NHC Group
Annual Report 2022

Norlandia Health & Care Group AS

Content

INTEGRATION SERVICES
We help society meet the needs of asylum seekers by running reception centers and providing services that help them establish themselves in their new homelands.

Our vision

"We articulated a vision for our company many years ago and have stuck with it: "To be a reference point for society, satisfying users and making employees proud." I believe the passion to be of value to our users and the desire to excel is evident in so much of what I observe my colleagues throughout the organization do every day.
So, the vision feels true and alive. We aspire to be an innovator and perhaps even a disruptor in our sectors, thus assuming a role as a driver of positive change. Ultimately, we believe we can add value in such a way that standards in our sector are progressed and raised, to a degree that we can say that we contribute to building society."

On the cover:

CARE
We help individuals who need assistance to live as normal and fulfilling lives as possible.

CEO remarks

At the time of writing, the horrors of war continue to unfold in Ukraine. All of Europe is deeply affected by this, and so is our group in several ways. During these days of trial and suffering, we are proud to be able to be of service in society: Our accommodation services in Hero have been able to help Ukrainian refugees both in Norway and Germany.

Some of the most remarkable days that we have experienced in our group's history happened last year on the weekend of March 5 and 6 because of the war in Ukraine. On Friday the 4th at 18:00, the UDI (the Norwegian directorate of immigration) announced a solicitation of offers for emergency accommodation services related to the refugee crisis. The deadline was the following Monday the 7th at 16:00. During the weekend, an immense effort from key Hero personnel, coupled with the activation of the extensive networks of our organization and that of our owners, mobilized as many as 10.000 places for refugees, in this first round alone. In total, Norway ended up with 20.000 available places, where Hero delivered about half of it. UDI accepted offers from Hero for 7.000 places in the first round, some of which opened the following week. Since that time, it has been truly rewarding to see the expressions of gratitude from many refugees.
I am extremely proud of the work done by all our dedicated colleagues at Hero, as well as the entire NHC organization that mobilized great support to Hero.
As of March 2023, we have 27 centers operating and have won 13 more contracts.

The performance of our translation business in Hero Tolk has also been excellent: We had record highs in the months at the end of 2022. This is partly driven by the adoption of new technology.

As of spring 2023, we are in the long tail phase of corona. Employees still get sick; the virus has not vanished. That said, the fear that was evident all around during the spring of 2020, is becoming an increasingly distant memory. It is worth pausing to reflect on some lasting effects of the pandemic. The Teams revolution has significantly altered patterns of interaction and cooperation: We hesitate to jump on a plane, and our homes do at times provide the most productive workspace. Corona powerfully demonstrated that our services are at the center of what keeps the fabric of a modern society together. Our employees in a great many cases served with admirable endurance and personal courage. Not surprisingly, we have seen a certain exhaustion in the aftermath. A rebound effect of contagion by other pathogens have contributed to unusually high levels of sick leave in many of our operations. These figures are on a path to normalization. Looking back, the corona-years was a period of struggle, but also much professional pride.

We are confident of our place in society and understand how we serve the needs of our customers.

In several of our markets, the role of commercial providers in the welfare sectors continue to be debated and the political campaigns are at times harsh. The rhetoric of the political discourse can be intentionally confusing. To be clear, we think that precisely, to avoid a privatized welfare system, private entities should be engaged to serve the greater good of society. Broadly accepted, tax financed, non-needs-tested welfare services, are the backbone of resilient, non-polarized, harmonious societies. It is a goal to have sufficiently high quality and availability for all, so that the rich do not sidestep the communal offerings. Competition and diversity are the means for society to have services evolve.

The EFTA court decision on the case on preferential treatment of ideal (non-profit) actors in tender competitions was recently announced. As we read the decision, we find that EU/ EEA law supports our view that inconsistent and unreasonable prioritization of ideal businesses is illegal. We believe that the case will have significant implications. Municipalities which want to have tender competitions reserved for non-profits will not be able to do so unless transparently within very strict limits.

In very late 2022, we filed a suit in Norway claiming discrimination in the financing of private preschool providers. We will continue to raise our voices when needed.
The sustainability – and equal availability – of our welfare system is dependent on all good forces participating as well as consistent and reasonable regulations and regulatory changes along the way.

In Norway, the "health personnel commission" released their much-anticipated report in early February 2023. One key observation from this commission, is that the health and care sector cannot expect to hire a great many more people than today. With an aging population and a steadfast expansion of possible medical interventions, the demand for health care services keeps rising. The commission clearly states that this increased need must be met by more effectively using available personnel. More intense and more thoughtful use of technology will be a large part of the answer. We believe that the companies within NHC, and our common overall strategy, perfectly match the approaches which the commission recommend.

Across the world, the last few years have seen a sharp increase in the shortage of skilled labor. In all our markets, this is a pronounced theme. While we have for decades acknowledged our employees as our most valuable resource, the current situation has spurred renewed attention to recruiting and retention. While equitable salaries are an obvious factor, the solutions to adequate staffing are many and complex. A rewarding work environment of joy, support and camaraderie is important, as are opportunities for skill development and professional guidance. We spend a lot of time exerting ourselves to understand how we can be better and better as an employer. By being an employer of choice, we will have the best chance of providing valuable services for our users.

A heightened attention to recruiting and retention goes hand in hand with the dramatic increases in individual productivity necessitated by demographic upheavals already visible. Across the Western world, the population is aging, fewer babies are being born, and the working-age population is shrinking relative to other age groups. Some experts say that we will need to raise productivity by 100% the next 15 – 20 years. Now that is a tall order, but few enterprises are as well conditioned to accomplish that as NHC. With an aptitude for innovation increasingly a natural reflex in many of our employees, we may spearhead this development. For our welfare systems to be sustainable, we must meet user needs in a fashion rather different from what we do today. At the employee level, an even more exciting workday packed with competence-demanding challenges await.

2022 was perhaps the year that artificial intelligence (AI) burst onto the general consciousness. We must be open to the advances which novel technologies open. Former Swedish Prime Minister Fredrik Reinfeldt expressed it thus: “I do not fear new technologies. I fear old technologies”. While NHC does not have a natural role as a technology developer, we certainly aim to be a very alert early adopter of relevant technologies.

2022 was a year of increased maturity in several of our businesses. I am pleased to see our preschool operations in Poland now reaching break even and improving. Only through a solid level of profitability can our operations be sustainable.

Our preschools in Norway made a significant leap in ambition through the launch of CLASS. Through a comprehensive and systematic certification process we will ensure that children are provided with an environment of security, play, and learning. A great effort has been made in 2022 throughout the Norwegian preschool organization to certify employees in the CLASS program. The CLASS program is a training and assessment tool which make sure that staff adequately support and stimulate children in their well-being and development, promoting the children’s sense of security, well-being, and progress. Using this tool, preschool employees receive feedback on how they facilitate cooperation and learning with the children. Research has proven that use of CLASS enhances the quality of communication and interaction in preschools. Building on CLASS, we are piloting the training preschool staff on insights from the “Tuning in to Kids” program. Central to this approach is the notion of emotional connection between carers and the children in their care. The program has documented positive impact on children’s emotional competence and behavior. We are excited to see the benefits from enhanced skills on the part of our employees on the well-being of the many children in our preschools.

In Sweden, our preschools are in the middle of one of their greatest phases of expansion ever. Driven by the acquisition of preschool chain “Kunskapsförskolan” (which had both units under development and in operation in their portfolio), we added 24 new preschools in 2022 and early 2023.

Over the course of 2022, we had a bit of a feeling of playing defense in Finland and the Netherlands. These markets were particularly affected by a lack of personnel, and inflation was severe. That said, the challenges prompted adjustments and fresh approaches which will serve us well in the future. One example is the innovative in-house temp agency launched in Finland, alleviating staff shortages due to sick leave. During a difficult period, management have been able to maintain a productive and respectful dialogue with employees. I am pleased to see that recent employee engagement survey has shown significant improvement.

Norlandia Care Finland had a particularly busy 2022. Three new Generation units opened, two in Kuopio and one in Helsinki. Progress on construction of all units went well, and the units opened on schedule in the fall. In Norway, we won the tender to operate the brand new Oksenøya nursing home at Fornebu in Bærum municipality in Norway. It is a great facility, and we are very happy to have won the contract.

Aberia continued to grow in 2022 and invested in new housing and existing facilities. Aberia embarked in 2022 on an ambitious two-year training program for all employees in cooperation with public competency group RVTS. It will enhance our skills on how to meet people in various contexts. The program seeks to develop employees' ability to reflect and train them in models of understanding. We again established operations within Aberia for unaccompanied asylum-seeking minors; at year end we had 50 spots for persons aged 0 to 18. Three purpose-built, pioneering houses are under construction for Aberia. They will increase quality, improve safety for employees and residents, and provide substantial efficiency gains. Aberia hired 500 new employees in 2022 and entered 2023 with 2.000 employees.

Our currently small rehabilitation business enjoyed positive development. At Høyenhall, where we particularly focus on rehabilitation following brain injuries, we added capacity and renewed the facilities. At Ringen, which focuses on lung, cancer, and Parkinson, we saw a nice performance relative to stated goals, and renewal of the physical facilities is in the works. Both institutions have highly competent and specialized employees delivering immensely valuable services to the users. In line with our strategic priorities, we will continue to build these areas.

Property is immensely important to NHC. We create value for users, society, and our owners by developing properties which have unique qualities due to insights gained as a service provider. The combination of being a service provider and a property developer is highly unusual. We see property as an arena for innovation where fresh thinking can improve user dignity and inspire more efficient work spaces. Examples of recent or current projects include the building of a concept house for Aberia in Stevneveien in Østfold, Norway and the great Voksentoppen preschool in Oslo. Motivated partly by our emphasis on property, we acquired 50% of the company Omtanke, which brings a very targeted and age-conscious approach to real estate development. Part of the answer to the question of how we can create sustainable welfare services is efficient and adequate physical facilities. We are proud to take part in this process by becoming a developer of social infrastructure. The management of all the properties of our operating units is a significant task. E.g., in Norway, we manage 327 units which in sum total 146.000 square meters.

The possibility of actual energy shortages, as well as historically high energy

prices, has compelled the organization to undertake systematic efforts to conserve energy. Checklists have been developed; routines have been revised. A significant undertaking has been the installation of what we call Norlandia Connect in almost all our Norwegian preschools. The system monitors temperature and air quality and allows remote changes to the ventilations. Through visualizations of energy consumption, it increases awareness. On top of energy savings, we expect healthier kids and employees due to a better indoor climate. Thanks to programs resulting in greater attention and structural changes, we managed a reduction of electricity consumption of 600.000 kWh for 2022 vs 2021 for all preschools in Norway combined.

As I stated at the beginning of these remarks, the war in Ukraine affects all of Europe. It affects us obviously in terms of energy scarcity and prices, but more profoundly it affects us emotionally by the abject display of contempt for national freedom and individual liberty. The suffering of individuals and families have made a significant impression. We have sought appropriate means of alleviating the misery of at least some individuals directly affected. We have found the organization Misto Dobra in western Ukraine and have recently committed to supporting their work. Misto Dobra operates orphanages, preschools, and crisis centers for women. They currently provide care and services for many children and women displaced by the war in Eastern Ukraine.

We articulated a vision for our company many years ago and have stuck with it: *"To be a **reference point** for society, satisfying users and making employees proud."* I believe the passion to be of value to our users and the desire to excel is evident in so much of what I observe my colleagues throughout the organization do every day. So, the vision feels true and alive. We aspire to be an innovator and perhaps even a disruptor in our sectors, thus assuming a role as a driver of positive change. Ultimately, we believe we can add value in such a way that standards in our sector are progressed and raised, to a degree that we can say that we contribute to building society.

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On January 19, 2023, we reported to the Oslo Stock Exchange that we had successfully placed a bond issue, the proceeds of which were used to partly finance the acquisition of Swedish company Frösunda. This strategic move was a watershed moment in our corporate history: By combining with Frösunda, NHC became even stronger and more diversified, with a turnover of about 10 billion Norwegian kroner, where our Norwegian operations now account for less than half of the total revenue base.

The integration of the two companies has long been in the making. Frösunda and NHC have been under the same ownership since 2018, and a significant range of back-office synergies have already been realized. Our owners had repeated contact with the Frösunda owners even before 2018 about the possibility of a business combination, as they foresaw synergies and strength in joined forces.

By coming together, NHC and Frösunda have achieved increased size and further diversification, with our Individual & Family division (of which Aberia constitute a major part) now playing a more central role. The operational areas of NHC and Frösunda fit perfectly, with each bringing different competencies and focuses. For example, Aberia, which contain the childcare segment of NHC, complements Frösunda's personal assistance & disability segments, thus providing further stability to the new Individual & Family division and the overall Group.

It is worth noting that Frösunda's elderly care segment, while having suffered heavily since the outbreak of Covid-19, has seen improved occupancy month by month, which is expected to continue. We are already seeing evidence that the combination of NHC's systematic continuous quality focus and Frösunda's historic customer-centric strategies is adding value to the new and bigger Group.

With a larger network and increased opportunities for organic development and growth, the NHC-Frösunda combination has given Sweden even more importance within our group, with a robust and diversified operation now the same size as Norway in terms of revenue. The company is increasingly reaping the benefits of size, while still providing the local touch that end-users desire. Being a larger company has obvious advantages, with many counterparties seeking a long-term, reliable partner for big and complex contracts.

Society expects companies to be large engines contributing to fulfill societal objectives, such as those expressed in the UN's sustainable development goals. Our new stature further enables us to meet this expectation.

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As I have stated before, it is a fantastic privilege to lead this great organization of so many skilled and dedicated colleagues. We are confident of our place in society and understand how we serve the needs of our customers. I am sure 2023 and the years beyond again will prove the need for our company.

Regards,

Yngvar Tov Herbjørnssønn
CEO

PRESCHOOLS

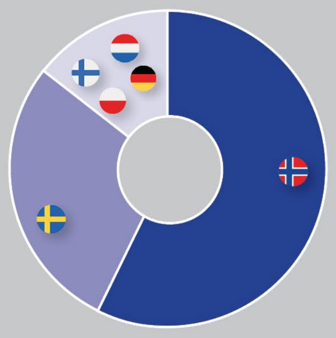
We create a safe environment where children can learn and grow. A good start in childhood is of lifelong value to society.

