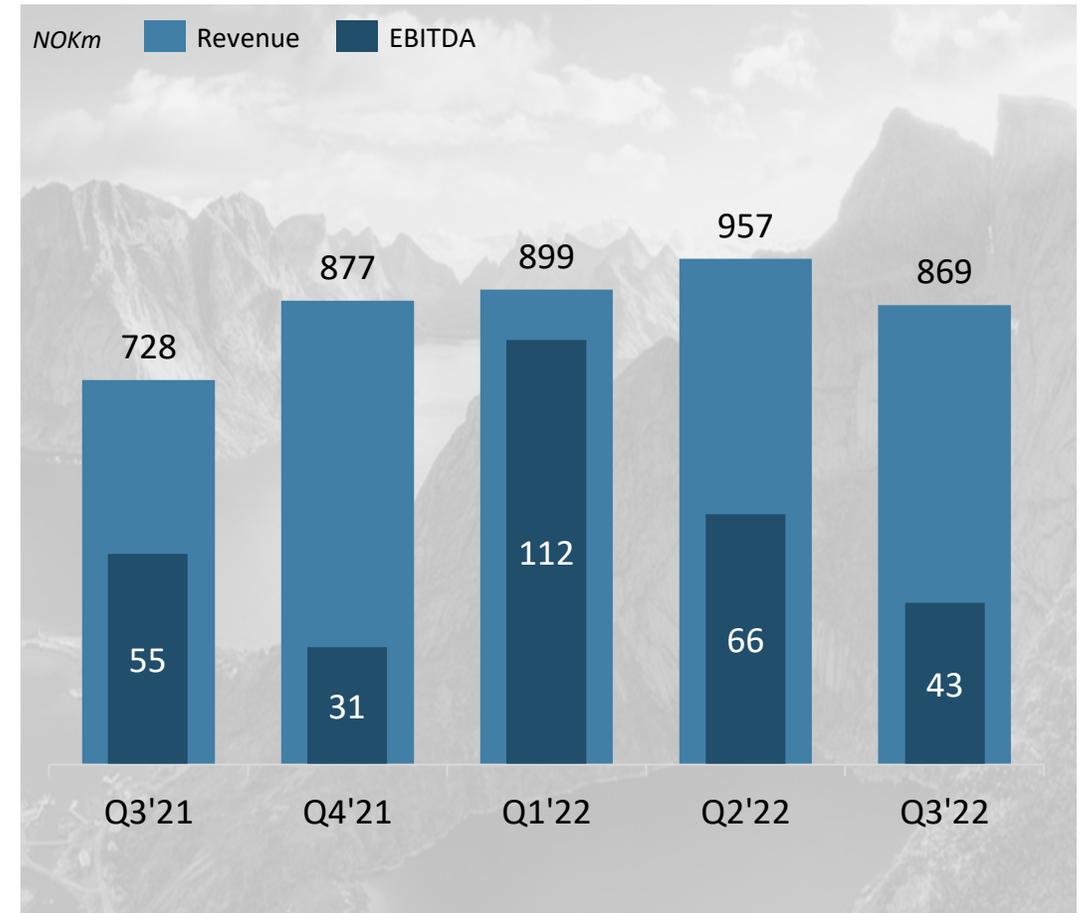
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Preschools: Q3 2022

Comments

- Continued strong growth in revenues, up 19% YoY on the back of the acquisitions of Gnist Barnehager (Norway) and Kunnskapförskolan (Sweden)
- EBITDA of NOK 43 million in Q3 2022, down YoY mainly explained by significantly increased costs due to inflation, growth costs related to new units in Sweden, and temporary reduced grants in Norway
- 2022 is particularly challenging for Norway as grants are based on 2020 cost level, a year with extraordinary low costs due to Covid (closed units, low wage settlement, reduced food costs, etc.)
- Adjusted for the temporary negative effects related to inflation and staff shortage, our international operations are progressing well, and we will continue to target effective and sticky growth in these markets

Revenues & EBITDA (NOK million)

