NHC Group
Report Q4 22

CONTENT

Key figures

NHC Group

Unaudited, in NOK million	Q4 22	Q4 21	Q3 22	Q3 21	FY 22	FY 21
Revenues & income	2,003.5	1,639.9	2,033.6	1,444.9	7,966.4	5,975.6
EBITDA	240.8	219.4	301.9	204.6	1,110.7	792.7
EBITDA (%)	12.0 %	13.4 %	14.8 %	14.2 %	13.9 %	13.3 %
EBITA	64.8	67.8	151.7	86.4	515.1	282.7
EBITA (%)	3.2 %	4.1 %	7.5 %	6.0 %	6.5 %	4.7 %
EBIT	53.0	57.0	143.3	73.2	476.1	238.5
EBIT (%)	2.6 %	3.5 %	7.0 %	5.1 %	6.0 %	4.0 %
EBT	(16.0)	10.5	64.1	18.9	204.3	48.2
EBT (%)	-0.8 %	0.6 %	3.2 %	1.3 %	2.6 %	0.8 %
EBITDA - adjusted for IFRS 16	66.3	95.8	139.9	105.1	500.0	321.9
EBITA - adjusted for IFRS 16	45.5	75.7	123.6	91.1	430.9	279.2

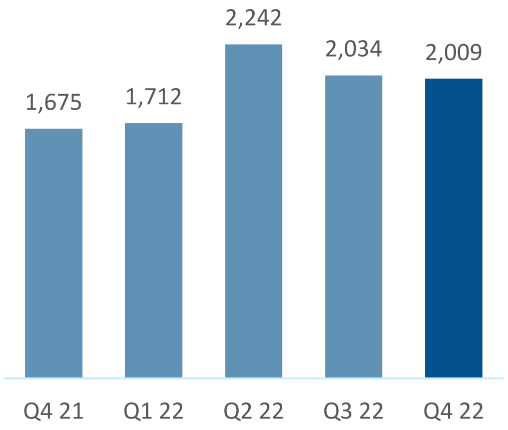
Figures are reported including effects from IFRS 16. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

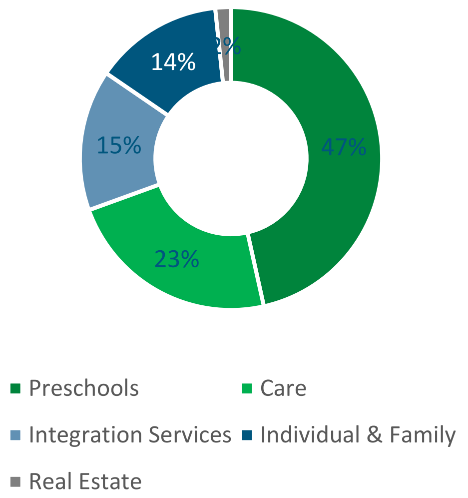
Q4 22 Highlights

- Q4 22 revenues of NOK 2,003.5 million, a growth of 22% YoY
- Q4 22 EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 66.3 million, and adj. EBITA of NOK 45.5 million
- Preschools delivered an adj. EBITDA of NOK 35.8 million, up from NOK 30.8 million in Q4 21
- Care generated an adj. EBITDA of NOK -20.6 million, heavily impacted by cost inflation, high sick leave, and costs related to start-up of 4 new large units (~400 places)
- Integration Services delivered an adj. EBITDA of NOK 44.8 million following high activity within both Accommodation Services and Interpretation Services
- Individual & Family generated an adj. EBITDA of NOK 8.7 million, up from NOK 3.9 million in Q4 21
- All operations, in line with the overall market, experience a negative impact from staff shortage, high energy prices and general cost inflation
- After the balance sheet date, NHC Group successfully placed a senior secured subsequent bond issue of equivalent to NOK 522 million under the company’s existing senior secured bond framework, split between NOK 180 million in the NOK-tranche and SEK 352 million in the SEK-tranche
- The net proceeds from the subsequent bond issue were utilized to partly finance the acquisition of 100 % of Frösunda Omsorg AB (“Frösunda”) including its parent company Brado AB
- Frösunda generated a turnover of NOK 2 billion in 2022 through services within personal assistance, disability care and elderly care in Sweden
- Following the acquisition and the integration to follow, NHC emerges as a stronger and further diversified group

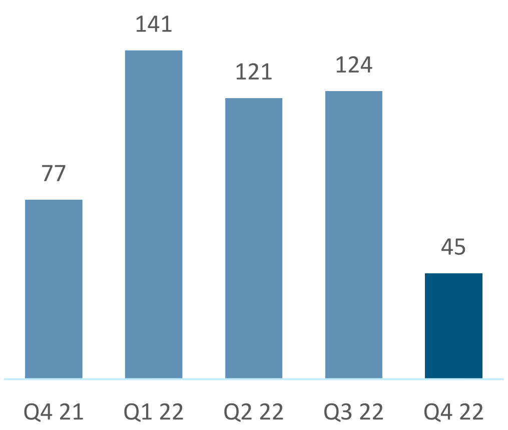
ADJ. REVENUE PER QUARTER (MNOK)



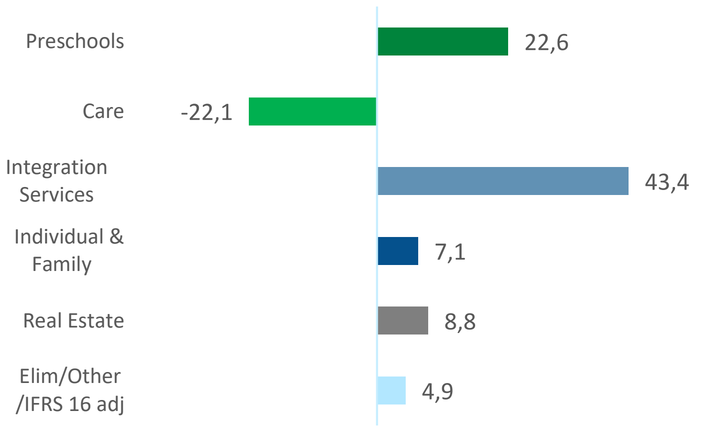
SEGMENT DISTRIBUTION Q4 22 (%)