12,500
EMPLOYEES

31,500
USERS

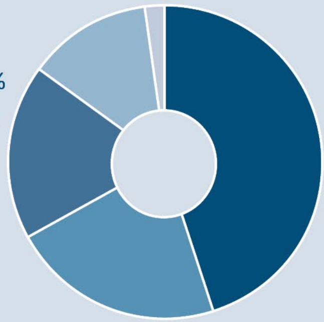
Revenue per country

- Norway 57%
- Sweden 28%
- Finland, Poland, The Netherlands, and Germany 15%



Revenue per segment

- Preschools 45%
- Care 22%
- Integration services 18%
- Individual & family 13%
- Property 2%



Revenues

7,966
MNOK

600
UNITS

Segments

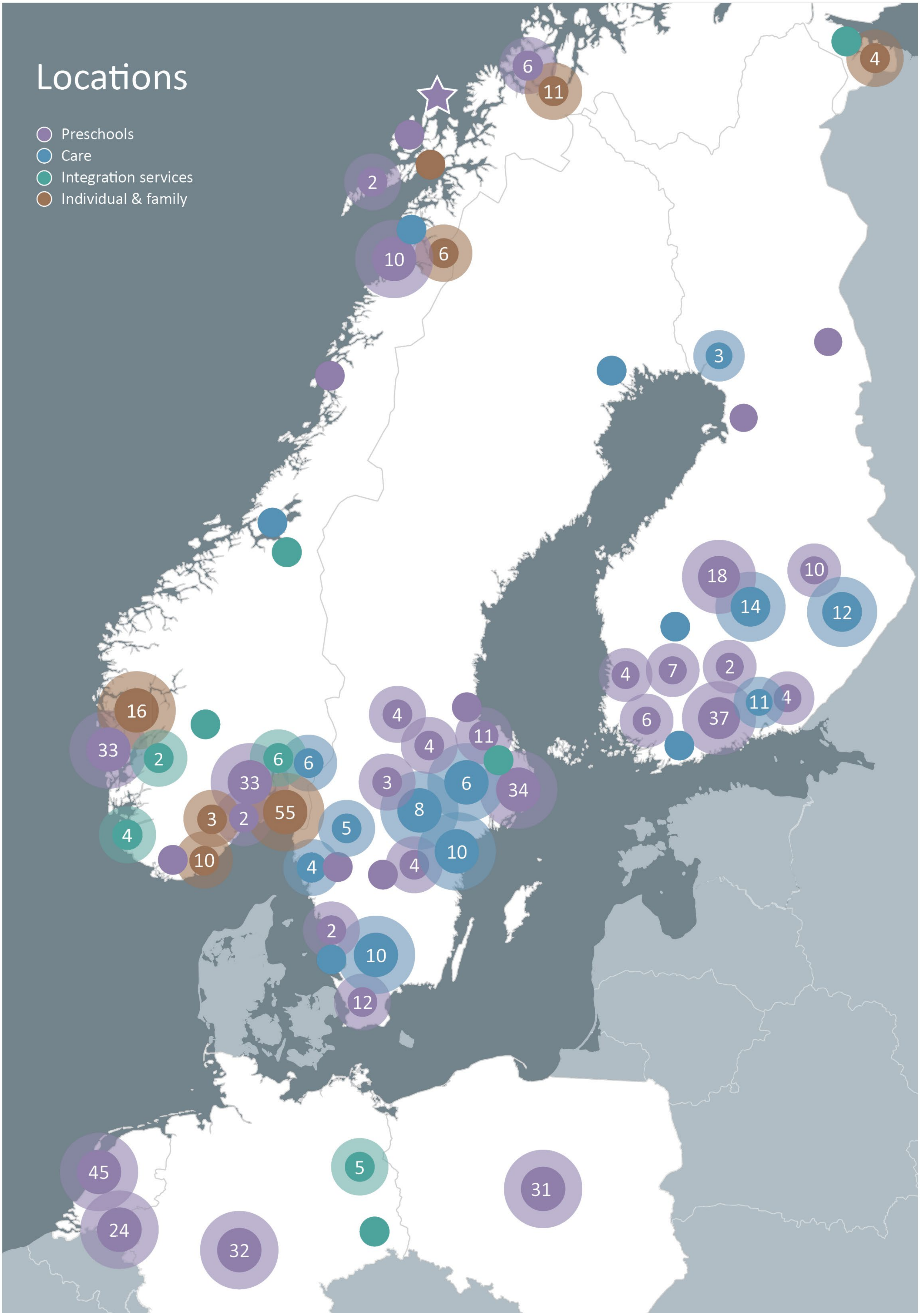
Preschools
Preschools
Out of school care
Generation concept

Care
Elderly care
Patient hotels
Home care
Occupational health
Generation concept

Integration services
Reception centres/accommodation
Education
Interpretation

Individual & family
Child care/foster homes
Assisted living
Personal assistance (BPA)
Rehabilitation

Property
Development, acquisition and sale of real estate


Locations
Preschools
Care
Integration services
Individual & family

Group history

1990

The two brothers, Kristian and Roger Adolfsen, acquire their first hotel

1995

Kristian and Roger Adolfsen acquire twelve hotels between 1990 and 1995 and establish the Norlandia brand in 1995

1997

Norlandia Care AS was established as a spin off from Norlandia Hotels & Resorts together with Claes Forsberg, Tommie Borsand and Nina Torp Høisæter

2007

The Nordic private equity company FSN Capital acquires 45% of Norlandia Care AS

2008

Kristian and Roger Adolfsen and partners establish preschool company ACEA Holding AS together with Even Carlsen and Benn Eidissen

2010

Kristian and Roger Adolfsen establish Aberia Healthcare together with Nina Torp Høisæter

2011

Norlandia Care buys out FSN Capital. Norlandia Care Group AS (NCG) is created as a merger between Norlandia Care AS and ACEA Holding AS

2014

The owners acquire a majority stake of integration services company Hero Group from ISS

NHC

2015

NCG acquires Kosmo, a major Swedish elderly care operator

NCG acquires 100% of preschool company Kidsa

KOSMO

KIDSA

2016/2017

Kristian and Roger Adolfsen acquire all minority stakes in NCG, Hero, Aberia and Kidsa and merge them to form the NHC Group

2018

The owners acquire Swedish health care operator Frösunda. While Frösunda is not part of NHC, there is increasing cooperation between the two companies

frösunda.

2019

NH EUROPE

NH Europe is established as a joint venture (JV). NHC owns 49% and Hospitality Invest owns 51% of the company. NH Europe is operated by NHC and has acquired several preschool chains in the Netherlands, Finland and Sweden.

2020

Our Front line heros fought corona

2021

GNIST

NHC aquires preschool company Gnist and 100 % of NH Europe

Issuance of Sustainability linked bond

2022

Aquistion of Kunskapsförskolan

2023

frösunda.

Frösunda fully integrated in NHC

INDIVIDUAL & FAMILY
By creating security and meeting others with respect, we give people the support, assistance and resources they need in their life situations.

Board of directors

Kristian A. Adolfsen

FOUNDER AND
CHAIRMAN OF THE BOARD OF DIRECTORS

Kristian has an MBA from the University of Wisconsin and a Master of Science in Business Administration from the Norwegian Business School, BI (sivil-økonom). He has more than 30 years of business experience. He has founded a number of companies within the Adolfsen Group and holds several directorships.

Roger Adolfsen

FOUNDER AND
MEMBER OF THE BOARD OF DIRECTORS

Roger has an MBA from the University of Wisconsin and a Master of Science in Business Administration from the Norwegian Business School, BI (sivil-økonom). He has more than 30 years of business experience. He has founded a number of companies within the Adolfsen Group and holds several directorships.

Ingvild Myhre

MEMBER OF THE BOARD OF DIRECTORS

Ingvild qualified as a Chartered Electro-Engineer at the Norwegian University of Science and Technology (NTNU). She was formerly the Managing Director of Alcatel Telecom, Telenor Mobile and Network Norway. Ingvild is currently self-employed. She has had, and continues to hold, a number of directorships in public and private enterprises.

The board of directors' report 2022

COMPANY

Norlandia Health & Care Group AS ("NHC") is a leading Nordic provider of care services operating within the five segments; Preschools, Care, Integration Services, Individual & Family and Real Estate. The parent company is headquartered in Oslo, Norway.

OPERATIONS

Preschools

The Preschools segment includes the preschool activities within Norlandia Preschools AS and Kidsa Barnehager AS. Per year-end 2022, Norlandia Preschools and Kidsa Barnehager operates 421 preschool units in Norway, Sweden, Finland, Netherlands, Poland and Germany, an increase of 28 units year-on-year. 32 of the units are owned 50% and operated by Wekita (Germany) and consolidated as an associated company.

Care

Norlandia Care provides services within institutional elderly care, patient hotels and home care services in Norway, Sweden and Finland. As of year-end 2022, 56 elderly care homes were operated by Norlandia, of which 48 were in Sweden, 3 were in Norway and 5 was in Finland. 9 of the homes were own-management projects, including a Generation Concept (preschool and elderly care). Norlandia also operates 2 patient hotels in Norway, and 1 in Finland. Additionally, we have home care services in Finland, Norway, and Sweden.

Integration Services

The integrations services are offered through Hero Group AS. The company was established in 1987 and has grown to become one of the largest private providers of care services related to forced migrants, refugees and asylum seekers in Norway. In addition, Hero operates several reception centers in Germany. The group has extensive competence and experience acquired through 30 years of operations. The service offering includes reception centers for asylum seekers and interpretation services.

With the tragedy of the war in Ukraine, Hero has been central in the Government's effort to provide accommodation for Ukrainian refugees. With the long term experience and resources across segments, Hero has succeed to offer security for many of the victims in this tragedy. There is high activity within Hero as acute accommodation is scaling down and replaced by an increasingly numbers of long term contracts.

Individual & Family

The services within the Individual & Family segment are provided by Aberia AS – a Nordic provider of health-, welfare- and care services for children and young as well as people with physical and mental disabilities. The group was established in 2010 and has grown to become a significant player in the Nordic market. The services are divided in three main areas: services related to childcare institutions and foster homes; care services for people within all age groups with physical and mental disabilities; and respite care and personal assistance. Most of the contracts in the group are with the government, municipalities or city district authorities.

Real Estate

Care Properties AS is a real estate developer for Norlandia Health & Care Group (NHC). As part of NHC's business model, Care Properties develops or acquires care related real estate, for NHC operations. Normally, the various properties will subsequently be divested based on a long-term lease contract with NHC.

COMMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's revenues increased from NOK 5,933.7 million in 2021 to NOK 7,934.1 million in 2022 primarily explained by growth within Integration Services.
Profit from operations came in at NOK 476.6 million in 2022, up from NOK 238.5 million in 2021. Net finance amounted to NOK -273.1 million for the year, influenced by net unrealized currency gains of NOK 24.8 million.
Consequently, net profit increased from NOK 43.7 million in 2021 to NOK 169.5 million in 2022.

IFRS-16 was adopted on 1st January 2019, and had a net effect on profit before tax, of NOK -68.3 million in 2022. This is explained by increased depreciation charges of NOK 526.5 million, finance charges of NOK 152.5 million and a reduction of real estate gains of NOK 30.6 million, partially offset by reduced leasing expenses of NOK 641.3 million.
The Group generated cash flow from operating activities of NOK 956.2 million in 2022 up from NOK 607.4 million in 2021, positively affected by a higher Net income. Net cash flow from investing activities amounted to NOK -98.8 million, down from NOK 42.6 million in 2021, explained by lower proceeds from sale of assets and higher investments. Financing cash flows amounted to NOK -882.9 million, down from NOK -631.1 million in 2021, the difference mainly explained by repayment of debt and increased lease in 2022.

As of 31.12.2022, the Group had a cash balance of NOK 271.7 million, down from NOK 301.2 million one year prior. In addition, the Group has a revolving credit facility of NOK 350 million with DNB. As of 31st December 2022, NOK 106.2 million was drawn.

The Group had total assets of NOK 9,766.5 million per year-end 2022, compared to NOK 8,317.6 million in 2021. Total non-current liabilities amounted to 7,294.5 million, significantly up from 2021, with the increase reflecting lease liabilities.

Per 31st December 2022, the Group's total equity amounted to NOK 601.2 million, up from NOK 472.0 million in 2021.
The Group's financial position is sound and adequate to settle short-term obligations with the Group's liquid assets.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by EU.

COMMENTS TO THE PARENT COMPANY FINANCIAL STATEMENTS

Operating profit for the parent company amounted to NOK -7.8 million in 2022, up from NOK -9.3 million in 2021. Net financial items decreased from NOK 185.8 million in 2021, to NOK 161.2 million in 2022, reflecting interest paid on the bond offset by received group contributions. Net income amounted to NOK 122.0 million in 2022, down from NOK 155.3 million in 2021.

Total assets per 31.12.2022 were NOK 2,732.3 million mainly consisting of shares in subsidiaries which were an increase from NOK 2,638.5 million as of 31.12.2021.

Total liabilities per 31.12.2022 were NOK 1,926.7 million, which consisted of the listed NOK and SEK bond issues (adjusted for issuing costs). In addition, the parent company had short-term liabilities to group companies of NOK 142.8 million.

Total equity per 31.12.2022 amounted to NOK 805.7 million, up from NOK 703.6 million in 2021.

Use of Alternative Performance Measures

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 certain alternative performance measures in its financial reports as a supplement to the financial statements reported in accordance with IFRS.

The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

Definitions: EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization EBIT: Earnings Before Interest and Tax, Total Net Debt: As used in the incurrence test; total interest bearing debt less cash and cash equivalents.

The Group also use adjusted EBITDA to exclude the effects from IFRS 16, as these figures are relevant for monitoring capital and reporting to stakeholders.

Going concern

In accordance with the Norwegian Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern. This assumption is based on profit forecasts for 2023 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

Future challenges and market outlook

The war in Ukraine is clearly a tragic humanitarian crisis, and along with the rest of the world, we at NHC are shocked by the developments that are unfolding. Hero, as Norway's largest operator of immigration and refugee centers, is consequently very much affected and central in the Government's ambition to establish accommodation for at least 40 000 Ukrainian refugees. This work is continuing with intense focus.

While Covid-19 is receiving less public attention, it remains an uncertainty and risk going forward. The pandemic had a negative financial impact in 2022 and all our markets and operations were affected in some degrees. Primarily the Elderly Care is affected through continued low occupancy, as the number of death among seniors have been high during the last years. We continue to plan and prepare for negative developments through our contingency procedures.