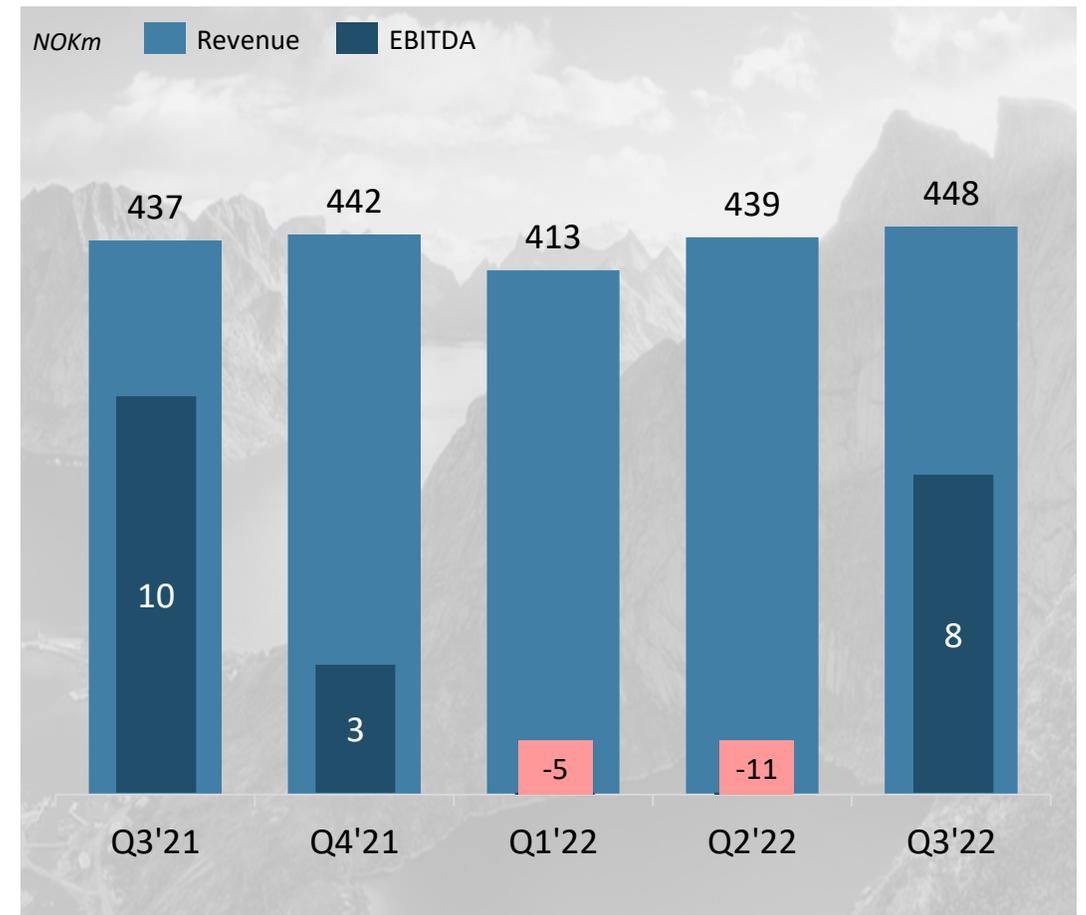


Care: Q3 2022

Comments

- Revenues of NOK 448 million in Q3 2022, up from NOK 439 million in Q2 2022
- In Q3'22, a seasonally strong quarter for Care, the segment generated an EBITDA of NOK 8 million, down on Q3'21 due to start-up costs on new units, increased electricity costs, and other cost inflation
- Occupancy have increased in Sweden, but are still below pre-pandemic levels, significantly affecting overall profitability
- In addition, costs related to high sick leave and inflation reduces profitability in all markets. This is, however, expected to be compensated by increased revenues in the future
- Profitability differs and we have the option to take mitigating actions to end losses in markets/units by withdrawal. However we consider these as strategical and remain positive on the long-term merits and demand for our services
- Satisfactory performance from the Finnish operation due to solid operations and satisfying occupancy levels
- During Q4'22 we plan to open 4 new large own management units in Finland and Sweden. These units should provide healthy profitability whilst normalized, after a ramp-up period of 12 – 24 months