ADJ. EBITA PER QUARTER (MNOK)

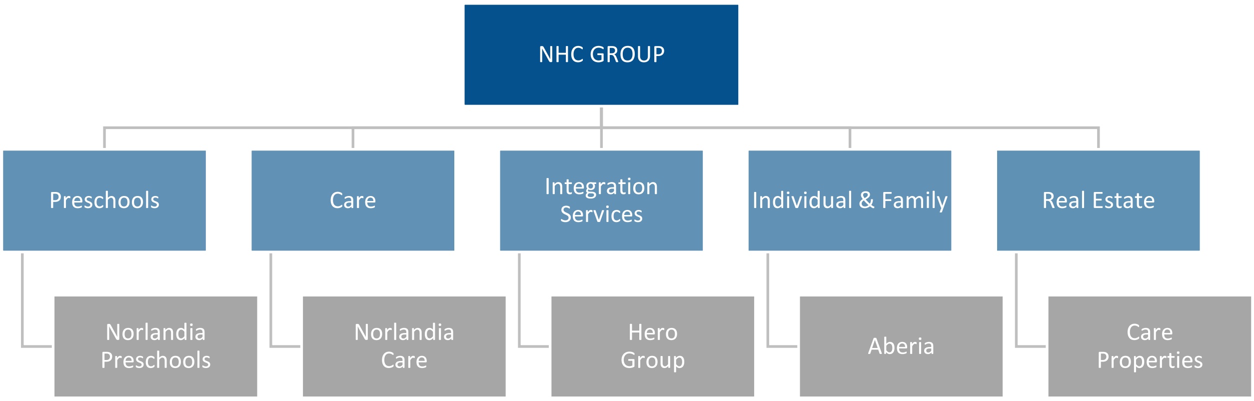


EBITA DISTRIBUTION Q4 22 (MNOK)



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 and income of NOK 2,003.5 million in Q4 22, a 22 % increase YoY, on the back of revenue growth within the Preschool and Integration segments. EBITA for the quarter amounted to NOK 64.8 million, down from NOK 67.8 million in Q4 21, mainly explained by the Care segment which is heavily impacted by cost inflation and high sick leave.

Net financial items amounted to NOK -70.2 million for Q4 22, reflecting interest expenses of NOK 40.8 million on borrowings, interest related to capitalized leasing of NOK 41.9 million, interest income of NOK 1.1 million, and unrealized currency gains of NOK 13.0 million.

Profit/(loss) before taxes amounted to NOK -16.0 million for Q4 22, down from a profit of NOK 10.5 million one year prior. Adjusted for IFRS 16 effects, profit before taxes came in at NOK 6.7 million for the quarter, down from NOK 59.1 million in Q4 21.

Thus, the net effect of IFRS 16 amounted to NOK 22.6 million for Q4 22, reflecting depreciation charges of NOK 155.2 million and finance charges of 41.9 million. This was offset by reduced leasing expenses of NOK 180.0 million. See note 9 for more details.

Net cash inflow from operating activities in Q4 22 was NOK 183.4 compared to an inflow of NOK 140.5 million in the same quarter last year, mainly driven by the Integration segment, partly offset by a negative movement in working capital of NOK -24.3 million.

Net cash flow from investing activities resulted in an outflow of NOK 45.6 million in Q4 22, compared to an inflow of NOK 105.8 million in Q4 21, explained by investments in property, plant and equipment, and less proceeds from sale of assets recognized during the quarter. Net investment in property, plant and equipment mainly reflected investments related to property development projects, and maintenance capital expenditures of NOK 16.3 million. Additionally, investments have been performed to increase energy efficiency of properties and maximize utilization of leased premises.

Net cash outflow from financing activities amounted to NOK -200.7 million in Q4 22, compared to an outflow of NOK 239.6 million in Q4 21. The outflow this quarter is mainly explained by lease payments of NOK -138.1 million, and cash interest expenses, including lease liability related interest expenses, of NOK -74.0 million.

The Group generated total cash flows of NOK -62.8 million for Q4 22.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PER 31 DECEMBER 2022

As of 31 December 2022, the Group had total non-current assets of NOK 8,674.3 million, an increase of NOK 1 149.1 million from year-end 2021. The increase in mainly explained by new leasing contracts resulting in higher right-of-use assets which was NOK 5,171.8 million as of 31 December 2022 compared to NOK 4,186.5 million at year-end 2021.

Cash and cash equivalents amounted to NOK 271.7 million on 31 December 2022, down 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 31 December 2022, NOK 106.2 million was drawn.

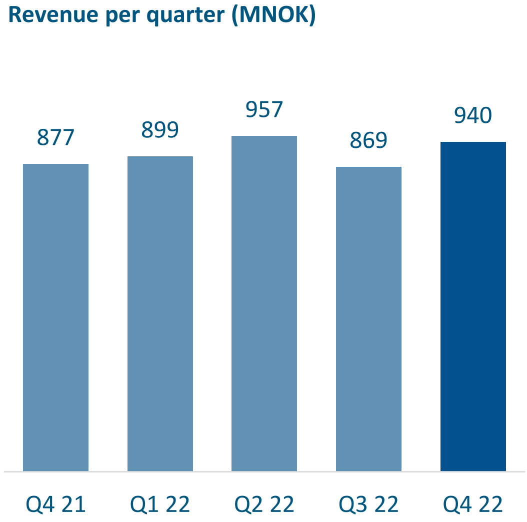
Total assets amounted to NOK 9,648.9 million at the end of Q4 22 compared to NOK 8,317.6 on 31 December 2021.