Additionally, the regulatory framework has a significant influence on the Group and our 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 clearly most evident in Norway. 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.

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.

Within Preschools; 2022 has been challenging due to the rapid inflation and shortage of staff. On top of this the margins in Norway have been under pressure in 2022 as grants are based on municipal costs in 2020, a year characterized by COVID-19 cost support, and are thus unnaturally low. Government support incentives provided to Municipalities in 2020 have lowered the grants to private operators for 2022. In 2022 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 March 2022, we completed the acquisition of a Swedish preschool chain, Kunnskapsförskolan, consisting of 9 large operational units and 18 units under construction. While this growth will have negative impact on our short-term financial performance, it strengthen both the long term growth and diversification of our operations.

Our other international operations continue to perform well. The Netherlands, Finland are all showing solid growth in revenues and profitability, and we continue to pursue attractive opportunities in these markets. The ramp-up phase in Poland has been prolonged by the pandemic, but occupancy is showing steady growth and the operations are nearing break-even levels. Overall, the Preschools segment is progressing well and we will continue to target effective and sticky growth in all our international markets.

Wekita, consisting of 32 units in Germany, is owned 50% by NHC and are consolidated as an associated company.

The Care segment continued to be heavily affected by Covid-19 in 2022, and occupancy levels in Sweden, by far our biggest market, are still below pre-Covid levels. In addition, the lack of personnel and high inflation have an unfavorable impact on financial performance. 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.

The long-term fundamentals for Care remain strong, although the short-term outlook is challenging. An official report from the Government on personnel within care clearly states a dramatically increase in number of elderly people, with no increase in personnel. The future cere services need to adopt these trends and need innovations.

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, also with respect to quality.

Our operation in Norway is limited due to the low number of tender contracts. In this political climate we are therefore proud to have won the Oksenøya nursing home tender in 2022. This will have a capacity of more than 150 users, once fully ramped up.

In Finland, our operations have steady growth with several new openings during 2022. In the latter part of 2022 and into 2023 we will have some start-up cost for the new openings.

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 of profit margins. Sweden is highly influenced by the rapid inflation and the lack of personnel. Mitigating these effects is the top priority for the division in the short term. As we strongly believe in the long-term fundamentals, we currently retain some strategical positions even with some short-term losses.

Lead times within the Care segment are long and the Covid-19 situation could prolong these further. 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.

Integration Services has been challenging since 2016 and up util 2021. We have retained our position as we believe there is a high strategical value in the position Hero have created over decades. With the outbreak of the war in Ukraine, this strategical position have had a crucial role in Norway´s ability to provide safety to refugees.

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 several 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.

Germany have experienced a significant inflow of refugees during 2022, and not only related to the war in Ukraine. We are operating a growing number of reception centers and have a meaningful profitability. We are actively pursuing various tender opportunities, and remain comfortable in our position and the potential upside in a large and attractive market.

The Interpretation segment has gone through a comprehensive re-organization the recent years. The operations is growing and hit record high levels in numbers of assignments and solid profitability.

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.

Aberia has been through an extensive restructuring in order to stream-line operations and focus its portfolio. Loss-making and non-core operations have been terminated or divested, while the core operations are strong on quality and reputation, profitable and growing. In 2022 we saw the effects of the restructuring with four consecutive profitable quarters, and now reaching NOK 1,000 million in revenue.

Aberia Sweden consists of Personal Assistance operations, through the two entities Marcus Assistans AB and Østgøteland Assistans AB. Profitability in these companies was low in 2022 following the completion of the internal re-organization. Aberia finalized a transaction with the non-controlling parties, increasing the shareholding in these companies to 100%.

Child Care and Respite Care services, along with Family Homes and Personal Assistance, represent the core operations in Norway. Combined, these operations are generating healthy profitability and strong growth compared to prior year.

In Norway, the political landscape is challenging and hampers top line growth as non-profit organizations are preferred in tenders. Our child care operation in Northern Norway, Aurora Omsorg, was established in late 2019 continue delivering improvements. We expect Aurora to continue the positive development going forward.

In 2023, 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 and diversification. 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.

2022 was another solid year for the Real Estate segment, although being down on 2021. During 2022 we have continued to develop our portfolio of properties and successfully secured financing for further 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.

FINANCIAL RISK

Overall view on objectives and strategy

The Group is exposed to financial risk in different areas, including exchange rate risk, market risk, credit risk and liquidity risk. The Group is continuously assessing these risks.

Market risk

The Group's business, results of operations and financial conditions depend principally upon conditions prevailing for childcare, individual and family (i.e. private foster homes, assisted living, user controlled personal assistance and rehabilitation) and elderly care services in the Nordic region. The individual and family segment is highly dependent on single orders made by the municipalities, and to some extent the North-European region, in particular, public policies and the political climate.

Furthermore, the demand for the Group's services is dependent on inter alia the birth rates and the longevity in the regions where the Group operates. Integration services will in addition to political decisions be affected by geopolitical situations which may lead to reduced number of immigrants and asylum seekers. Demand for private care services may decrease depending on a number of demographic and economic factors, including (but not limited to) birth rates, immigration, need for elderly care etc.

Up until the Ukrainian war, the intake of immigrants and asylum seekers was very limited in all countries in which the Group operates. If these countries implement politics which directly or indirectly limits the intake of immigrants and asylum seekers even further, this could have a material adverse effect on the Group. However, it should be noted that the current geopolitical situation with the war in Ukraine has a material impact on the demand for the Group's facilities and the Group's profits. Currently there is a high demand for the Group's services, especially within the Integration Services segment, leading to a profitable business. It can be expected that the demand for the Group's facilities and the profits will normalize when the war in Ukraine ceases. A different demographic development than previously seen, can have a material adverse effect on the future market which may negatively affect the Group's profitability and financial situation.

Exchange rate risk
The Group has operations in Norway, Sweden, Finland, the Netherlands, Germany and Poland. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK/NOK exchange rate as the financial statements are presented in NOK and around 40% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 45% of its bond debt is denominated in SEK, both representing natural hedges to the operations.

The Group has a growing exposure to the EUR/NOK exchange rate as operations in the Netherlands, Finland and Germany are growing. The Group is monitoring the exposure and may consider hedging this exposure in the future.

The Group is further exposed to changes in interest rates as most long-term debt in the Group is subject to floating interest rates. The Group has not established any interest rate hedging mechanisms.

Credit risk
The risk of losses on receivables is considered very low in the Group as a considerable part of revenues is towards governmental entities and municipalities. The Group has not yet experienced significant losses on receivables.

Liquidity risk
The Group's liquidity is sound, enabling each Group company to handle short-term obligations. The Group will continue to experience large movements in working capital, which will affect the cash position on any given month.

CORPORATE GOVERNANCE

NHC is a limited liability company organized under Norwegian law with a governance structure based on Norwegian corporate law. The Company's corporate governance model is structured to provide a foundation for long-term value creation through an efficient organization with solid management. A manual covering standards and routines for relevant corporate governance matters has been prepared by the administration and approved by the Board of Directors.

The Company has a one-tier board with three directors, including the two largest shareholders and one independent director. The governance structure is further based on the Norwegian Code of Practice for Corporate Governance and the Company is continuously seeking to adopt a larger part of the recommendations.
NHC publishes four interim financial statements in addition to the ordinary annual financial statements.

The financial statements shall satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and be published according to the schedule adopted by the Board. The Group's Audit Committee consists of two board members.

Closing of accounts, financial reporting and key risk analysis are provided monthly to the Group Management. These monthly reports also include financials per segment, which are analyzed and addressed against set budgets.

In connection with closing of accounts for the various segments, business review meetings are held to identify risk factors and measures linked to important accounting items or other factors. The management also has separate meetings with the external auditor to review such risk factors and measures.

The Group has risk management processes in place within each subsidiary, which are adapted to fit the size, complexity and risk profile of each entity. The routines focus on managing risks as well as identifying opportunities.

THE WORKING ENVIRONMENT AND THE EMPLOYEES

The number of employees in the Group amounted to ~12,500 in 2022. The working environment is considered to be good and efforts for improvements are made on an ongoing basis. The Group aims to be a workplace with equal opportunities and seeks to prevent gender discrimination in all aspects of our operations.

Leave of absence is an important performance indicator and is measured throughout the Group's operational entities, but not on a consolidated basis. During 2022 leave of absence is still at a higher level due to Covid-19.

We will encourage and empower our staff to be proactive on sustainable development matters both at work and in the community. We will strive to achieve a high degree of diversity in our working environment in all areas of NHC operations.

In relation to gender equality, NHC operates in segments which traditionally have been dominated by female employees. With that in mind, we seek a balanced representation of genders both in first line, middle manager, and senior leadership positions. Currently our gender balance at the senior level is as follows: Line CEOs (n=6): 50% women; country managers (n=12): 58% women; extended management group (n=42): 40% women. In sum, we are doing quite well and will keep up our attention on this important matter.

NORWEGIAN TRANSPARENCY ACT

In July 2022, the Norwegian Transparency Act (Nw. *Åpenhetsloven*) came into force. The Act requires enterprises to conduct due diligence assessments, i.e. they must look at both their own business, their supply chain and their business partners to find out where the major risks are. The assessment must be carried out in accordance with the OECD Guidelines for Multinational Enterprises and must publish an account of these due diligence assessments at an annual basis.

AS the NHC Group is a provider of health and care services, the group is exposed to a low level of human rights risks and decent working conditions in its own workforce. Risk is many related to third party contractors through products/services it purchases.

The NHC Group is in the process of preparing a formal Transparency Act statement, with results from the risk assessments and gap analysis, that we will publish on NHC's website before 30 June 2023 which can then be downloaded from www.nhcgroup.org.

ENVIRONMENTAL REPORT

The Group's operations are not harmful to the environment and are not regulated by any special licenses related to waste handling. NHC Group will meet or exceed all legal requirements and be a good steward of all resources that falls under our company's influence, and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.

As of 2022 our divisions – Preschools, Care and Hero Tolk (a part of Hero group) – are certified on ISO 14001:2015. Preschools, Care and Hero Group are also ISO 9001:2015 certified. See also our biennial CSR-report where we document our deep and wide range of environmental and sustainability actions and programs, together with ever evolving new initiatives. What is good for the environment, is good for NHC – we strive to do our share.

ALLOCATION OF INCOME IN THE PARENT COMPANY

Norlandia Health & Care Group AS' result for 2022 ended at NOK 122.0 million. The Board of Directors has proposed the net profit of Norlandia Health & Care Group AS to be allocated as follows: NOK 122.0 million to other equity.

INSURANCE FOR BOARD MEMBERS AND GENERAL MANAGER

The Group has insurance for members of the Board of Directors, CEO and managers for subsidiaries for liability incurred from the Group or any third party related to responsible actions or neglect in their role as board members or executive management of the Group. The coverage is limited to NOK 100 million.

Oslo, 19 April 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
CEO

Statement from the Board of Directors

Norlandia Health & Care Group AS' consolidated financial statements have been prepared and presented in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, that should be used as of 31.12.2022.

The separate financial statements for Norlandia Health & Care Group AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31.12.2022. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard, as of 31.12.2022.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2022 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of 31.12.2022, for the Group and the Parent company.

The Board of Directors' report for the Group and the Parent company include a true and fair review of:

- The development and performance of the business and the position of the Group and the Parent company.
- The principal risks and uncertainties the Group and the Parent company face.

Oslo, 19 April 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
CEO

Consolidated Statement of Comprehensive Income

Norlandia Health & Care Group - for the year ended 31 December 2022

(NOK 1 000)	Note	2022	2021
Operating revenues	4	7 934 106	5 933 763
Other income	4,12,21	32 276	41 788
Total operating revenues and other income		**7 966 382**	**5 975 550**
Cost of goods and services sold		(353 244)	(175 101)
Personnel expenses	5	(4 985 897)	(4 303 147)
Depreciation, amortisation and impairment losses	8,9,12	(634 712)	(554 212)
Other operating expenses	5,4,12	(1 515 888)	(704 637)
Operating profit/(loss)		**476 641**	**238 453**
Finance income	6	3 268	1 907
Finance expense	6,12	(301 200)	(236 561)
Net foreign exchange gains/(losses)	6	24 828	45 638
Net financial items		**(273 104)**	**(189 016)**
Share of net income from associated companies	11,12	1 266	(1 216)
Profit/(loss) before taxes		**204 803**	**48 221**
Income taxes	7	(35 266)	(4 531)
Net income		**169 537**	**43 690**

Other comprehensive income

Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(5 163)	(27 139)
Items that will not be subsequently reclassified to profit or loss			
Remeasurements of defined benefit pension plans	19	(10 042)	5 802
Income taxes related to defined benefit pension plans	16	2 209	(1 276)
Total other comprehensive income, net of taxes		**(12 996)**	**(22 614)**
Total comprehensive income		**156 541**	**21 076**
Net income attributable to:			
Equity holders of the parent company		169 396	47 016
Non-controlling interests		141	(3 326)
Total comprehensive income attributable to:			
Equity holders of the parent company		157 988	25 549
Non-controlling interests		(1 447)	(4 473)

Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2022

ASSETS

(NOK 1 000)	Note	2022	2021
Non-current assets			
Property, plant and equipment	8	791 988	663 394
Right-of-use assets	12	5 171 842	4 186 467
Goodwill	9	1 994 598	1 906 183
Intangible assets	9	529 718	563 524
Deferred tax asset	16	109 543	120 790
Investment in associated companies	11	25 613	31 076
Other investments	3	25 403	12 211
Other non-current receivables	13, 21	40 482	41 600
Total non-current assets		**8 689 186**	**7 525 245**
Current assets			
Inventories		5 552	8 150
Trade receivables	13, 21	417 364	284 421
Other current receivables	13, 21	382 672	198 603
Cash and cash equivalents	22	271 721	301 186
Total current assets		**1 077 309**	**792 360**
Total assets		**9 766 495**	**8 317 605**

Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2022

EQUITY AND LIABILITIES

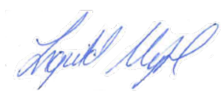
(NOK 1 000)	Note	2022	2021
Equity			
Share capital	14	312 000	312 000
Other equity		288 937	148 974
Total equity attributable to owners of the parent		**600 937**	**460 974**
Non-controlling interest		235	11 001
Total equity		**601 172**	**471 974**
Liabilities			
Pension liabilities	19	6 279	101 404
Borrowings	15, 23	2 115 610	2 122 655
Lease liabilities	12	4 996 237	4 050 022
Deferred tax liabilities	16	146 421	148 508
Other non-current liabilities		30 001	4 735
Total non-current liabilities		**7 294 548**	**6 427 324**
Trade payables	17	190 976	129 528
Borrowings	15, 23	71 388	51 037
Lease liabilities	12	531 245	416 784
Taxes payable	16	13 982	20 428
Other current liabilities	17	1 063 184	800 529
Total current liabilities		**1 870 775**	**1 418 307**
Total liabilities		**9 165 323**	**7 845 631**
Total equity and liabilities		**9 766 495**	**8 317 605**