Revenues & EBITDA (NOK million)

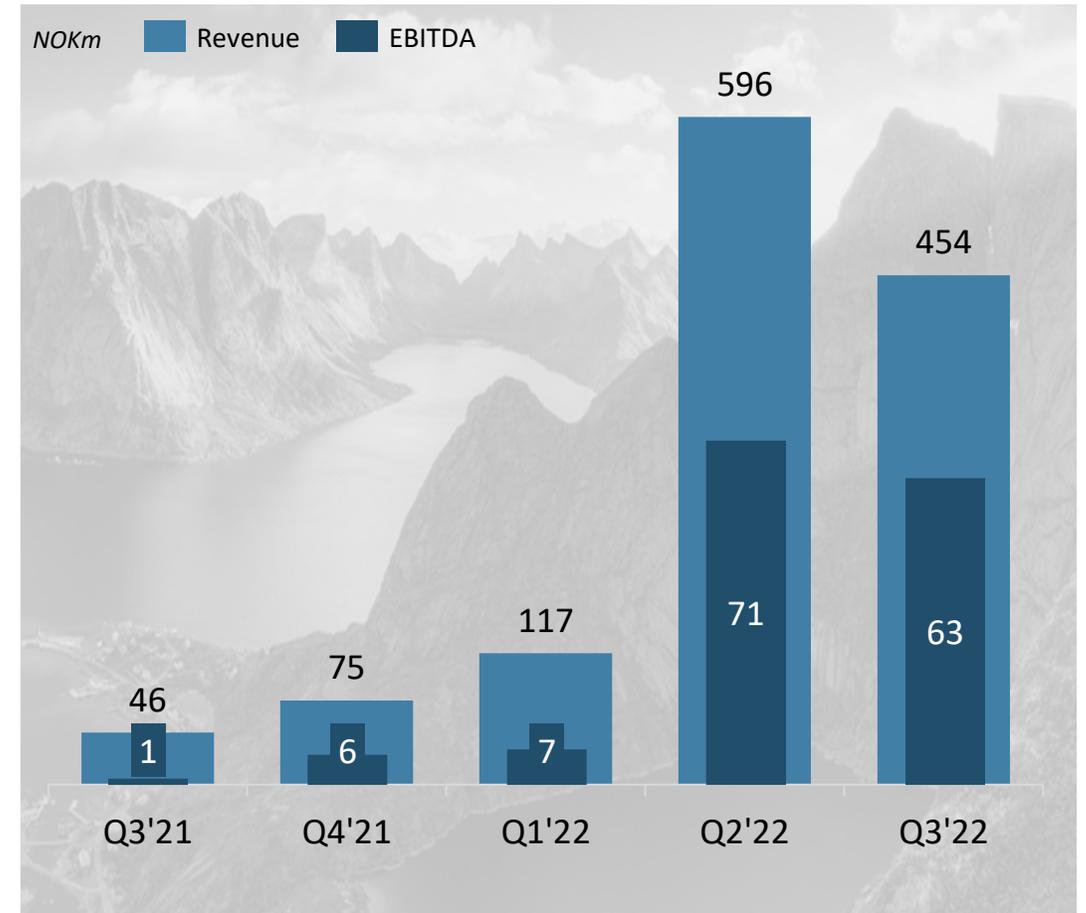


Integration Services: Q3 2022

Comments

- Integration Services delivered revenues of NOK 454 million and EBITDA of NOK 63 million in Q3 2022, a substantial increase YoY following dramatically increased activity
- As predicted, the activity level decreased compared to Q2 22 as temporary acute refugee centers are replaced by long-term ordinary reception centers
- 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 in 2023; UDI has indicated 40,000 arrivals in 2023 which is in line with 2022
- Additionally, the Interpretation Segment is progressing well demonstrated by YoY revenue growth of 95% and profitability in with the all-time high quarters