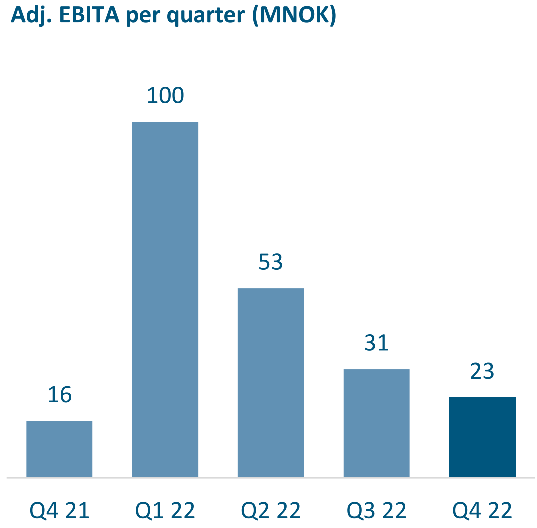
Total non-current liabilities as of 31 December 2022 amounted to NOK 7,299.2 million, including NOK 4,996.2 million classified as "Lease liabilities" under IFRS 16. Total borrowings amounted to NOK 2,115.6 million, mainly consisting of the NOK- and SEK-denominated bond loans as shown in note 8, as well as debt mainly related to Norwegian preschool properties of NOK 406.5 million.

Per 31 December 2022 the Group's total equity amounted to NOK 611.1 million compared to NOK 472.0 million on 31 December 2021.

BUSINESS SEGMENTS

Preschools





The fourth quarter of 2022 generated revenues of NOK 940 million, up from NOK 877 million in Q4 21, where the 7% YoY increase mainly reflected the acquisition of Kunnskapsförskolan in March 2022.

The segment reported an adj. EBITA of NOK 23 million in Q4 22. Growth costs related to multiple new green field openings, significantly increased costs through inflation, and staff shortages in certain markets have a negative impact on the current profitability level. On top of these effects, the grants for 2022 in Norway was extraordinarily low as these were based on municipal costs in 2020 which were materially lower than current levels due to Covid-19. Given this, we expect a substantial increase to Norwegian preschool grants from 2023.

In line with our strategy, we opened multiple new units in Sweden during 2022, many of which related to the acquisition of Kunnskapsförskolan completed in Q1 22. Opening of new units generate start-up cost until fully matured normally within 12–18 months. The costs during 2022 reflect this growth strategy as well as in Q4 22 and will continue to do so the coming quarters as the units ramp up. There are also multiple other committed new openings in pipeline that will have a temporary negative effect on the overall profitability. We do however, expect the considerable recent growth in Sweden to provide a meaningful contribution already in 2023.

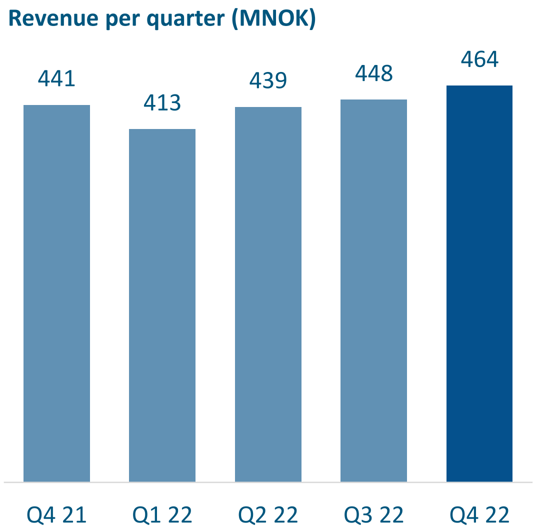
2022 was a challenging year for Preschool Norway. The extraordinary costs in 2022 related to high sick leave and significantly increased electricity prices are not reflected in the 2022 grants as these are based on municipal costs in 2020. These extraordinary costs are also borne by the municipalities 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. During the quarter, the remaining part of the pension benefit plan was converted to a contribution plan. This strengthens our employees’ pensions and rights, now ranked in the very top of peers, and provides a reduced and stable pension cost for NHC going forward.

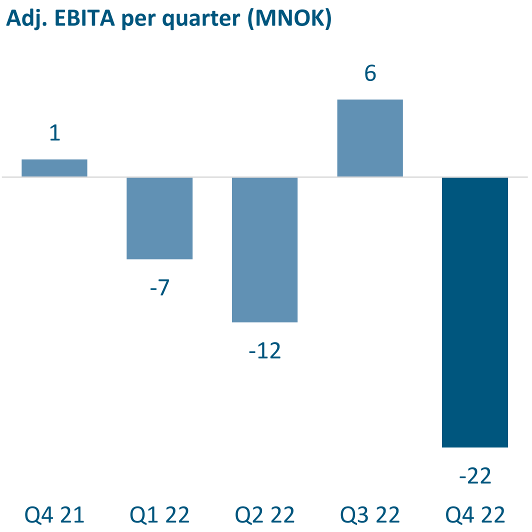
In December, Norlandia filed a lawsuit in cooperation with other participants in the market to challenge the level of previous subsidies, and the regulation which governs these subsidies to be declared void. The lawsuit is based on a claim of disparate treatment of public and private preschools and aims at strengthening the preschools in order to treat children equally, independent of ownership, going forward.

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 31 December 2022, Norlandia Preschools operates 416 units. Of these, 29 units are owned 50% and operated by Wekita (Germany), which is consolidated in the Group as an associated company, and hence not reflected in the segment figures above.

Care





The Care segment reported revenues of NOK 464 million in Q4 22, up from NOK 441 million in Q4 21, explained by start-up of several new own management units in Sweden and Finland.