Oslo, 19 April 2023

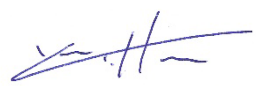
Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board



Ingvild Myhre
Member of the Board



Yngvar Tov Herbjørnssønn
CEO

Consolidated Statement of Changes in Equity

Norlandia Health & Care Group - for the year ended 31 December 2022

	Attributable to equity holders of the parent						
(NOK 1 000)	Share capital	Share premium	Retained earnings	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Equity as of 1 January 2021	**300 000**	**-**	**(69 013)**	**42 352**	**273 339**	**17 698**	**291 037**
Net income	-	-	47 016	-	47 016	(3 326)	43 690
Other comprehensive income	-	-	4 526	(25 992)	(21 466)	(1 147)	(22 614)
Total comprehensive income	**-**	**-**	**51 541**	**(25 992)**	**25 549**	**(4 473)**	**21 076**
Contributions by and distributions to owners							
Capital increase (note 15 and 20)	12 000	167 784	(17 699)	-	162 085	-	162 085
Distribution to non-controlling interests	-	-	-	-	-	(2 224)	(2 224)
Equity 31 December 2021	**312 000**	**167 784**	**(35 170)**	**16 360**	**460 974**	**11 000**	**471 974**
Equity 1 January 2022	**312 000**	**167 784**	**(35 170)**	**16 360**	**460 974**	**11 000**	**471 974**
Net income	-	-	169 396	-	169 396	141	169 537
Other comprehensive Income	-	-	(7 832)	(3 576)	(11 408)	(1 587)	(12 996)
Total comprehensive Income	**-**	**-**	**161 564**	**(3 576)**	**157 988**	**(1 447)**	**156 541**
Contributions by and distributions to owners							
Group contribution to owner	-	-	(20 000)	-	(20 000)	-	(20 000)
Distribution to non-controlling interests	-	-	-	-	-	(213)	(213)
Transactions with non-controlling interests	-	-	1 976	-	1 976	(9 106)	(7 130)
Equity 31 December 2022	**312 000**	**167 784**	**108 370**	**12 784**	**600 937**	**235**	**601 172**

Consolidated Statement of Cash Flow

Norlandia Health & Care Group - for the year ended 31 December 2022

(NOK 1 000)	Note	2022	2021
Cash flows from operating activities			
Profit/(loss) before taxes		204 803	48 221
Adjustments for:			
Depreciation and amortisation	8, 9,12	634 712	554 212
Share of net income from associated companies	11	(1 266)	1 216
Gain/(loss) on sale of real estate and business		(32 276)	(33 994)
Net financial items		273 104	189 016
Changes in working capital			
Increase/(decrease) in trade and other receivables		(201 993)	(53 181)
Increase/(decrease) in inventories		2 598	(2 987)
Increase/(decrease) in trade and other payables		85 368	(33 793)
Increase((decrease) in provisions and employee benefits		18 541	(47 812)
Cash generated from operations		**983 591**	**620 898**
Income taxes paid		(27 342)	(13 524)
Net cash flows from operating activities		**956 249**	**607 374**
Investing activities			
Proceeds from sale of assets		181 697	308 649
Purchases of property, plant and equipment	8	(196 509)	(136 527)
Net investment in shares in associates and other investments	11, 20	(17 171)	-
Net investment in shares in subsidiaries	20	(69 166)	(126 130)
Net changes in financial receivables	6	(102)	(5 294)
Interest received		2 470	1 877
Net cash used in investing activities		**(98 781)**	**42 575**
Financing activities			
Repayments of non-current borrowings to finance institutions	15, 23,18	(69 281)	-
Repayments of current borrowings to finance institutions	15,18	(27 180)	(7 763)
Proceeds from non-current borrowings from finance institutions	15,18	17 518	19 448
Interest paid	6	(285 260)	(225 911)
Repayment of lease liabilities		(491 307)	(414 701)
Payment to non-controlling interests		(7 130)	(2 189)
Distribution to non-controlling interests		(213)	-
Distribution to owners		(20 000)	-
Net cash (used in)/from financing activities		**(882 852)**	**(631 116)**
Net increase in cash and cash equivalents		(25 384)	18 833
Cash and cash equivalents at beginning of year	22	301 186	285 360
Exchange (losses)/gains on cash and cash equivalents		(4 082)	(3 006)
Cash and cash equivalents at end of year		**271 721**	**301 186**

Notes to the consolidated statements

1. CORPORATE INFORMATION AND ACCOUNTING POLICIES

1.1 Corporate information
The consolidated financial statements of Norlandia Health & Care Group (the Group) consist of Norlandia Health & Care Group AS and its subsidiaries. Norlandia Health & Care Group AS is a multinational company headquartered in Oslo, Norway. The Group operates in fields such as health care, preschools, integration services, individual and family services and real estate. The Group aspires to be the welfare innovator and driver of positive change, and as such improve people's lives through pioneering of new ideas and methods.

Norlandia Health & Care Group AS was established in December 2016. This was done by transferring the shares in Norlandia Care Group AS, Hero Group AS, Aberia Healthcare AS and Kidsa Barnehager AS, from Hospitality Invest to a newly incorporated and 100% owned subsidiary. The Group is owned by Hospitality Invest AS, Stork Industries AS and Cowry EV AS with Hospitality Invest AS being the majority owner as well as the ultimate parent company registered and domiciled in Oslo, Norway.

The consolidated financial statements of Norlandia Health & Care Group AS were authorised for issue in accordance with the Board of Directors' resolution on 19 April 2023 and can be downloaded from Norlandia Health & Care Groups' website www.nhcgroup.org.

1.2 Significant accounting policies
Basis of preparation
The consolidated financial statements of Norlandia Health & Care Group AS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and the additional Norwegian disclosure requirements following the Norwegian Accounting Act.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, as modified by valuing financial derivative instruments at fair value through profit or loss.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

New standards, interpretations, and amendments
There are no changes in, or new accounting standards that have had a material effect for the Group´s financial statements for 2022.

Applied principles for the Group
Basis of consolidation
Where the company controls another entity, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Non-controlling interests
The Group initially recognise any non-controlling interest in the acquiree at fair value.

Investment in associates

NHC Group has investments in associates, which are entities in which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associated are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. If the Group's share of the loss surpasses the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognised unless the Group has an obligation to make up for the loss.

Classification principles

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. The Group's cash pool system is offset, with cash and overdrafts within the same cash pool system presented net.

Other assets which are expected to be realised within the entity's normal operating cycle or within 12 months from the reporting date, are classified as current assets. Other assets are classified as non-current assets.

Liabilities that are expected to be settled in the entity's normal operating cycle or are due to be settled within 12 months after the balance sheet date are classified as current liabilities. Other liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period are classified as non-current liabilities.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount which reflects the consideration which the Group expects to be entitled to in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group's revenue from contracts with customers mainly comprise of services delivered. The Group also has some sales of goods, primarily food in preschools and in cantinas, which are immaterial to the total revenues and recognised as the food is served and is not disaggregated. As described below, the Group has multiple revenue streams in accordance with the segment it operates in, and has assessed the following performance obligations to exist for the contract with customers:

<u>Preschools</u>

This is the operation of kindergartens and accounts for almost half of the revenue. The operation is based on municipal approval of the individual kindergarten where the company's revenue consists of payment from the municipalities and payment from parents. Most of the payments are from the municipalities. Both are based on regulations where rates are updated annually. The transaction price is based on an amount per child within different age groups and is based on periodically counts of the actual number of children attending the respective kindergarten. The parents apply and choose kindergarten. Parents may change kindergarten at short notice, in which way parental payments stop. Payments from municipalities can be changed in the event of major changes in activity during the year.

What is promised to the customer is a kindergarten offer in accordance with applicable laws and regulations and adopted frameworks. The customer receives and consumes the benefits of the services as the kindergarten fulfils the performance obligation. The performance obligation is the promise to transfer to the customer a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. The revenue is recognised per day the kindergarten is open. Any adjustment in the number of children is a variable consideration that is allocated to the month in question. For the Norwegian operations, the payments are mainly received in advance in the beginning of the quarter four times each year, which also implies that there are no contract balances of significance at year-end. For the other countries payments is received every month. Parental payments take place every month.

<u>Care</u>

This is the operation of nursing homes and patient hotels, as well as the provision of home care services and other practical assistance. The contracts related to the operation of nursing homes and patient hotel have a duration of 5-7 years. For the home care services, the contract duration is 3-5 years.

For the operation of nursing homes in Norway, fixed monthly payments are received based on the number of places for which the nursing home is dimensioned, regardless of whether the places are in use or not. In Sweden the revenue varies per month due to the occupancy and number of days in the actual month. There are different types of places; short-term and dementia. For patient hotels, consideration is received based on actual occupancy, while for home care the consideration is determined based on the actual number of hours delivered. There is no minimum purchase beyond the agreed fixed monthly operating subsidy for nursing homes.

The performance obligation to the customer is to provide the respective services within the framework and guidelines set by the municipality as the client and central health authorities. The agreement is met through the 24/7 operation of nursing homes and patient hotels, as well as through delivery of the number of hours actually requested by users within the framework agreements related to the home care services. The customer receives and consumes the benefits of the services as the company satisfies the performance obligations.

For nursing homes, the company stands ready every day to deliver according to the agreed capacity. Although the actual number of seats used may vary slightly from day to day, a place does not stand empty for long, and it is considered that the legal requirement is met for each day that passes and revenue is recognised straight-line over the year.

For patient hotels and home care, there is no minimum purchase and no firm consideration. Everything is variable and the consideration can be attributed to the actual booking and the number of hours, which is also when the performance obligations are satisfied and revenue is recognised. In practice, for patient hotels and home care, revenue is recognised at an amount equal to the transaction price we are entitled to invoice (IFRS 15.B16). Invoicing takes place in arrears for the current month, which means that there are no contract balances of significance at year-end.

Integration services

This is the operation of asylum reception, performance of interpreting services and language teaching. The duration of the contracts related to the operation of asylum reception is mainly 3 years. Interpreting services are mainly performed based on orders for individual assignments. For language teaching, access per course/course group is granted. Each course normally has a duration of one year.

For the operation of asylum reception, regular annual payment is received, and a variable part is paid based on the actual number of residents. The consideration for interpreting service is based on either fixed hourly rate or price per word when translating document. For language teaching, a fee per course is received. What is promised to the customer is to operate the asylum centers in accordance with the current guidelines of the public authorities, the provision of interpreting services, as well as the implementation of training activities. The performance obligations are satisfied through the 24-hour operation of asylum reception, through the provision of interpretive services based on actual demand and implementation of the course activities stipulated in the respective tenders.
The customer receives and consumes the benefits of the services as the company satisfies the performance obligations.
For asylum centers, the company stands ready to deliver 24 hours of services each day, against fixed consideration. We are in a serial assessment where every day is distinct, and the fixed consideration is recognised each day on a straight-line basis. In addition, there are variable considerations related to actual use. The variable consideration is allocated to the actual use.

For the interpreting service there are small orders delivered over a short period. The interpreting service is recognised according to the hours performed or the number of words executed. In practice, revenue is recognised by an amount equal to the transaction price we are entitled to invoice (IFRS 15.B16). Consideration for courses is recognised as the courses are held. Courses make up an insignificant part of revenue, and in practice the courses are assumed to be held evenly over the agreed period and are recognized accordingly. For the operation of the asylum centres, invoicing is mainly for the current month. For interpreting service, the billing takes place within 30 days after delivery. Generally, when it comes to language teaching, 80% of the consideration is received at the start of the course. However, as it accounts for a small share of the Group's total activities, this does not provide any contract balances of significance at year-end.

Individual & Family

This is mainly the operation of childcare and child welfare services, including services associated with user-led personal assistance (BPA). Framework agreements for these services may run over several years. The user may choose a care place and have the option to change the selection after a period, a maximum of one year. There are framework agreements where the customer makes call-offs, and payment takes place according to actual use. There are minimum purchases in some agreements, mainly in child protection.

For the operation of care, the price is agreed per day/weekend/day for the number of places that are actually used. For child welfare services, it is agreed on a minimum purchase and a number of additional places to be available without purchase obligation. The price is agreed per place per day and varies depending on whether the space is within the minimum purchase or not and whether this space is actually used or not. For BPA, the framework agreement is entered into based on the number of hours granted by the municipality, where the consideration consists in price per hour actually delivered.

What is promised to the customer is to operate the service offering in accordance with applicable law and regulations. The performance obligation is satisfied through the 24-hour operation of care, as well as child welfare institutions. For BPA, the promise is satisfied through the delivery of actual requested hours. The customer receives and consumes the benefits as the company satisfies the performance obligation. For all services within the segment, the company stands ready to provide requested places or services every day, against variable consideration. We are in a serial assessment where every day is distinct and the variable consideration is allocated to the actual use. Where there is a minimum purchase, a consideration for the relevant 24/7 will be received at the relevant rates for the used and not used seats, and these are directly related to standing ready to deliver the relevant 24/7. In practice, the revenue is recognised by an amount equal to the amount we are entitled to invoice (IFRS 15.B16). Billing takes place both in advance and in arrears for the current month depending on the type of service, which implies that there are no contract balances of significance at year-end.

Dividend

Dividend income is recognized in the income statement on the date that the Group's right to receive payment is established.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The cost of a business combination comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Trademarks and customer contracts

Separately acquired trademarks and customer contracts are recognised at historical cost. Trademarks and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. The trademarks recognised in the statement of financial position is assessed to have an indefinite useful life and is therefore tested annually for impairment. The customer contracts are assessed to have a finite useful life and are subsequently carried at cost less accumulated amortization and impairments losses.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful lives, except for trademarks which have an indefinite lifetime.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. Impairment charges are included in the income statement. An impairment loss recognised for goodwill is not reversed.