Revenues & EBITDA (NOK million)

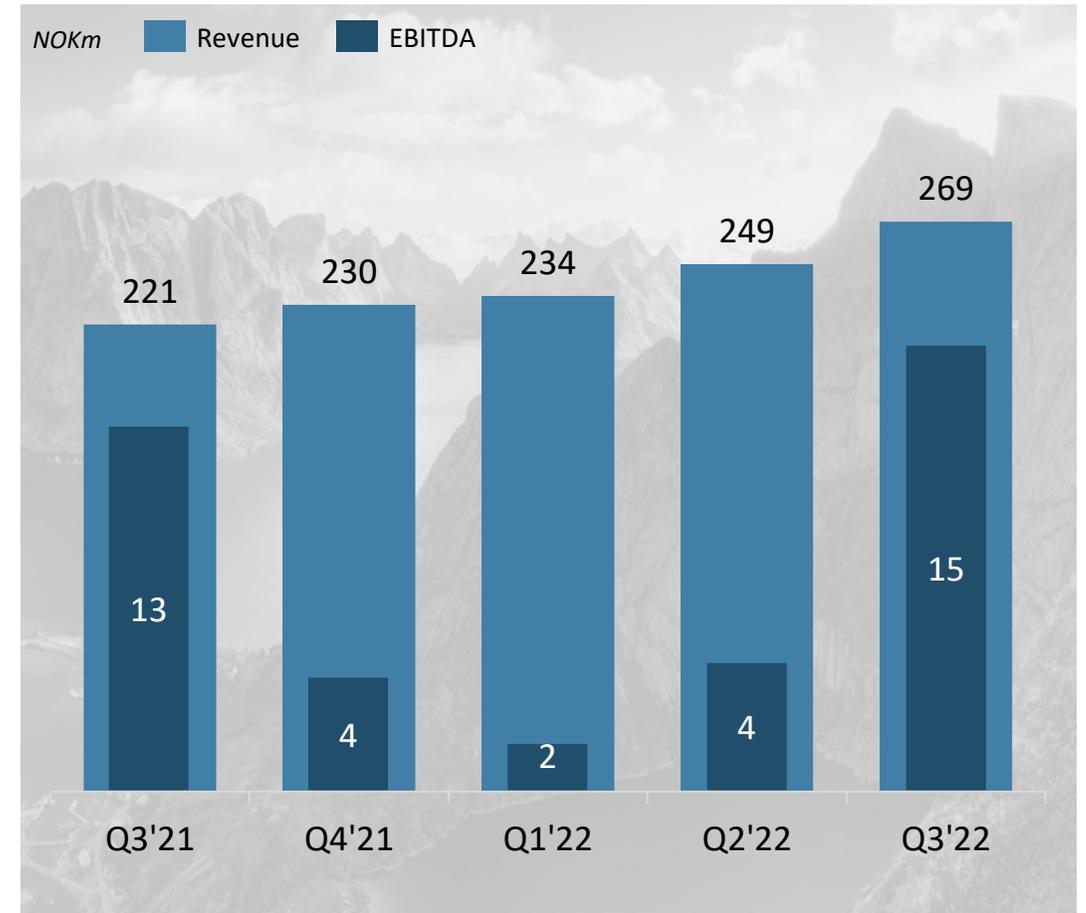


Individual & Family: Q3 2022

Comments

- Individual & Family generated revenues of NOK 269 million for the quarter, up 22% YoY, driven by growth in the Norwegian operations
- EBITDA of NOK 15 million in Q3'22, up NOK 2 million on Q3'21, despite increased electricity costs and challenges related to staff shortage
- Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and delivers solid revenue growth and healthy profitability
- Our Personal Assistance operations in Sweden is currently negatively affected by an ongoing internal re-organization and is expected to recover to healthy profitability levels in late 2022
- Major restructuring completed with the sale/termination of several loss-making non-core operations

Revenues & EBITDA (NOK million)