In Q4 22, the segment reported an adj. EBITA of NOK -22 million, significantly down YoY on the back of several factors. First, the current extraordinary cost inflation materially reduces profitability within all markets, as these costs are not accounted for in the income level. Over time, we expect that most of these cost increases will be reflected in future agreements through index clauses and our intensified discussions with municipalities regarding renegotiations of prices. Second, the high sick leave we are experiencing in the wake of the pandemic combined with staff shortage increases personnel costs and makes operations more challenging. Contrary to Q4 21, there was no government support for sick leave expenses in Q4 22. Third, although receiving less public attention, the Covid pandemic is still affecting our operations, primarily through lower occupancy levels than pre-Covid. Occupancy is, however, steadily increasing and we are working actively with marketing and other measures to get back to the levels required to generate profits. Fourth, start-up of several new own management units with a total capacity of around 400 places generated material growth costs during the quarter. Once normalized, after a loss-making period of 12 – 24 months, the profit margins for own management operations should be considerably higher than within tender operations.

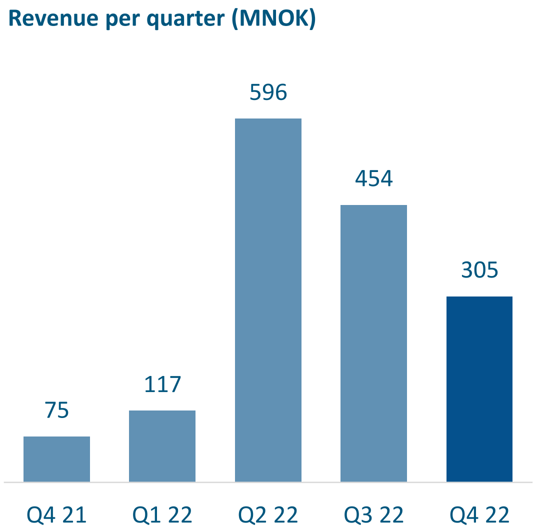
Despite the substantial negative effects, we remain confident that the long-term fundamentals for Care are strong. Finland is progressing well and delivers solid top-line growth, up 22% in 2022 compared to 2021, having opened several new units in Q4 22. All these units have a solid demand outlook and should provide a meaningful financial contribution once matured.

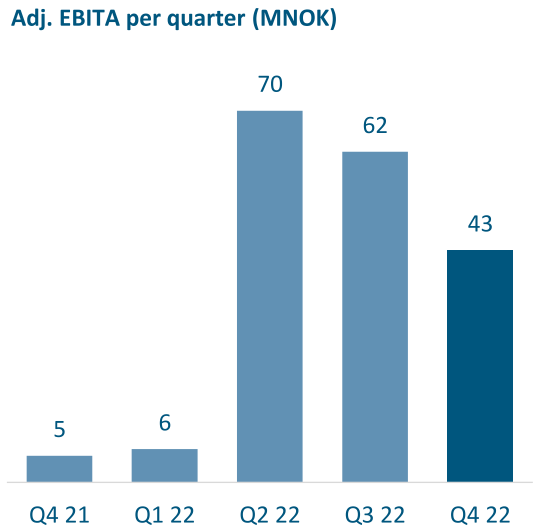
Even though Norway is politically challenging, with limited growth potential through tender awards, we are pleased to have won the Oksenøya nursing home tender in 2022 on an 8+1+1-year contract. The unit is located right outside Oslo and was completed in late 2022, with operations starting in Q2 23, 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.

Lead times within the Care segment are long and continued challenges related to Covid-19, cost inflation and sick leave could pro-long these further. We are following this development closely and negotiate with municipalities to improve contracts due to the current market condition. If not successful, we have the option to take mitigating actions to end losses in markets/units by withdrawal. 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.

From Q1 23, following the acquisition of Frösunda after the balance sheet date, Frösunda Elderly Care will be consolidated into NHC's Care segment, thereby increasing the already strong presence in Sweden.

Integration services





Integration Services generated revenues of NOK 305 million in Q4 22, down on the two recent quarters, explained by reduced activity within acute reception centers in Norway, fully in line with our expectations. The segment delivered an improved EBITA-margin compared to Q2 22 and Q3 22, with an adj. EBITA of NOK 43 million. The continued strong financial performance is related to solid operations within both Accommodation Services and Interpretation Services.

Following the outbreak of the war in Ukraine, Accommodation Services in Norway 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 we saw the full effect from this major upscaling from Q2 22 and onwards.

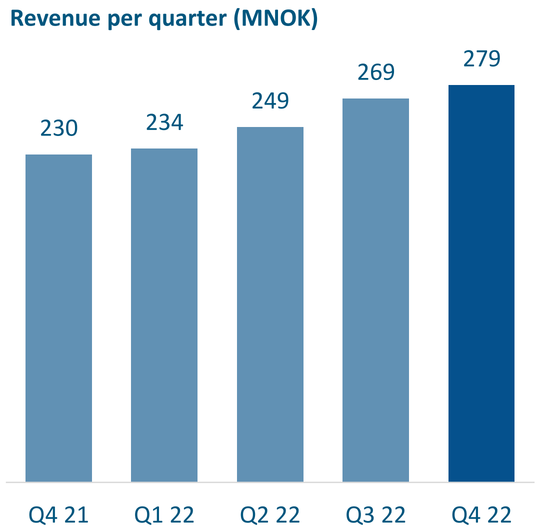
Although the majority of the acute reception centers opened in 2022 have been closed and replaced by long-term ordinary reception centers, we expect continued high activity in the short term. Hero currently operates 15 ordinary reception centers in Norway and is the only company with frame-agreements in all regions. Further, there are multiple ongoing and planned tenders by UDI to prepare for a continued high number of refugees expected to arrive in Norway in 2023, both from Ukraine and other countries. 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 in the medium and longer term to normalize at a significant higher level than prior to the war in Ukraine. Profitability is expected to remain robust as Hero has developed a resilient cost base since the last wave of immigrants in 2015-2016. Lease contracts designed to better match UDI contracts, 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.