Segment reporting
Reporting segments are defined and reported according to the Group's internal reporting structure, where similar operating segments have been aggregated into single operating segment as they have similar economic characteristics. For instance, the reporting segment Preschools are aggregated to all the countries in which the Group operates as they all are followed up on the same basis. The Company's ultimate decision maker is the Board of Directors, including the CEO. The Board is responsible for allocating resources to each segment as well as monitor the performance within each segment. The principles used in the segment reporting is consistent with the principles used when preparing the financial statements. Transactions between segments are conducted on market terms.

Foreign currency
<u>Functional and presentation currency</u>
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in NOK, which is also the functional currency of the parent company.

All values are rounded to the nearest thousands, except where otherwise indicated. Applied currency rate for translation into Norwegian Kroner in the financial statements are retrieved from Norges Bank. The income statement is translated by average currency rates for the year based on weighted daily rates, while the statement of financial position is translated at the exchange rate at the reporting date.

<u>Transactions and balances</u>
Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised as financial items in the income statement.

Financial assets
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not designated any of its financial assets as hedging instruments or held to maturity.

The Group's accounting policy for each category of financial assets is as follows:

a) Fair value through profit or loss
This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

b) Financial assets at amortised cost
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's Financial assets at amortised comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. None of the Group's financial liabilities are designated as hedging instruments.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

a) Fair value through profit or loss
This category comprises derivatives. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes but may from time to time hold such position for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

b) Amortised cost
Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

IFRS 13 fair value measurement hierarchy
IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Share capital
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Retirement benefits: Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Retirement benefits: Defined benefit schemes
Defined benefit scheme surpluses and deficits are measured at: "the fair value of plan assets at the reporting date; less plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities.

Actuarial gains and losses are recognized in other comprehensive income as they arise.

Current and deferred income taxes
Income tax expense comprises income taxes payable and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case, the tax is also recognised in other comprehensive income or directly in equity respectively. Current tax is calculated in accordance with the tax laws and regulations enacted or substantively enacted at the balance sheet date in the countries in which the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax laws are subject to interpretation. Based on management's assessment, a provision is made for expected tax payments when necessary.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Dividends and group contributions
Proposed dividend and group contributions are not recognised as a liability until the Group has an irrevocable obligation to pay the dividend, which is normally after approval by the annual general assembly**.**

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. Expected useful economic is as follows:

Land and buildings	10-40 years
Furniture, fixtures and equipment	3-30 years

Inventories
Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Provisions
The Group has recognised provisions for liabilities of uncertain timing or amount including those for warranty claims, leasehold dilapidations, and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate, value of money and risks specific to the liability. In the case of a breach in the leasehold agreement, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Leases
<u>The Group as a lessee</u>
The Group leases most of its preschools, offices, nursing homes, houses, and hotels, which represent future obligations for the Group. Alle material lease agreements are recognised in the statement of financial position as an interest-bearing debt. This also requires recognition of the corresponding asset as a right-of-use asset.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease of the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the income statement when they incur.

The Group implemented IFRS 16 using the modified retrospective approach without restating comparative information. Hence, at initial application 1 January 2019, the Group recognised a significant lease liability and corresponding right-of-use asset, while the equity remained unchanged.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option. Many of the Group's lease contracts includes an option to prolong the lease. The Group has not included any such prolonging due to the uncertainty related to the long remaining lease.

The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities.

Sale and leaseback transactions

When the Group has sale and leaseback transactions, it is assessed as a sale transaction, which requires that the seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that related to the right of the use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Transactions with related parties

Transactions with related parties are carried out with terms and conditions that are no more favourable than those available, or which might reasonably be expected to be available, in similar transactions between independent parties. Related parties are defined as the key management personnel for the Group, shareholders, and associates.

Cash flow statement

The cash flow statement is derived using the indirect method. Cash flows from investing and financing activities are presented separately. Interest income and interest expenses are presented as part of investing and financing activities, respectively.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and estimates

(a) Impairment of goodwill
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 10. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets; and result in an impairment charge in the income statement.

(b) Useful lives of property, plant and equipment and intangible assets
Measurement of property, plant and equipment and intangible assets with finite useful lives requires estimates for determining the asset's expected useful lives and residual values. Management judgement is required to determine the components and the depreciation.

(c) Right-of-use-assets (ROU) and lease liability
Recognition of both ROU and lease liability require judgement and estimation for the length of the lease term, discount rate and the expected useful life.

(d) Deferred tax
Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Group's estimate, the ability of the Group to realize the deferred tax assets could be impacted.

Such judgements and estimates are based on the facts and information available to the management of the Group. Changes in facts and circumstances may require the revision of previous estimates, and actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Interest rate swaps
- Cross currency interest rate swaps

A summary of the financial instruments held by category is provided below:

Financial assets	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
(NOK 1 000)	**2022**	**2021**	**2022**	**2021**
Cash and cash equivalents	-	-	271 721	301 186
Trade receivables	-	-	417 364	284 421
Other current receivables (note 13)	-	-	229 127	69 966
Other non-current receivables	-	-	40 482	41 600
Other investments	25 403	12 211	-	-
Total financial assets	**25 403**	**12 211**	**958 694**	**697 173**

Financial liabilities	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
(NOK 1 000)	**2022**	**2021**	**2022**	**2021**
Trade and other current payables	-	-	1 254 160	930 057
Borrowings	-	-	2 186 998	2 173 692
Lease liabilities	-	-	5 527 482	4 466 806
Total financial liabilities	**-**	**-**	**8 968 640**	**7 570 556**

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Most of the Group's revenues are from (public) authorities. Credit risk related to these customers are minimal.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables are provided in note 13.

Market risk

The regulatory framework has a significant influence for the Group and our ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact on the way we deliver our services.

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. The Group has currently no Group policy restricting the level of interest risk exposure. The level of interest risk is monitored centrally. Local operations are not permitted to borrow long-term from external sources. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2022 and 2021, the Group's borrowings at variable interest rate were denominated in NOK and SEK.

Based on the various scenarios the Group has the possibility to manage its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. The Group has not pursued an active strategy in order to mitigate any interest rate risk. Normally the Group has raised long-term borrowings at floating rates and only to a minor extent swapped them into fixed.

The ratio of floating interest-bearing debt and interest rate swaps was as follows:

(NOK 1 000)	**2022**	**2021**
Floating interest bearing borrowings	2 186 998	2 173 692
Face value interest rate swaps	-	-
Ratio	0,0 %	0,0 %
Net exposure interest rate risk	**2 186 998**	**2 173 692**

Sensitivity

A change in the interest rate curve will result in a changed interest cost for the net exposure will have a significant impact on the Group financial statements. The effect on interest payments for a 0.5% change is presented below.

(NOK 1 000)	Interest expense	Effect on P&L	Effect on Equity
Effect of a 0.5% increase	10 935	8 529	8 529
Effect of a 0.5% decrease	(10 935)	(8 529)	(8 529)

Foreign exchange risk

The Group has operations in Norway, Sweden, Finland, Netherland and Poland. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK/NOK exchange rate as around 37% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 44% of its bond is denominated in SEK, both representing natural hedges to the operations. The Group has a small but growing exposure to the EUR/NOK exchange rate as operations in the Netherlands and Finland are growing (note 4), however this represents a natural hedge to the growing investments. The Group is monitoring the exposure and will consider hedging this exposure in the future. The effect from the bond issued if the NOK/SEK currency change is presented below.

(NOK 1 000)	Currency effect	Effect on P&L	Effect on Equity
Effect of SEK weakens of 1.0% toward NOK	7 500	5 850	5 850
Effect of SEK strenghten of 1.0% toward NOK	(7 500)	(5 850)	(5 850)

Other market price risk

There is no other significant marked risk exposure on financial instruments.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations.

The liquidity risk of each Group entity is managed centrally by the Group treasury function. A major focus for the treasury function is to ensure that there is sufficient liquidity for downpayment on non-current borrowings when they are due. The Group treasury assesses the terms for borrowings on a ongoing basis, when needed the necessary adjustments are put into place.

The following table sets out the contractual maturities of financial liabilities:

(NOK 1 000)	Between 1 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2022					
Trade and other current payables	1 254 160	-	-	-	-
Borrowings	170 584	154 545	1 857 040	218 433	287 008
Lease liabilities	687 528	589 177	589 177	1 178 355	3 526 325
Total	**2 112 272**	**743 723**	**2 446 217**	**1 396 787**	**3 813 334**

(NOK 1 000)	Between 1 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2021					
Trade and other current payables	930 057	-	-	-	-
Borrowings	175 972	136 573	136 573	2 079 021	147 298
Lease liabilities	543 256	468 496	468 496	936 991	2 924 561
Total	**1 649 285**	**605 069**	**605 069**	**3 016 012**	**3 071 859**

Capital Disclosures

The Group monitors “adjusted capital” which comprises all components of equity (i.e., share capital, share premium, non-controlling interest, retained earnings) and net interest-bearing debt. Adjusted EBITDA and adjusted capital is excluding the effects from IFRS 16.

The Group’s objectives when maintaining capital are:
“to safeguard the entity’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.”

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to capital ratio and debt to adjusted EBITDA. Net debt is calculated as total borrowings (excluding lease liabilities) as shown in the consolidated statement of financial position, less cash and cash equivalents. Adjusted EBITDA is the reported EBITDA adjusted for the effects from IFRS 16.

The Group’s strategy is to preserve a strong cash base and achieve an equity to total capital ratio of approximately 10% and maintain net interest-bearing debt below 4x adjusted EBITDA. As per end of 2021 the net interest-bearing debt ratio was above target due to acquisitions during 2021 and increased property portfolio. The objective of this strategy is to secure access to financing at reasonable cost by maintaining a high credit rating. As per end of 2022 the ratio is below target. The ratios on 31 December 2022 and at 31 December 2021 were as follows:

(NOK 1 000)	**2022**	**2021**
Borrowings, includning real estate debt	2 186 998	2 173 692
Less: cash and cash equivalents	271 721	301 186
Net interest bearing debt excl lease liabilities	**1 915 277**	**1 872 506**
Total equity	**601 172**	**471 974**
EBITDA (adjusted)	**500 628**	**321 866**
Total capital (excluding IFRS 16 leasing)	**4 239 013**	**3 850 799**
Equity ratio (%)	14,2 %	12,3 %
Net interest bearing debt/EBITDA	3,8	5,8

4. SEGMENT INFORMATION, REVENUE AND OTHER OPERATING INCOME

The Group has five reportable segments in accordance with the reporting requirements in IFRS 8. The segments are managed separately and reflects the internal reporting. In addition there are owner cost at group level which are not allocated. The reportable segments are:

- Preschools - operates preschools with children in Norway, Sweden, Finland, the Netherlands and Poland and represent the largest segment within the Group. Long history within the Nordic markets with Norway representing more than half of the revenue.

- Care – provides individually focused elderly care and has grown to become a leading private operator of nursing homes, home care and patient hotels in the Nordics. In addition, the Group has in the recent years entered the home care market and also run a medical clinic. One of the largest private operators with Sweden representing more than half of the revenue.

- Integration services – provides care services related to immigrants and asylum seekers in the world and being one of the leading private operators. Main services are Reception centres, Education and Interpretation services. Norway is the largest operation representing more than half of revenue.

- Individual & family - provides health-, welfare- and care services for children and people with physical and mental disabilities in the Nordics. Services included are Child care institutions and foster homes, assisted living and user controlled personal assistance (BPA). Has become a significant player in the Nordics with Norway being the largest market.

- Real Estate - strategic part of the care business and the development of property is considered a separate segment as it invests, develops and divests properties to support the operations and growth of the Group.

The Group evaluates segmental performance on the basis of operating profit/(loss) in accordance with IFRS adjusted for IFRS 16. The Company's ultimate decision maker is the Board of Directors, including the CEO. The Board is responsible for allocating resources to each segment as well as monitor the performance within each segment. Inter segment sales are reported as other operating expense per segment and eliminated against personnel expenses. All items above are presented in the table below as Other/eliminations. For 2021 and 2022 there is no reporting on balance per segments and as a consequence only profit or loss being included in the figures below.

2022	**Preschools**	**Care**	**Integration services**	**Individual & Family**	**Real Estate**	**Other / Eliminations**	**Total**
Operating revenues	3 664 656	1 763 918	1 471 353	1 031 491	58 685	(55 997)	7 934 106
Other income	(186)	-	378	73	62 591	(30 580)	32 276
Total	**3 664 471**	**1 763 918**	**1 471 731**	**1 031 564**	**121 275**	**(86 577)**	**7 966 382**
Direct cost of goods and services	(111 805)	(25 797)	(172 410)	(41 784)	(152)	(1 296)	(353 244)
Personell expenses	(2 412 659)	(1 400 782)	(248 963)	(816 969)	(7 123)	(99 401)	(4 985 897)
Depreciation and amortisation	(74 598)	(11 352)	(4 752)	(13 158)	(3 078)	(527 773)	(634 712)
Other operating expenses	(884 010)	(366 050)	(864 509)	(142 767)	(41 452)	782 901	(1 515 888)
Operating profit/(loss)	**181 398**	**(40 063)**	**181 097**	**16 886**	**69 469**	**67 853**	**476 641**
				-			
Net financial items	**(58 109)**	**26 011**	**(8 264)**	**(1 949)**	**(6 996)**	**(223 797)**	**(273 104)**
Share of net income from associated companies	1 266	-	-	-	-	-	1 266
Profit/(loss) before taxes	**124 555**	**(14 052)**	**172 834**	**14 937**	**62 474**	**(155 943)**	**204 803**

2021	Preschools	Care	Integration services	Individual & Family	Real Estate	Other / Eliminations	Total
Operating revenues	3 127 787	1 714 067	233 772	864 628	2 486	(8 977)	5 933 763
Other income	(2 611)	664	3 696	29	102 874	(62 865)	41 788
Total	**3 125 176**	**1 714 731**	**237 469**	**864 657**	**105 360**	**(71 842)**	**5 975 550**
Direct cost of goods and services	(86 037)	(20 303)	(33 751)	(34 134)	(640)	(236)	(175 101)
Personell expenses	(2 057 661)	(1 355 994)	(114 651)	(681 237)	(5 347)	(88 256)	(4 303 147)
Depreciation and amortisation	(62 610)	(20 495)	(5 827)	(7 995)	(897)	(456 389)	(554 212)
Other operating expenses	(761 044)	(352 108)	(71 278)	(123 568)	(14 373)	617 734	(704 637)
Operating profit/(loss)	**157 823**	**(34 169)**	**11 962**	**17 722**	**84 103**	**1 011**	**238 453**
Net financial items	**(68 164)**	**6 932**	**(4 323)**	**555**	**(4 532)**	**(119 482)**	**(189 016)**
Share of net income from associated companies	-	-	-	-	-	(1 216)	(1 216)
Profit/(loss) before taxes	**89 659**	**(27 237)**	**7 638**	**18 277**	**79 572**	**(119 688)**	**48 221**

Operating revenues by major customers

Most of the revenues stems from public authorities.