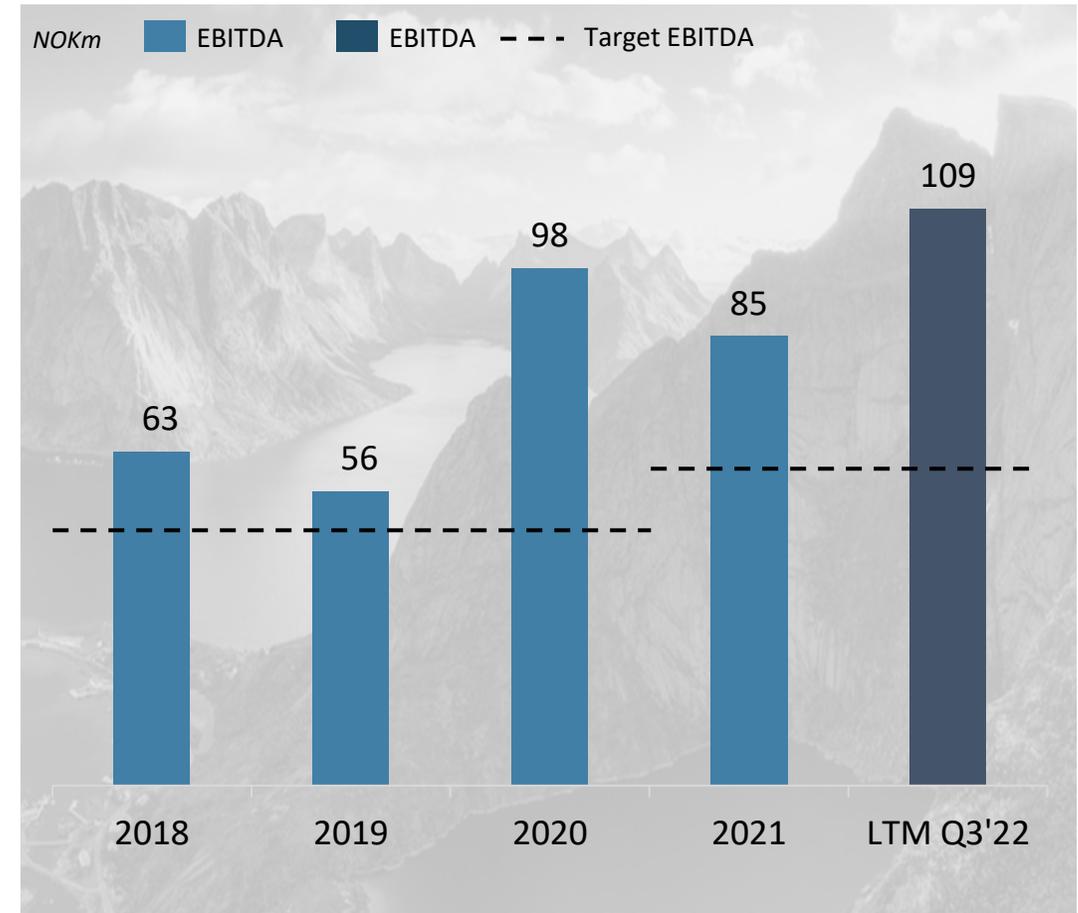


Real Estate: LTM Q3 2022

Comments

- The Real Estate segment recorded an EBITDA of NOK 109 million LTM per Q3 2022, significantly higher than our target EBITDA of NOK 60 million
- In June 2022, we signed an LOI on multiple real estate transactions with a total sales volume of more than NOK 200 million to be carried out in Q4'22, 2023 and 2024
- NHC will continue to gain property positions and several new property development initiatives have been committed during the recent quarters
- To meet an increased future demand and quality requirements, our operating segments rely on modern and attractive properties. Through own projects and transactions, the Real Estate division has provided access to highly suitable properties which enables solid long-term operations

EBITDA (NOK million)



Outlook per segment

- In all our segments, we expect recent cost increases to be reflected in future agreements through indexations and price adjustments

Segment

Outlook and initiatives

Preschools

- Multiple new and committed openings in pipeline to have a temporary negative effect on overall profitability short term, before providing a meaningful contribution
- Underlying profitability to improve through increased grants the coming years