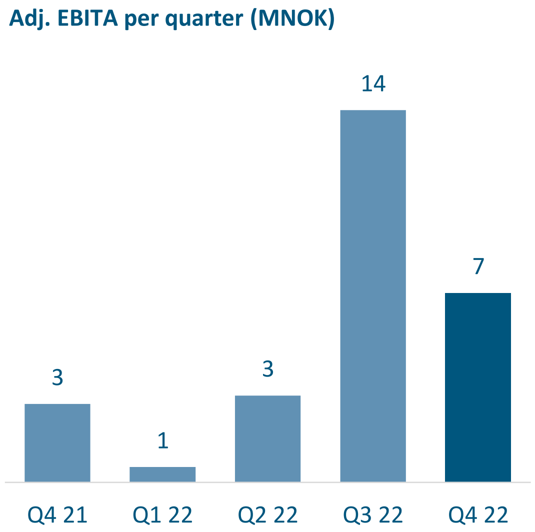
In December 2022, our German operations opened 500 acute places in less than 24 hours after receiving a request from the immigration authorities in Berlin (LAF). Following the recent new openings, Hero now operates 7 reception centers in Germany, and we are experiencing significantly increased occupancy due to the acute situation and special agreements with the immigration authorities. Germany will continue to be the country in Europe with the highest number of refugee arrivals also in 2023, 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 Q4 22, the segment delivered YoY revenue growth of 92% and all-time high profitability. We expect Interpretation Services to continue delivering a solid financial performance going forward.

Our Norwegian and German operations are ready and able to rapid response when needed, as well as high volume quality accommodation services towards the general migration situation. Both of which we are currently witnessing. Although we consider the current situation as a peak, we foresee an underlying long-term strengthened trend as more and more people are fleeing, politics have become more positive, and the EU will be tougher on how the unfortunate burden is to be shared. 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. As everyone else, Hero intensely wishes for the Russian aggression and brutalities in Ukraine to end. For as long as it takes, Hero will remain a mobilized tool for immigration authorities to host asylum seekers and migrants in a respectful and dignified way.

Individual & family





Aberia generated revenues of NOK 279 million in Q4 22, up 21% 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 15% QoQ.

Aberia recorded an adj. EBITA of NOK 7 million, in line with prior year when adjusting for a negative one-off effect of NOK 4 million that occurred om Q4 21. Profitability within our core operations in Norway, Child Care and Respite Care services, along with Family Homes and Personal Assistance, remain healthy, 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 1,000 million. This has been achieved through investments across a wide range of concepts and services, within our core operations. Further, the segment has been through a major restructuring to stream-line operations and focus its portfolio, implying that 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.

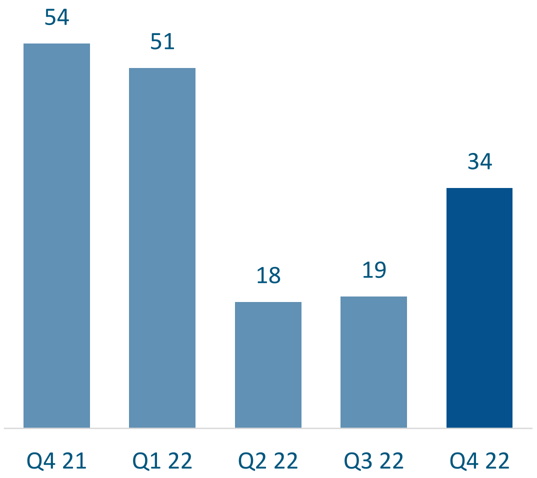
From Q1 23, following the acquisition of Frösunda after the balance sheet date, Frösunda Personal Assistance and Frösunda Disability will be consolidated into NHC's Individual & Family segment, significantly increasing the segment's turnover and providing more stability in terms of profitability. We regard the consolidation as a perfect fit combining highly complementary competencies across the organizations in Norway and Sweden, with unrealized synergy potential, and have great expectations for the segment going forward.

The personal assistance market in Sweden recently experienced a shock related to Humana Assistans AB having its license to operate revoked in January 2023, after a two-year inspection performed by the Swedish Health and Social Care Inspectorate (IVO). Aberia's personal assistance was subject to inspection by IVO in 2022, which resulted in a retained license for Aberia and thus continued operations. Over time, both Frösunda and Aberia have performed extensive work to improve internal processes and routines to mitigate risks and strengthen quality, and currently, there are no ongoing inspections of our operations.

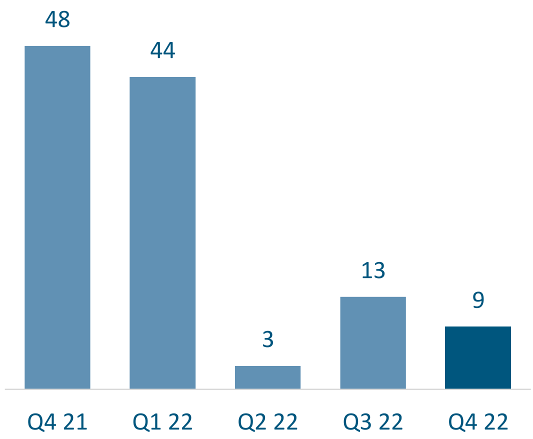
The consequences of Humana's revoked license are substantial, affecting 2,000 disabled persons and 11,000 employees, and NHC is closely monitoring the situation. If required, our Swedish operations have both the capacity and willingness to quickly bring on board and help new customers in need of assistance. A standard review of each customer will be carried out in these cases, fully in-line with existing guidelines and procedures. In Sweden, a large majority of those entitled to personal assistance choose private providers and NHC considers the recent development highly regrettable, considering the negative impact it has on many disabled people in need of security and stability in life.