Operating revenues by geography	**2022**	**2021**
Norway	4 577 704	2 780 844
Sweden	2 244 460	2 180 609
International	1 109 255	978 800
Real Estate/Other/Elimination	2 688	(6 491)
Total revenues by geography	**7 934 106**	**5 933 763**

2022	Preschools	Care	Integration services	Individual & Family	Other / Eliminations
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 / Eliminations
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%

Other income	**2022**	**2021**
Gain on sale of assets	62 591	102 874
Deferred gain from sale leaseback and booked as reduced ROU	(30 604)	(64 982)
Gain on sale of business	-	3 641
Other	289	254
Total other income	**32 276**	**41 788**

Sale leaseback transactions

Gain on sale of assets in 2022 and 2021 relates to sale and leaseback transactions of property acquired or developed. The assets subject to the transactions were buildings used in the Preschool and Individual & Family operation. In connection with the transactions a lease contract was entered into. The lease term is 15 years, with an option for extension of 10 more years.

IFRS 16 adjustments

The table below specify the IFRS 16 adjustment per category and illustrates the effects for profit and loss as if right of use assets and lease liabilities had not been capitalized in accordance with IFRS 16, and no gain on sale and lease-back had been eliminated, and instead all lease payments had been expensed.

(NOK 1 000)	2022	IFRS 16 effects	2022 Adjusted	2021	IFRS 16 effects	2021 Adjusted
Operating revenues	7 934 106	-	7 934 106	5 933 763	-	5 933 763
Other income	32 276	30 604	62 880	41 788	64 982	106 770
Total	**7 966 382**	**30 604**	**7 996 986**	**5 975 550**	**64 982**	**6 040 532**
Direct cost of goods and services	(353 244)	-	(353 244)	(175 101)		(175 101)
Personell expenses	(4 985 897)	-	(4 985 897)	(4 303 147)		(4 303 147)
Depreciation and amortisation	(634 712)	526 505	(108 207)	(554 212)	449 440	(104 772)
Other operating expenses	(1 515 888)	(641 329)	(2 157 218)	(704 637)	(535 781)	(1 240 417)
Operating profit/(loss)	**476 641**	**(84 220)**	**392 421**	**238 453**	**(21 359)**	**217 094**
Net financial items	**(273 104)**	**152 492**	**(120 611)**	**(189 016)**	**121 080**	**(67 935)**
Share of net income from associated comp	1 266	-	1 266	(1 216)	-	(1 216)
Profit/(loss) before taxes	**204 803**	**68 272**	**273 075**	**48 221**	**99 721**	**147 942**

5. PERSONNEL EXPENSES

(NOK 1 000)	Note	2022	2021
Personnel expenses (including directors) comprise:			
Wages and salaries		(3 926 875)	(3 302 868)
Defined contribution pension cost		(336 259)	(252 501)
Defined benefit pension income/(cost)	19	63 634	(37 707)
Other benefits		(70 632)	(50 235)
Social security contributions and similar taxes		(715 165)	(659 235)
Remuneration to Board of Directors		(600)	(600)
Total personnel expenses		**(4 985 897)**	**(4 303 147)**
Number of employees (FTE)		8 502	7 275

Name	**2022**	**2021**
Yngvar Tov Herbjørnssønn (CEO)	4 508	4 491
Total compensation	**4 508**	**4 491**

The group was established in December 2016 and no key management group has been identified for the years 2022 and 2021. There are no agreements for any severance pay to the CEO or members of the Board.

Audit fees

The following amounts have been recognised as audit fees and related services during the period

	2022	**2021**
Audit	(9 904)	(8 141)
Tax services	(214)	(304)
Attestation services	(1 391)	(1 318)
Other services	(1 155)	(1 879)
Total	**(12 664)**	**(11 642)**

6. NET FINANCIAL ITEMS

(NOK 1 000)	**2022**	**2021**
Interest received on bank deposits and receivables	2 470	1 877
Other finance income	798	30
Total finance income	**3 268**	**1 907**
Interest expense on financial liabilities measured at amortised cost	(142 926)	(106 708)
Interest expense on lease liability	(152 492)	(121 080)
Other financial expenses	(5 781)	(8 773)
Total finance expense	**(301 200)**	**(236 561)**
Net foreign exchange gains/(losses)	**24 828**	**45 638**
Net financial items	**(273 104)**	**(189 016)**

7. TAX EXPENSE

(NOK 1 000)	**2022**	**2021**
Current tax expense		
Current tax on profits for the year	32 790	21 893
Adjustment for under provision in prior periods	-	-
Total current tax expense	**32 790**	**21 893**
Deferred tax expense		
Origination and reversal of temporary differences (Note 16)	2 476	(17 362)
Changes not recognised in profit and loss	-	-
Unrecognised deferred tax assets	-	-
Total deferred tax expense	**2 476**	**(17 362)**
Income tax expense	**35 266**	**4 531**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Norway applied to profits for the year are as follows:

	2022	**2021**
Profit for the year	169 537	43 690
Income tax expense	35 266	4 531
Profit before income taxes	**204 803**	**48 221**
Expected tax charge based on the standard rate of Norwegian corporation tax at the domestic rate of 22 %	45 057	10 609
Gains not taxable/ Equity accounted associated companies	(7 101)	(9 193)
Change in tax rate for deferred tax	-	-
Expenses not deductible for tax purposes	(1 416)	244
Effect of unrecognised deferred tax assets	(1 273)	2 872
Total tax expense	**35 266**	**4 531**

8. PROPERTY, PLANT AND EQUIPMENT

(NOK 1 000)	Land and buildings	Work in progress	Furniture, fixtures and equipment	Total
At 1 January 2021				
Cost	344 678	112 117	489 406	946 201
Accumulated depreciation	(172 376)	-	(310 532)	(482 908)
Net book value	**172 302**	**112 117**	**178 874**	**463 293**
Year ended 31 December 2021				
Opening balance net book value	172 302	112 117	178 874	463 293
Additions	85 139	-	51 388	136 527
Acquisition of subsidiary	319 984	-	9 542	329 526
Disposals	(205 029)	-	-	(205 029)
Depreciation	(15 578)	-	(44 162)	(59 740)
Impairment loss	-	-	-	-
Reclassification	56 099	(75 774)	19 675	-
Exchange differences	(2 464)	(1 169)	2 451	(1 182)
Closing balance net book value	**410 453**	**35 174**	**217 767**	**663 394**
At 31 December 2021				
Cost	576 494	35 174	583 080	1 194 748
Accumulated depreciation	(166 041)	-	(365 313)	(531 354)
Net book value	**410 453**	**35 174**	**217 767**	**663 394**
Year ended 31 December 2022				
Opening balance net book value	**410 453**	**35 174**	**217 767**	**663 394**
Additions	95 308	24 618	76 582	196 509
Acquisition of subsidiary	122 714	4 048	6 203	132 965
Disposals	(110 844)	(17 840)	(4 019)	(132 703)
Depreciation	(19 035)	-	(50 180)	(69 215)
Impairment loss	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	709	27	302	1 038
Closing balance net book value	**499 306**	**46 027**	**246 655**	**791 988**
At 31 December 2022				
Cost	682 129	46 027	648 424	1 376 581
Accumulated depreciation	(182 824)	-	(401 769)	(584 593)
Net book value	**499 306**	**46 027**	**246 655**	**791 988**

Property, plant and equipment pledged as security for liabilities.

	2022	**2021**
Land and buildings, including work in progress	545 333	445 627

9. GOODWILL AND INTANGIBLE ASSETS

(NOK 1 000)	**Goodwill**	**Other intangible assets**	**Total**
At 1 January 2021			
Cost or fair value	1 652 356	835 264	2 487 620
Accumulated amortisation	-	(236 086)	(236 086)
Net book value	**1 652 356**	**599 178**	**2 251 534**
Year ended 31 December 2021			
Opening book amount	1 652 356	599 178	2 251 534
Additions	2 969	1 258	4 227
Acquisition of subsidiary	269 606	28 324	297 930
Amortisation	-	(42 625)	(42 625)
Impairment loss	-	(1 657)	(1 657)
Exchange differences	(18 748)	(20 954)	(39 703)
Closing balance net book value	**1 906 183**	**563 524**	**2 469 707**
At 31 December 2021			
Cost or fair value	1 906 183	842 235	2 748 417
Accumulated amortisation	-	(278 710)	(278 710)
Net book value	**1 906 183**	**563 524**	**2 469 707**
Year ended 31 December 2022			
Opening book amount	1 906 183	563 524	2 469 707
Additions	15 661	3 342	19 003
Acquisition of subsidiary	70 023	1 150	71 172
Disposals	(156)	(1 477)	(1 634)
Amortisation	-	(35 952)	(35 952)
Impairment loss	(3 040)	-	(3 040)
Exchange differences	5 928	(869)	5 059
Closing balance net book value	**1 994 598**	**529 718**	**2 524 316**
At 31 December 2022			
Cost or fair value	1 997 638	844 380	2 842 018
Accumulated amortisation and impairment loss	(3 040)	(314 663)	(317 703)
Net book value	**1 994 598**	**529 718**	**2 524 316**

The Group has no contractual commitments for development costs.

Impairment losses in 2022 relates to dissolved companies, where the booked goodwill was taken as an impairment loss following the dissolvement.

Current estimates of useful economic life of intangible assets are as follows:

Goodwill	Indefinite
Other intangible assets (mainly trademarks and customer contracts)	0 -20 years

10. GOODWILL AND IMPAIRMENT

Goodwill and other intangible assets result from business combinations and mainly relates to strategic investments in order to strengthen the platform for the provided services within the Group. Such investments provide synergies both between segments and countries as it enables developing new services and to seek business opportunities between countries. The managing directors within a segment operate across countries and businesses within a segment which is considered to be integrated. Assets are allocated to the identified reporting segments.

Goodwill is allocated as follows between four reporting segments:

(NOK 1 000)	**2022**	**2021**
Preschools	1 128 006	1 031 793
Care	576 532	581 408
Integration services	127 300	127 883
Individual & family	162 761	165 099
Total goodwill	**1 994 598**	**1 906 183**

<u>Impairment testing for reporting segments containing goodwill</u>

Cash flow projections and assumptions

Group management reviews the carrying value of the cash generating units annually or more frequent if there is an indication that an asset may be impaired. A value in use approach is used to determine recoverable amount. Reviews are based on comparing the net present value (NPV) of projected future cash flows with the carrying value of the assets considering circumstances which could affect the asset value. The NPV is calculated by discounting estimated cash flows for the next five years based on the companies' updated forecast/budget for the coming year and the management's projection for the next four years based on economic prognoses. Expected future cash flows are based on forecasted EBITDA deducted for capital expenditures, tax effects on operating profit and changes in net working capital. Subsequently the terminal value is used, calculated by Gordon's model.

The total required rate of return used to discount cash flows is calculated as a weighted average return on equity and the required rate of return of interest-bearing debt. The input data of the discount rate was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. This calculation utilises an estimate of the risk-free interest rate, risk premium, beta and the liquidity premium.

For the fiscal years 2022 and 2021 the value in use for the cash generating units are based on the following key assumptions:

2022	**Prechools**	**Care**	**Integration Services**	**Individual & Family**
Growth rate	2,0 %	2,0 %	2,0 %	2,0 %
Discount rate after tax	6,9 %	6,9 %	6,9 %	6,9 %

2021	**Prechools**	**Care**	**Integration Services**	**Individual & Family**
Growth rate	2,0 %	2,0 %	2,0 %	2,0 %
Discount rate after tax	6,0 %	6,0 %	6,0 %	6,0 %

The Group has in the calculations applied estimated cash flows after tax and corresponding discount rate after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rate had rather been applied.

Sensitivities

The Group has carried out sensitivity analysis by considering changes in EBITDA and discount rates to test whether changes in key assumptions would result in impairment. These are considered the most important assumptions for the long-term expectations. The management's present plans and forecasts as well as the market's expectations have also been taken into consideration.

The long-term assumptions are assessed on an ongoing basis and the assumptions applied in future impairment tests may vary from those applied for the fiscal year 2022. The Group has a continuously review process, which includes sensitivity analysis and analysis of actual results achieved compared to long-term assumptions, to assess whether the long-term base case assumptions continue to correctly reflect expectations.

The following sensitivity analysis were carried out to test whether changes in key assumptions would result in an impairment (decline in cash flows, increase in discount rate):

2022	**Prechools**	**Care**	**Integration Services**	**Individual & Family**
Changes in cash flows	50,0 %	13,0 %	80,0 %	66,0 %
Changes in discount rates	5,1 %	0,7 %	22,1 %	10,1 %

2021	**Prechools**	**Care**	**Integration Services**	**Individual & Family**
Changes in cash flows	55,0 %	38,0 %	50,0 %	72,0 %
Changes in discount rates	4,9 %	0,8 %	3,8 %	9,9 %

Based on this analysis, management believes that there is no need for impairment of the carrying value of goodwill and other intangible assets as of 31 December 2022. As the conclusion is somewhat sensitive for changes in the parameters for the reporting segment Care, the Group will monitor closely the development each quarter the following year. At the same time the Board of Directors are comfortable with the level of recognized goodwill and the expected development for the Care business going forward. The carrying value of goodwill for the reporting segment Care was NOK 576.5 million on 31 December 2022 (NOK 581.4 million 31 December 2021).

11. SUBSIDIARIES AND ASSOCIATES

List of subsidiaries

Norlandia Health & Care Group AS was established in December 2016. This was done by transferring the shares in Norlandia Care Group AS, Hero Group AS, Aberia Healthcare AS and Kidsa AS, from Hospitality Invest to a newly incorporated 100% owned subsidiary (Norlandia Health & Care Group AS).