Care

- Swedish operations still below pre-covid levels and we are working actively with marketing and other measures to increase occupancy back to the levels required to generate profits
- Several green field growth initiatives with solid demand outlook once matured will hold profits back while ramping up

Integration Services

- Activity level to normalize on a significantly higher level than prior to the war in Ukraine, backed by recent UDI refugee estimates
- Profitability expected to remain robust, despite closing of acute centers, as Hero has developed a resilient cost base since the last wave of immigrants in 2015-2016

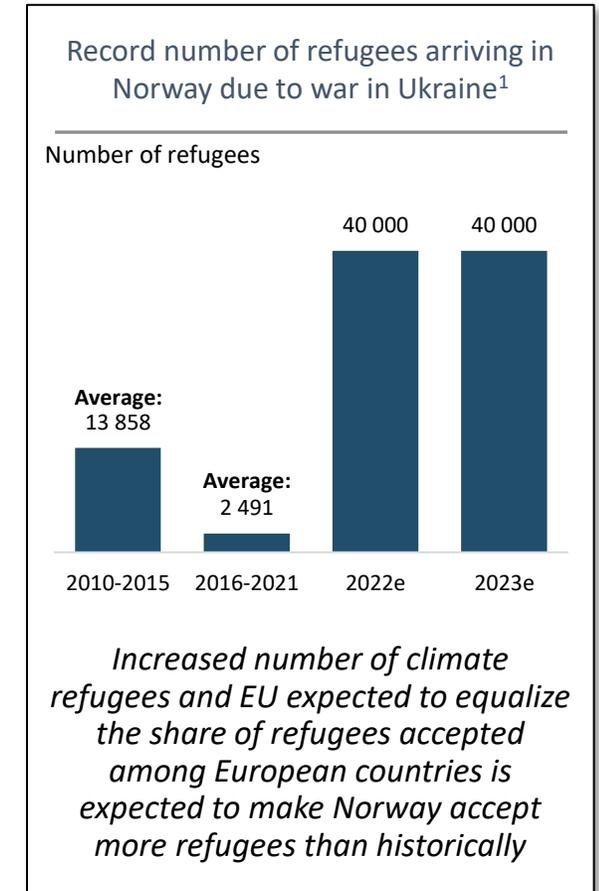
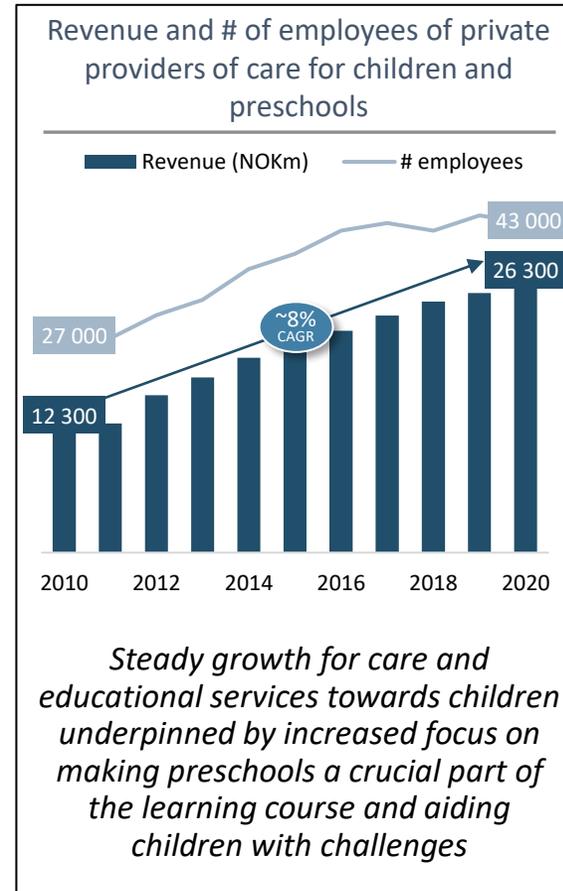
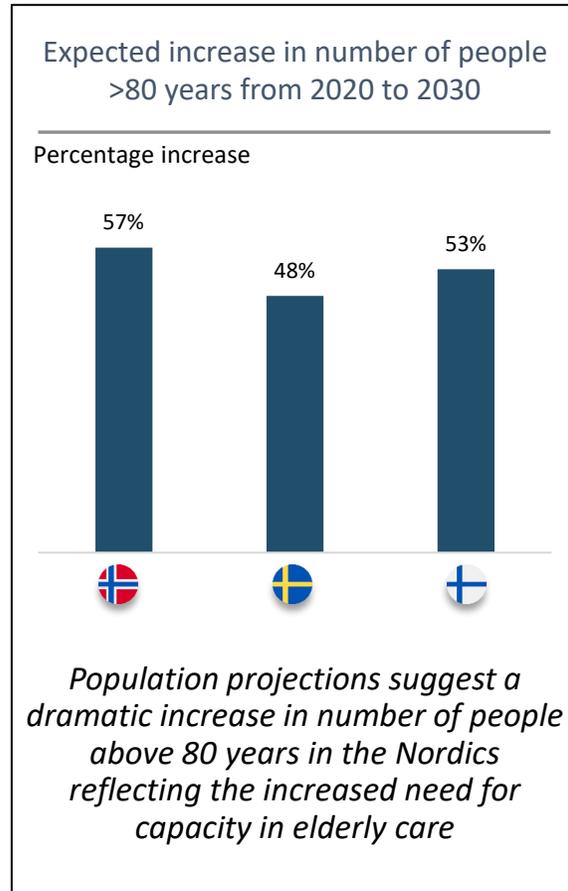
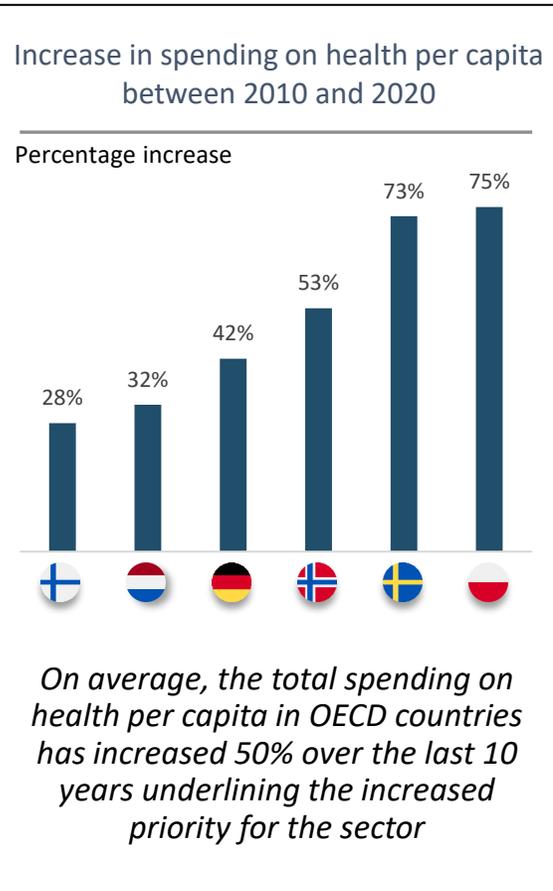
Individual & Family

- Continued organic growth within our core services in Norway that generate healthy profitability
- Swedish operations to recover to satisfactory profit levels following an internal re-organization

Real Estate

- Recent LOI on multiple real estate transactions (of which some are closed) with a total sales volume of more than NOK 200 million supports our pipeline and ambitions forward of solid backed social infrastructure property projects
- We will continue to gain property positions and there are several ongoing property development initiatives

Favorable megatrends creating attractive tailwinds for private health & care services



Private providers are instrumental in meeting demand and ensuring delivery of high-quality health & care services

Thank you!

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Profit & Loss

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

Balance sheet

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

Cash Flow

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

Thank you!