Real Estate

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The Real Estate segment recorded revenues of NOK 34 million in Q4 22, with an adj. EBITA of NOK 9 million, reflecting the sale of properties in Finland related to the LOI signed in Q2 22.

We built and acquired several properties in 2021. Some of these have 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, some of which closed in 2022 and the remaining to be carried out in 2023 and 2024, indicates solid profitability going forward and that NHC is regarded as a strong counterparty.

The acquisition of Frösunda, after the balance sheet date, materially increases NHC Group's operational footprint going forward. We expect that this will lead to more opportunities and enable further growth within the real estate segment. Both Frösunda and NHC have extensive experience within real estate and combining knowledge and experiences will lead to further synergies, especially within property development and real estate concepts. The combined group will continue to build on NHC's strategy of utilizing real estate as a driver of competitive advantage and catalyst for operational growth.

Although we acknowledge the challenges the overall real estate market is currently experiencing, we believe we are well positioned to maintain a healthy profitability level going forward. Besides cash flow and profitability, most importantly, we expect the segment to support NHC's operating companies through access to good properties and solid long-term operations.

OUTLOOK AND MAIN RISK FACTORS

At the point of this writing, we are approaching the one-year mark of the tragic war in Ukraine. The war continues to unfold and 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. 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 over time 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. 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. While we hope that the worst now is behind us, the pandemic had a definite negative financial impact on the Care segment in 2022, primarily through lower occupancy than pre-Covid. Although occupancy levels are steadily increasing, we expect a continued challenging operating climate for Care Sweden in the short-term owing to the current cost inflation. In the longer-term, however, fundamentals remain strong, and we strongly believe there is 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.

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, 20 February 2023

Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Ingvild Myhre
Member of the Board

Yngvar Tov Herbjørnssønn
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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	Q4 22	Q4 21	FY 22	FY 21
Operating revenues		1,997.7	1,621.7	7,934.1	5,933.8
Other income		5.7	18.2	32.3	41.8
Total	3	**2,003.5**	**1,639.9**	**7,966.4**	**5,975.6**
Direct cost of goods and services		(97.5)	(52.5)	(353.2)	(175.1)
Personnel expenses		(1,344.6)	(1,162.2)	(4,985.9)	(4,303.1)
Other operating expenses	9	(320.6)	(205.9)	(1,516.5)	(704.6)
EBITDA		**240.8**	**219.4**	**1,110.7**	**792.7**
Depreciation	9	(176.0)	(151.5)	(595.6)	(509.9)
EBITA	3	**64.8**	**67.8**	**515.1**	**282.7**
Amortisation	4	(11.8)	(10.8)	(39.0)	(44.3)
Operating profit/(loss) - EBIT		**53.0**	**57.0**	**476.1**	**238.5**
Net financial items	5, 9	(70.2)	(52.2)	(273.1)	(189.0)
Share of net income from associated companies		1.3	5.7	1.3	(1.2)
Profit/(loss) before taxes		**(16.0)**	**10.5**	**204.3**	**48.2**
Income taxes	6	(11.5)	(9.1)	(25.3)	(4.5)
Net income		**(27.4)**	**1.3**	**179.0**	**43.7**
Net income attributable to:					
Equity holders of the parent company		(27.4)	2.9	178.9	47.0
Non-controlling interests		(0.0)	(1.5)	0.1	(3.3)

Consolidated Statement of Comprehensive Income

NHC Group

Unaudited, in NOK million	Notes	Q4 22	Q4 21	FY 22	FY21
Net income		**(27.4)**	**1.3**	**179.0**	**43.7**
Currency translation differences		(12.3)	(12.9)	(4.7)	(27.1)
Items that may be subsequently reclassified to P&L		**(12.3)**	**(12.9)**	**(4.7)**	**(27.1)**
Remeasurement of defined benefit pension plans		(10.0)	5.8	(10.0)	5.8
Income taxes related to these items		2.2	(1.3)	2.2	(1.3)
Items that will not be subsequently reclassified to P&L		**(7.8)**	**4.5**	**(7.8)**	**4.5**
Other comprehensive income/(loss), net of taxes		**(20.1)**	**(8.3)**	**(12.5)**	**(22.6)**
Total comprehensive income		**(47.5)**	**(7.0)**	**166.5**	**21.1**
Total comprehensive income attributable to					
Equity holders of the parent company		(46.4)	(4.4)	168.0	25.5
Non-controlling interests		(1.2)	(2.6)	(1.4)	(4.5)

Consolidated Statement of Financial Position

NHC Group

Unaudited, in NOK million	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant & equipment		792.0	663.4
Right-of-use assets		5,171.8	4,186.5
Goodwill	7	1,994.6	1,906.2
Intangible assets	7	529.7	563.5
Deferred tax assets		94.7	120.8
Investment in associated companies		25.6	31.1
Other investments		25.4	12.2
Other non-current receivables		40.5	41.6
Total non-current assets		**8,674.3**	**7,525.2**
Current assets			
Inventories		5.6	8.1
Trade receivables		417.4	284.4
Other current receivables		280.0	198.6
Cash and cash equivalents		271.7	301.2
Total current assets		**974.6**	**792.4**
Total assets		**9,648.9**	**8,317.6**
EQUITY AND LIABILITIES			
Equity			
Share capital		312.0	312.0
Other equity		298.9	149.0
Equity attributable to owners of the parent		**610.9**	**461.0**
Non-controlling interests		0.2	11.0
Total equity		**611.1**	**472.0**
Liabilities			
Pension liabilities		6.3	101.4
Borrowings	8	2,115.6	2,124.4
Lease liabilities		4,996.2	4,050.0
Deferred tax liabilities		151.1	148.5
Other non-current liabilities		30.0	3.0
Total non-current liabilities		**7,299.2**	**6,427.3**
Trade payables		191.0	129.5
Borrowings	8	71.4	51.0
Lease liabilities		531.2	416.8
Taxes payable		13.4	20.4
Other current liabilities		931.5	800.5
Total current liabilities		**1,738.6**	**1,418.3**
Total liabilities		**9,037.8**	**7,845.6**
Total equity and liabilities		**9,648.9**	**8,317.6**