The material subsidiaries of Norlandia Health & Care Group AS, all of which have been included in these consolidated financial statements are as follows:

	Country of incorporation	Place of office	Ownership interest	
Name			**2022**	**2021**
Norlandia Care Group AS	Norway	Bodø	100%	100%
Kidsa Drift AS	Norway	Bergen	100%	100%
Hero Group AS	Norway	Stavanger	100%	100%
Aberia AS	Norway	Oslo	100%	100%
NHC Eiendom AS	Norway	Oslo	100%	100%
Care Properties AS	Norway	Oslo	100%	100%
NHC Services AS	Norway	Moss	100%	100%
NH Europe Holding AS	Norway	Oslo	100%	100%
Material operating companies				
Norlandia Barnehagene AS	Norway	Oslo	100%	100%
Norlandia Barnehagene II AS	Norway	Oslo	100%	100%
Kidsa Barnehager AS	Norway	Bergen	100%	100%
Norlandia Barnehagedrift AS	Norway	Oslo	100%	100%
Norlandia Förskolor AB	Sweden	Stockholm	100%	100%
Kids2Home AB	Sweden	Stockholm	100%	100%
Norlandia Päiväkodit Oy	Finland	Helsinki	100%	100%
Preschools Netherlands Holdings B.V.	Netherlands	Utrecht	100%	100%
Norlandia Nederland B.V.	Netherlands	Utrecht	100%	100%
Norlandia Care AS	Norway	Oslo	100%	100%
Norlandia Hjemmeomsorg AS	Norway	Oslo	100%	100%
Norlandia Care OY	Finland	Tampere	100%	100%
Norlandia Care AB	Sweden	Stockholm	100%	100%
Kosmo AB	Sweden	Stockholm	100%	100%
Hero Norge AS	Norway	Stavanger	100%	100%
Aberia Ung AS	Norway	Moss	100%	100%
Aberia Omsorg AS	Norway	Moss	100%	100%
Aberia Personlig Assistans SB (former: Marcus Assistans AB)	Sweden	Örebro	100%	76%

The table below shows the material associated companies held by the Group, which is accounted for using the equity method. As of 31 December 2022, Norlandia Preschools AS holds a 50% ownership in Wekita GmbH, which is a German company operating in the Preschool segment.

(NOK 1 000)	**2022**	**2021**
Investment in associates as of 01.01	**31 076**	**54 306**
Share of net income from associated companies	1 266	(1 216)
New investment in associates	-	7 486
Transfer to subsidiaries	-	(29 500)
Disposal of investment associates	(6 729)	-
Investment in associates as of 31.12	**25 613**	**31 076**

12. LEASES

Lease contracts

The Group leases most of its offices, hotels, preschools, nursing homes and houses. Lease agreements typically run for 10+ years within preschools and less for the other segments. Preschools represent more than 60% of the total right-of-use assets in the Group, while Care represents more than 25%. Contracts normally include an option to prolong the lease. The Group has not included any such prolonging due to the uncertainty related to the long remaining lease. The interest rate is estimated per country and varies between 2.5-6.9%. The interest rate is updated on an annual basis, and in most instances the updated rate is mainly used for new contracts entered into the applicable year. Contracts with less than a 12-month obligation or payments related to revenue are not capitalized. Lease payments are subject to annual KPI adjustment.

(NOK 1 000)	**2022**	**2021**
Right of use asset		
Balance at 1 January	4 186 467	3 799 355
New contracts	825 061	535 585
Acquisition of subsidiary	319 096	396 619
Remeasurement or amendments	334 895	28 597
Depreciation	(526 505)	(449 440)
Exchange differences	32 828	(124 248)
Year ended 31 December	**5 171 842**	**4 186 467**
Maturity analysis lease liabilities - undiscounted cash flows		
Less than one year	687 528	543 252
One to five years	2 356 709	1 873 986
More than five years	3 526 325	2 924 561
Total undiscounted lease liabilities 31 December	**6 570 563**	**5 341 799**
Classification of lease liabilities in the statement of financial position		
Current	4 996 237	4 050 022
Non-current	531 245	416 784
Total lease liabilities	**5 527 482**	**4 466 806**
Lease expenses not included in lease liabilities		
Short-term lease expenses	(639 907)	(35 110)

Payments for short term leases are mainly related to the rental of refugee centers for the operating segment Integration Services, where the Group in 2022 opened more than 40 acute refugee centers with capacity to house of 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 following the war outbreak in Ukraine. All these acute centers were based on short-term contracts, most of them operating on a 3-month basis. Most of these will be replaced by long-term ordinary centers going into 2023. Variable lease expenses and lease expenses related to leases of low value assets are not significant for the Group.

13. TRADE AND OTHER RECEIVABLES

(NOK 1 000)	Note	2022	2021
Trade receivables		428 120	297 446
Less: provision for impairment of trade receivables		(10 756)	(13 025)
Trade receivables - net		**417 364**	**284 421**
Prepaid expenses		149 878	117 638
Prepaid public duties		3 667	11 000
Group contribution receivable from owner		102 673	-
Other current receivables		126 455	69 966
Total other current receivables		**382 672**	**198 603**
Other non-current receivables		**40 482**	**41 600**
Total receivables classified as loans and receivables		**840 518**	**524 624**

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values.

The Group does not hold any collateral as security.

Movements on the Group provision for impairment of trade receivables are as follows:

(NOK 1 000)	2022	2021
At 1 January	**(13 025)**	**(11 185)**
Provided during the year	(3 261)	(1 840)
Reversal of provisions prior years	5 529	-
At 31 December	**(10 756)**	**(13 025)**

The movement on the provision for impaired receivables has been included in the other operating expenses line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

(NOK 1 000) **Aging analysis on trade receivables**	**Total**	Not due (less than 30 days)	30-60 days	60-90 days	More than 90 days
2022	**428 120**	395 616	14 320	2 439	15 744
2021	**297 446**	281 281	2 063	398	13 704

14. SHARE CAPITAL, SHAREHOLDERS, DIVIDENDS AND RESERVES

Share capital

(Amounts in NOK)	**2022**	**2022**	**2021**	**2021**
	Number	NOK	Number	NOK
Ordinary shares of NOK 10.4 each	30 000 000	312 000 000	30 000 000	312 000 000
Total	**30 000 000**	**312 000 000**	**30 000 000**	**312 000 000**

Shareholders

Each share gives the shareholder one voting right.

Hospitality Invest AS	29 100 000	97,00%
Stork Industries AS	450 000	1,50%
Cowry EV AS	450 000	1,50%
Total	**30 000 000**	**100,00%**

Kristian A. Adolfsen holds, directly and indirectly, 45.94 % of the shares in Hospitality Invest AS
Roger Adolfsen holds, directly and indirectly, 45.94% of the shares in Hospitality Invest AS
Yngvar Tov Herbjørnssønn holds, directly and indirectly, 100% of the shares in Cowry EV AS

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

15. BORROWINGS

The book value and fair value of loans and borrowings are as follows: (NOK 1 000)	Book value 2022	Fair value 2022	Book value 2021	Fair value 2021
Non-Current				
Interest-bearing debt	2 115 610	2 115 610	2 122 655	2 122 655
Total non-current interest-bearing debt	**2 115 610**	**2 115 610**	**2 122 655**	**2 122 655**
Current				
Interest-bearing debt	71 388	71 388	51 037	51 037
Total current interest-bearing debt	**71 388**	**71 388**	**51 037**	**51 037**

The currency profile of the Group's loans and borrowings is as follows:

(Currency in 1 000 NOK)	**2022**	**2021**
NOK	1 442 754	1 432 776
SEK	744 245	740 916
Total	**2 186 998**	**2 173 692**

Borrowings as of 31.12.2022	Interest	**Amount**	**Due date**
Bond issued 2021	NIBOR/STIBOR +5.75%	1 674 233	2025
Revolving credit facility	NIBOR +3.15%	106 245	
Property debt outside ringfence structure	2.42%-5.76%	395 315	2023-2050
Other debt/property debt		11 204	
Total		**2 186 998**	

Borrowings as of 31.12.2021	Interest	**Amount**	**Due date**
Bond issued 2021	NIBOR/STIBOR +5.75%	1 682 299	2025
Revolving credit facility	NIBOR +3.15%	104 904	
Property debt outside ringfence structure	0.897%-2.438%	292 960	2050
Other debt/property debt		93 529	
Total		**2 173 692**	

In May 2021 the Group successfully refinanced its bond and secured long term financing until 2025. The settlement and new bond were in a single transaction and several investors rolled over their investment into the new bond. From a net cashflow perspective the Group only incurred directly related transaction costs included as part of the financing activities. As part of the refinancing the Hospitality Invest AS converted an equal of NOK 150 million in obligations debt to equity, lowering the external financing. The new bond is a senior secured sustainability-linked bond due in May 2025. The bond consists of a 950 million NOK tranche and a 750 million SEK tranche. As per December 2022 MNOK 15.5 were unamortised borrowing costs (31 December 2021 MNOK 21.7). Subsidiaries are pledged as collateral together with a majority of material operating companies. See note 3, 18 and 23 for further information regarding the bond.

On top of the bond financing the Group is allowed to have a total of NOK 350 million in credit facilities, of which MNOK 106.2 was drawn as per 31 December 2022 (MNOK 104.9 as of 31 December 2021). In March 2023, the long-term credit facility was repaid. In replacement, the Group secured a short-term overdraft facility of NOK 350 million by DnB.

The majority of the property debt utside the ringfence structure is financed through Husbanken. The ringfence structure relates to the companies that are defined in the bond agreement, while some real estate companies outside this structure are alloowed to draw external debt. In addition to the loans in Husbanken, the Group has some financing through Sparebanken Møre, Sparebanken 1 Ringerike Hadeland and BN Bank. As of 31 December 2022, the amount totalled to MNOK 395.3 (MNOK 293.0 as of 31 December 2021).

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-trance") and NO0010997943 (the "SEK tranche") as described further in note 24.

16. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 22 %.
The movement on the deferred tax account is as shown below:

(NOK 1 000)	**2022**	**2021**
At 1 January	(27 718)	(33 079)
Recognised in profit and loss	-	-
Tax expense	2 476	17 362
Recognition of previously unrecognised deferred tax assets	-	-
Recognised in other comprehensive income	2 209	(1 276)
Sum	**(23 032)**	**(16 993)**
Arising on business combination	(13 845)	(10 725)
At 31 December	**(36 878)**	**(27 718)**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

(NOK 1 000)	Asset **2022**	Liability **2022**	Net **2022**	(Charged)/ credited to profit or loss **2022**	(Charged)/ credited to equity or from BC **2022**
Fixed assets	84 222	(135 134)	(50 912)	32 281	(13 845)
Accounts receivable	1 374	-	1 374	(682)	-
Pensions	213	966	1 179	(20 126)	2 209
Profit and loss account	-	(1 857)	(1 857)	460	-
Provisions	55 623	(10 396)	45 226	(3 251)	-
Tax loss carried forward	5 410	-	5 410	(7 926)	-
Tax asset/(liabilities)	**146 841**	**(146 421)**	**420**	**756**	**(11 636)**
Set off of tax	-	-	-	-	-
Unrecognised deferred tax asset	(37 299)	-	(37 299)	1 720	-
Net tax assets/(liabilities)	**109 543**	**(146 421)**	**(36 878)**	**2 476**	**(11 636)**

(NOK 1 000)	**2021**	**2021**	**2021**	**2021**	**2021**
Fixed assets	70 279	(139 627)	(69 348)	36 275	(10 725)
Accounts receivable	2 056	-	2 056	146	-
Pensions	23 742	(4 647)	19 096	(4 479)	(1 276)
Profit and loss account	-	(2 317)	(2 317)	335	-
Provisions	50 395	(1 918)	48 477	(6 262)	-
Tax loss carried forward	13 336	-	13 336	4 424	-
Tax asset/(liabilities)	**159 809**	**(148 508)**	**11 301**	**30 440**	**(12 001)**
Set off of tax	-	-	-	-	-
Unrecognised deferred tax asset	(39 019)	-	(39 019)	(13 078)	-
Net tax assets/(liabilities)	**120 790**	**(148 508)**	**(27 718)**	**17 362**	**(12 001)**

The unused tax losses and deductible temporary differences can be carried forward indefinitely. Deferred tax assets are recognized as an asset as the Group expect to utilize these with expected profit in the coming years. For 2020 and onward the Group has decided not to recognize a tax asset related to the deferred interest charges as these may only be carried forward for 10 years and it is uncertain that these may be utilized.

	2022	**2021**
Taxes payable in consolidated Statement of Comprehensive Income	13 981	20 428
Prepaid tax	31 272	18 927
Taxes payable in Statement of Financial Position	**(17 291)**	**1 501**

Taxes payable in statement of Financial position is lower than current tax expense due to Group contribution.

17. TRADE AND OTHER CURRENT LIABILITIES

(NOK 1 000)	**2022**	**2021**
Trade payables	190 976	129 528
Tax and social security payments	279 264	255 344
Other current liabilities	783 920	545 186
Total trade and other current liabilities, excluding borrowings, classified as financial liabilities measured at amortised cost	**1 254 160**	**930 057**

Book values approximate to fair value at 31 December 2022 and 2021.

18. SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings	**Current loans and borrowings**	**Lease liabilities**	**Total**
At 1 January 2021	**118 016**	**1 892 293**	**3 976 906**	**5 987 215**
Cash flows	19 448	(7 763)	(414 701)	(403 016)
Net amounts from purchase and sale of companies	177 729	14 478	412 519	604 726
Effects of foreign exchange	(19 125)	-	(137 082)	(156 207)
Interests accrued in period	-	2 029	-	2 029
Addition/remeasurements	-	-	629 164	629 164
Capital increase (converted debt to equity)	150 000	-	-	150 000
Re-financed bond	1 678 332	(1 850 000)	-	(171 668)
At 31 December 2021	**2 124 400**	**51 037**	**4 466 806**	**6 642 243**
Cash flows	(51 762)	(27 180)	(491 307)	(570 249)
Net amounts from purchase and sale of companies	64 872	39 876	319 096	423 843
Effects of foreign exchange	(21 900)	-	33 145	11 246
Interests accrued in period	-	7 655	-	7 655
Addition/remeasurements	-		1 199 742	1 199 742
At 31 December 2022	**2 115 610**	**71 388**	**5 527 482**	**7 714 480**

19. RETIREMENT BENEFITS

At 31.12.2022, a total of 12,435 employees in the Group are included in a defined contribution plan. The plan is in accordance with the laws and regulations concerning obligatory pension plans. The costs in connection with the plan are recognized in accordance with premiums paid. The Group’s defined benefit plan at the end of 2022 includes 65 employees. In 2023 the defined benefit plans for the Preschools in Norway were replaced by a defined contribution plan. The change had a positive effect in both Q1 and Q4, and compensation is being paid as salary for those the qualify. The plan involves lifelong pension from 67 years. The pension plans are accounted for in accordance with IAS 19 Employee benefits. Defined benefit plans give rise to defined future payments. These are mainly dependent on the number of years of service, salary level at retirement and the level of payments received from Social Security. The obligations are covered by an insurance company.