Consolidated Statement of Cash Flows

NHC Group

Unaudited, in NOK million	Q4 22	Q4 21	FY 22	FY 21
Cash flow from operating activities				
EBITDA	240.8	219.3	1,110.7	792.7
Net taxes paid and other EBITDA cash adjustments	(33.1)	(65.3)	(139.6)	(47.5)
Change in net working capital	(24.3)	(13.6)	(15.5)	(137.8)
Net cash flow from operating activities	**183.4**	**140.5**	**955.6**	**607.4**
Cash flow from investing activities				
Net investment in property, plant and equipment	(78.8)	(39.4)	(196.5)	(136.5)
Investment in shares in business	(16.6)	(75.5)	(86.3)	(126.1)
Proceeds from sale of assets	50.0	219.4	181.7	308.6
Net change in financial receivables	(0.1)	1.3	(0.1)	(3.4)
Net cash flow from investing activities	**(45.6)**	**105.8**	**(101.3)**	**42.6**
Cash flow from financing activities				
Net change in interest-bearing debt	11.4	(51.3)	(78.9)	11.7
Lease liability - amortisation	(138.1)	(93.4)	(488.8)	(414.7)
Payment to non-controlling interest	-	(0.0)	(7.4)	(2.2)
Net interest paid and other financial items	(74.0)	(94.9)	(285.3)	(225.9)
Distributions to owners	-	-	(20.0)	-
Net cash flow from financing activities	**(200.7)**	**(239.6)**	**(880.4)**	**(631.1)**
Changes in cash and cash equivalents				
Net change in cash and cash equivalents	(62.8)	6.7	(26.1)	18.8
Effects of changes in exchange rates on cash	2.2	(3.6)	(3.4)	(3.0)
Cash and cash equivalents at the beginning of period	332.3	298.1	301.2	285.4
Cash and cash equivalents at end of period	**271.7**	**301.2**	**271.7**	**301.2**

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	-	-	178.9	-	**178.9**	0.1	**179.0**
Other comprehensive income for the period	-	-	(7.8)	(3.1)	**(10.9)**	(1.6)	**(12.5)**
Total comprehensive income for the period	**-**	**-**	**171.1**	**(3.1)**	**168.0**	**(1.4)**	**166.5**
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	-	-	2.0	-	**2.0**	(9.1)	**(7.1)**
Total contributions and distributions	-	-	(18.0)	-	**(18.0)**	(9.3)	**(27.3)**
Equity as of 31 December 2022	**312.0**	**167.8**	**117.8**	**13.3**	**610.9**	**0.2**	**611.1**

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)	Q4 22	Q4 21	Q3 22	Q3 21	2022	2021
Revenues and income by segment						
Preschools	940.0	877.2	869.0	727.6	3,664.5	3,125.2
Care	464.1	441.5	447.6	436.7	1,764.0	1,714.7
Integration services	304.5	75.0	454.4	46.4	1,471.7	237.5
Individual & Family	278.8	230.1	269.4	220.7	1,031.6	864.7
Real Estate	33.7	54.0	18.5	40.2	120.6	105.3
Other/Elim/IFRS 16 adj	(17.7)	(37.8)	(25.3)	(26.8)	(85.9)	(71.9)
Total	**2,003.5**	**1,639.9**	**2,033.6**	**1,444.9**	**7,966.4**	**5,975.5**

(NOK million)	Q4 22	Q4 21	Q3 22	Q3 21	2022	2021
EBITDA by segment						
Preschools	35.8	30.8	42.5	55.4	255.5	220.4
Care	(20.6)	3.1	7.8	9.6	(28.7)	(13.7)
Integration services	44.8	6.2	63.0	1.3	185.8	17.8
Individual & Family	8.7	3.9	15.4	12.6	30.0	25.7
Real Estate	11.5	48.7	13.1	33.6	71.9	85.0
Other/Elim/IFRS 16 adj	160.5	127.2	160.3	92.2	596.2	457.4
Total	**240.8**	**219.9**	**301.9**	**204.7**	**1,110.8**	**792.7**

(NOK million)	Q4 22	Q4 21	Q3 22	Q3 21	2022	2021
EBITA by segment						
Preschools	22.6	16.0	30.6	46.1	206.2	178.8
Care	(22.1)	1.5	6.3	7.8	(34.4)	(20.5)
Integration services	43.4	5.0	61.9	(0.0)	181.1	12.2
Individual & Family	7.1	2.9	13.9	11.7	24.9	22.0
Real Estate	8.8	48.2	13.0	33.3	68.9	84.1
Other/Elim/IFRS 16 adj	4.9	(4.5)	26.0	(12.4)	68.4	6.1
Total	**64.7**	**69.1**	**151.7**	**86.5**	**515.1**	**282.7**

(NOK million)	Q4 22	Q4 21	Q3 22	Q3 21	2022	2021
EBIT by segment						
Preschools	12.8	12.2	28.1	38.2	181.9	157.8
Care	(25.2)	(1.9)	6.3	4.4	(39.9)	(34.2)
Integration services	43.4	4.9	61.9	(0.1)	181.1	12.0
Individual & Family	2.9	0.6	13.3	11.0	18.8	17.7
Real Estate	8.8	48.2	13.0	33.3	68.9	84.1
Other/Elim/IFRS 16 adj	10.3	(5.8)	20.7	(13.6)	65.3	1.0
Total	**53.0**	**58.3**	**143.3**	**73.2**	**476.1**	**238.5**

(NOK million)	2022	2021
Operating revenues by geography		
Norway	4,577.7	2,780.8
Sweden	2,244.5	2,180.6
International	1,109.3	978.8
Other/Elimination	2.7	(6.5)
Total revenues by geography	**7,934.1**	**5,933.8**

2022	Preschools	Care	Integration services	Individual & Family	Other / Elim
Norway	50%	23%	97%	88%	0%
Sweden	23%	72%	1%	12%	0%
International	27%	5%	3%	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)	Q4 22	Q4 21	FY 22	FY 21
Interest income	1.1	1.1	2.5	1.9
Interest expenses borrowings	(40.8)	(30.6)	(142.9)	(106.7)
Interest expenses lease liability	(41.9)	(36.6)	(152.5)	(121.1)
Unrealized currency effects	13.0	13.9	24.8	45.6
Other finance income	0.6	(0.1)	0.8	(0.4)
Other finance expenses	(2.2)	0.1	(5.8)	(8.4)
Net financial items	**(70.2)**	**(52.2)**	**(273.1)**	**(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)	31.12.2022	31/12/2021
Bond loans	1,674.2	1,682.3
Revolving credit facility	106.2	104.9
Property debt outside ringfence structure	395.3	293.0
Other debt/property debt	11.2	95.3
Total current and non-current borrowings	**2,187.0**	**2,175.4**

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**

On 19 January 2023 the Group announced a successful placement of subsequent bond issue equivalent to NOK 522 million under the company's existing senior secured bond framework with ISINs NO0010997927 (the "NOK-tranche") and NO0010997943 (the "SEK-tranche") as described further in note 10.

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)	Q4 22	Q4 22 - IFRS 16	Q4 22 - Adjusted	FY 22	FY 22 - IFRS 16	FY 22 - Adjusted
Operating revenues	1,997.7	-	1,997.7	7,934.1	-	7,934.1
Other income	5.7	5.5	11.2	32.3	30.6	62.9
Total	**2,003.5**	**5.5**	**2,009.0**	**7,966.4**	**30.6**	**7,997.0**
Direct cost of goods and services	(97.5)	-	(97.5)	(353.2)	-	(353.2)
Personnel expenses	(1,344.6)	-	(1,344.6)	(4,985.9)	-	(4,985.9)
Other operating expenses	(320.6)	(180.0)	(500.6)	(1,516.5)	(641.3)	(2,157.9)
EBITDA	**240.8**	**(174.5)**	**66.3**	**1,110.7**	**(610.7)**	**500.0**
Depreciation	(176.0)	155.2	(20.8)	(595.6)	526.5	(69.1)
EBITA	**64.8**	**(19.3)**	**45.5**	**515.1**	**(84.2)**	**430.9**
Amortisation	(11.8)	-	(11.8)	(39.0)	-	(39.0)
Operating profit/(loss) - EBIT	**53.0**	**(19.3)**	**33.7**	**476.1**	**(84.2)**	**391.9**
Net financial items	(70.2)	41.9	(28.3)	(273.1)	152.5	(120.6)
Share of net income from associated companies	1.3	-	1.3	1.3	-	1.3
Profit/(loss) before taxes	**(16.0)**	**22.6**	**6.7**	**204.3**	**68.3**	**272.6**

10. EVENTS AFTER BALANCE SHEET DATE

On 19 January 2023 the Group announced a successful placement of subsequent bond issue equivalent to NOK 522 million under the company's existing senior secured bond framework with ISINs NO0010997927 (the "NOK-tranche") and NO0010997943 (the "SEK-tranche"). The subsequent bond issue was split between a subsequent issue of NOK 180 million in the NOK-tranche of the bond and a subsequent issue of SEK 352 million in the SEK-tranche of the bond. The net proceeds from the subsequent bond issue were utilized to partly finance the acquisition of Frösunda Omsorg AB ("Frösunda") including its parent company Brado AB ("Brado"). The acquisition is 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	Q4 22	Q4 21	FY 22	FY 21
Revenues		1,890	557	7,035	2,227
Total		**1,890**	**557**	**7,035**	**2,227**
Personnel expenses		(959)	(1,131)	(2,340)	(3,006)
Other operating expenses		(8,256)	(58)	(12,447)	(8,523)
Operating profit/(loss)		**(7,325)**	**(633)**	**(7,752)**	**(9,302)**
Net financial items	1	(3,520)	194,105	(63,247)	185,839
Profit/(loss) before taxes		**(10,846)**	**193,473**	**(70,999)**	**176,537**
Income taxes		-	(21,202)	-	(21,202)
Net income		**(10,846)**	**172,271**	**(70,999)**	**155,335**

Statement of financial position

Norlandia Health & Care Group AS

Unaudited, in NOK thousands	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Shares in subsidiaries and associates		1,656,454	1,656,454
Loans to group companies		503,501	745,552
Total non-current assets		**2,159,955**	**2,402,006**
Current assets			
Current group receivables		133,290	-
Other current receivables		5,263	190,783
Cash and cash equivalents		98,016	45,720
Total current assets		**236,569**	**236,503**
Total assets		**2,396,524**	**2,638,509**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		312,000	312,000
Share premium reserve		167,784	167,784
Total restricted equity		**479,784**	**479,784**
Retained earnings		132,834	223,833
Total equity		**612,618**	**703,617**
Liabilities			
Non-current liabilities			
Bond loans	1	1,643,486	1,659,207
Non-current interest-bearing debt	1	106,245	104,904
Total non-current liabilities		**1,749,731**	**1,764,111**
Current liabilities			
Trade payables		-	946
Current liabilities to group companies		-	24,681
Other current liabilities		34,175	145,155
Total current liabilities		**34,175**	**170,781**
Total liabilities		**1,783,906**	**1,934,892**
Total equity and liabilities		**2,396,524**	**2,638,509**

Notes

1. FINANCE COSTS

Finance Costs in Q4 22 includes NOK 36.4 million in interest expense related to the bond loan. Net currency movement for the period was NOK 21.4 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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