(NOK 1 000)	**2022**	**2021**
Pension costs for defined contribution schemes	336 259	252 501

Details of the Group's defined benefit schemes are as follows:

	2022	**2021**
Fair value of plan assets	57 210	379 160
Present value of funded obligations	63 488	469 125
Change in net obligation as a result of business combination	-	10 220
Net pension obligations	**6 279**	**100 185**

Reconciliation of plan assets	**2022**	**2021**
At 1 January	422 610	345 459
Expected return	2 954	5 043
Contributions by Group	18 787	47 148
Benefits paid	(1 153)	(1 691)
Actuarial gain/(loss)	(12 464)	(16 474)
Settlements	(373 240)	-
Administration fees	(285)	(326)
Change as a result of business combination	-	43 450
At 31 December	**57 210**	**422 610**

Reconciliation of plan liabilities	**2022**	**2021**
At 1 January	522 795	458 325
Interest cost	3 837	7 874
Current service cost	31 087	32 521
Benefits paid	(1 153)	(1 691)
Actuarial (gain)/loss	(2 422)	(22 276)
Social security tax	(637)	(5 629)
Settlements	(490 019)	-
Change as a result of business combination	-	53 670
At 31 December	**63 488**	**522 795**

	2022	**2021**
Actuarial gains and losses recognised in OCI	**(10 042)**	**5 802**

Pension cost (defined benefit plan)	**2022**	**2021**
Current service cost	(65 874)	29 827
Net interest cost	(158)	2 237
Administration costs	537	1 135
Accrued social security tax	1 861	4 508
Net pension cost/(income)	**(63 634)**	**37 707**

Principal actuarial assumptions	**31.12.2022**	**31.12.2021**
Discount rate on plan liabilities	3,2 %	1,9 %
Expected increase in pensionable salary	3,8 %	2,8 %
Future G-increase	3,5 %	2,5 %
Future pension increase	1,7 %	0,0 %
Turnover	8,7 %	8,7 %
Social security tax	14,1 %	14,1 %

20. ACQUISITIONS DURING THE PERIOD AND COMPLETED PRIOR PERIODS

Acquisitions during 2022

Acquisitions during 2022 have been primarily within the preschool segment within Sweden and Norway, with the purchase of the Swedish Group Svenska Kunskapsförskolan Koncept AS being the largest. All business combinations during 2022 resulted in an addition to intangible assets of total MNOK 86.8, right-of-use assets of MNOK 319.1 and property, plant and equipment of MNOK 133.0.

Acquisitions during 2021

Acquisitions during 2021 have been made primarily in the preschool segment and total consideration was MNOK 126, which has been paid during 2021. Gnist Barnehager AS has been consolidated from 1.10.2021. In addition, the Group's owner (Hospitality Invest AS) transferred 51% of the shares in NH Europe Holding AS to the Group, which now owns 100% of the outstanding shares. The transfer of the shares in NH Europe Holding AS has been booked as a capital injection, using book values in the consolidated statements of Hospitality Invest AS and considered as outside the scope of IFRS 3. The total book value of the 51% shares were MNOK 29.8 and no cash were transferred. The net effect of this common control transaction at book values was a reduction in equity of MNOK -17.7. A significant part of the reduction was IFRS 16 liabilities being higher than ROU, due to prior sale leaseback transactions. The transaction was finalized in connection with the refinancing of the bond loan in May 2021, and NH Europe Holding AS has been consolidated from this point in time. Comparative figures have not been restated due to immateriality.

All business combinations during 2021, including NH Europe Holding AS resulting in an addition to goodwill of MNOK 270 million, intangible assets of MNOK 28, Right-of-use assets of MNOK 397, Lease liability of MNOK 424, fixed assets of MNOK 330, Deferred tax liabilities of MNOK 11 and interest-bearing debt of MNOK 278. Cash in acquired companies has primarily been prepayments from municipalities, where corresponding unsatisfied performance obligations were recognised as liabilities. No amount of goodwill is expected to be deductible for tax purposes. No transactions costs have been booked as part of these transactions.

21. TRANSACTIONS WITH RELATED PARTIES

In addition to the transactions described in note 11, the financial statements include the following transactions with related parties.

Related party	Relation to the Group
Kristian Adolfsen	Shareholder in Hospitality Invest AS, board member in the Group
Roger Adolfsen	Shareholder in Hospitality Invest AS, board member in the Group
Hospitality Invest AS	Major shareholder 97%
Pioneer Property Group ASA	Significant ownership interest from the same shareholders
Pioneer Preschools AS	Significant ownership interest from the same shareholders
Pioneer Preschools AS	Significant ownership interest from the same shareholders
Personalhuset Staffing Group AS	Significant ownership interest from the same shareholders
Älvbäck Fastighets AB	Significant ownership interest from the same shareholders

(NOK 1 000)

Transaction with related parties	2022	2021
Receivables from related parties		
Älvbäck Fastighets AB	3 598	3 452
Liabilities to related parties		
Hospitality Invest AS	28 959	24 680
Sale of assets to related parties		
Sale of property to Pioneer Preschools AS	-	14 610
Rent of properties from related parties		
Rent of properties from Pioneer Property Group ASA	2 333	1 350
Purchase of personell services from related parties		
Purchase of personell services from Personalhuset Staffing Group AS	28 498	13 050

22. CASH AND CASH EQUIVALENTS

(NOK 1 000)	2022	2021
Cash related to payroll tax witholdings	1 343	10 774
Unrestricted cash	270 378	290 412
Total cash and cash equivalents	**271 721**	**301 186**

23. DESCRIPTION OF INCURRENCE COVENANT AND FINANCIAL COVENANT

The senior secured bond issued in December 2021 includes an incurrence covenant and a financial covenant. Certain actions and transactions, for example issuance of new debt and payment of dividends, is subject to the satisfaction of an incurrence test. The incurrence test is considered satisfied provided that:

Total Net Debt / EBITDA (as defined in the Bond agreement) = not greater than 3.75 (3.25 for payment of dividends) for the group of companies included in the ring fence as defined by the bond agreement, see also note 15.

The financial covenant requires the Group to at all time satisfy a minimum liquidity of NOK 100.000.000, including not utilized overdraft credit facilities.

24. EVENTS AFTER THE REPORTING 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. The purchase price allocation for the acquisition of Brado AB was not completed as of 19 April 2023, and further notes disclosures in relation to this is therefore not provided.

In March 2023, the long-term credit facility was repaid. In replacement, the Group secured a short-term overdraft facility of NOK 350 million by DnB.

Income statement

Norlandia Health & Care Group AS - for the year ended 31 December 2022

NOK 1 000	Note	2022	2021
Operating revenues		7 035	2 227
Personnel expenses	8	(2 340)	(3 006)
Other operating expenses	8	(12 447)	(8 523)
Operating profit/(loss)		**(7 752)**	**(9 302)**
Interest income	7	37 345	35 347
Other financial income	6	247 976	256 632
Interest expenses	7	(123 497)	(98 384)
Other financial expenses		(622)	(7 755)
Net financial items		**161 202**	**185 839**
Profit/(loss) before taxes		**153 450**	**176 537**
Income taxes	2	(31 405)	(21 202)
Net income/(loss)		**122 045**	**155 335**
Allocated to other equity	3	122 045	155 335
Total allocation of net income/(loss) for the period		**122 045**	**155 335**

Statement of financial position

Norlandia Health & Care Group AS - for the year ended 31 December 2022

(NOK 1 000)	Note	31.12.2022	31.12.2021
ASSETS			
Investment in subsidiaries	5	1 665 128	1 656 454
Loans to group companies	6	503 501	745 552
Total non-current assets		**2 168 628**	**2 402 006**
Current group receivables	6	522 008	190 683
Other current receivables		5 263	100
Cash and cash equivalents	9	36 419	45 720
Total current assets		**563 691**	**236 503**
Total assets		**2 732 319**	**2 638 509**
EQUITY AND LIABILITIES			
Share capital	3, 4	312 000	312 000
Share premium reserve	3	167 784	167 784
Total restricted equity		**479 784**	**479 784**
Retained earnings	3	325 878	223 833
Total equity		**805 662**	**703 617**
Bond loans	7	1 643 486	1 659 207
Non-current interest-bearing debt	7	106 245	104 904
Total non-current liabilities		**1 749 731**	**1 764 111**
Trade payables		-	946
Current liabilities to group companies	6	142 751	144 970
Other current liabilities		34 175	24 866
Total current liabilities		**176 926**	**170 781**
Total liabilities		**1 926 657**	**1 934 892**
Total equity and liabilities		**2 732 319**	**2 638 509**

Oslo, 19 April 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
CEO

Cash flow statement

Norlandia Health & Care Group AS - for the year ended 31 December 2022

(NOK 1 000)	Note	2022	2021
Cash flow from operations			
Profit/(loss) before taxes		153 450	176 537
Net financial items	7	(161 202)	(185 839)
Change in trade creditors		(946)	572
Change in other provisions		4 146	21 213
Net cash flow from operations		**(4 552)**	**12 483**
Net loans to subsidiaries	6	242 051	(56 171)
Net cash flow from investments		**242 051**	**(56 171)**
Cash flow from financing			
Proceeds from long term loans		-	104 904
Refinancing of bond		-	(21 668)
Net change in bank overdraft		-	27 190
Interest received	7	38 686	35 347
Interest paid	7	(123 497)	(98 384)
Payment of group contribution	3	(20 000)	-
Net group receivables	6	(141 989)	(26 077)
Net cash flow from financing		**(246 800)**	**21 312**
Net change in cash and cash equivalents	9	(9 301)	(22 376)
Cash and cash equivalents at the beginning of the period	9	45 720	68 096
Cash and cash equivalents at the end of the period		**36 419**	**45 720**

Notes to the financial statements 2022

1. ACCOUNTING POLICIES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Operating income
Revenues from sale of services are recognised in the income statement once the delivery has taken place.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated as 22 % of temporary differences which exist between accounting and tax values of assets and liabilities, and any carry forward losses for tax purposes at the year-end. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset and reported net. Deferred tax on the excess value associated with acquisitions of subsidiaries is not settled.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Fixed assets are valued at cost. They are recorded in the statement of financial position and depreciated over the estimated economic lifetime of the asset. Fixed assets are written down to recoverable amount when decreases in value are expected to be permanent. The recoverable amount is the highest amount of net realizable value and value in use. Value in use is the present value of future cash flows associated with the asset. Impairment losses are reversed when the basis for impairment no longer exists. Other assets are classified as current assets. Current assets and current liabilities are normally considered to be due within one year from the balance sheet date, as well as those connected to the trading cycle. Current assets are valued at the lower of cost and fair value.

Debtors
Trade debtors and other debtors are recognised in the balance sheet at nominal value after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor.

Investments in subsidiaries
Subsidiaries are companies in which the parent company has control, and thus the power to govern the financial and operating policies, generally by owning more than half of the voting capital.

The cost method is applied as a principle for the investment in subsidiaries and associated companies in the company accounts. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost.

Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies is reflected as financial income when it has been approved.

Foreign Currencies
Conversion of foreign companies is done by translating the balance sheet to the closing rate, and the income statement to the average exchange rate. Any significant transactions are translated at the transaction date.

Financial risk
For assessing the company's financial risks, see the discussion in the annual report.

Cash Flow statement
The cash flow statement has been prepared using the indirect method.

2. INCOME TAXES

(NOK 1 000)	**2022**	**2021**
This year's income taxes		
Payable tax	(31 405)	-
Changes in deferred taxes	-	(21 202)
Income taxes	**(31 405)**	**(21 202)**
Taxable income:		
Profit/(loss) before taxes	153 450	176 538
Permanent differences	600	(145 347)
Changes temporary differences	5 979	(98 205)
Cut interest deduction	-	63 037
Provided intra-group contribution	(142 751)	-
Taxable income before losses carried forward	**17 278**	**(3 977)**
Utilised losses carried forward	(17 278)	
Taxable income:	**(0)**	**(3 977)**
Payable tax in the balance:		
Payable tax on this year's result	-	-
Total payable tax in the balance	**-**	**-**
Calculation of effective tax rate		
Profit/(loss) before taxes	153 450	176 538
Calculated tax on profit/(loss) before taxes	33 759	38 838
Tax effect of permanent differences	132	(76)
Total	**33 891**	**38 762**
Effective tax rate	22%	22%

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax and deferred tax advantages, specified on type of temporary differences:

	2022	**2021**
Other differences	14 889	20 868
Total	**14 889**	**20 868**
Accumulated loss to be brought forward	-	(17 278)
Interest cost carried forward	(180 950)	(180 950)
Unrecognized in deferred tax	166 060	177 359
Basis for calculation of deferred tax	**0**	**(0)**
Deferred tax asset, 22%	**0**	**(0)**

3. EQUITY

(NOK 1 000)	Share capital	Share premium	Retained earnings	Total equity
Equity as of 01.01.2022	**312 000**	**167 784**	**223 833**	**703 617**
Group contribution to ultimate parent	-	-	(20 000)	(20 000)
Net income/(loss)	-	-	122 045	122 045
Equity as of 31.12.2022	**312 000**	**167 784**	**325 878**	**805 662**

(NOK 1 000)	Share capital	Share premium	Retained earnings	Total equity
Equity as of 01.01.2021	**300 000**	**-**	**68 498**	**368 498**
Capital increase	12 000	167 784	-	179 784
Net income/(loss)	-	-	155 335	155 335
Equity as of 31.12.2021	**312 000**	**167 784**	**223 833**	**703 617**

4. SHARE CAPITAL AND SHAREHOLDERS

Share capital	Number	Nominal Value	In balance
Ordinary shares	30 000 000	10,4	312 000 000

Shareholders	Number	Ownership	Nominal Value	In balance
Hospitality Invest AS	29 100 000	97,00%	10,4	302 640 000
Stork Industries AS	450 000	1,50%	10,4	4 680 000
Cowry EV AS	450 000	1,50%	10,4	4 680 000
Total	**30 000 000**	**100,00%**	**10,4**	**312 000 000**

The company has one class of shares and all shares have equal voting rights.

The shares held by the board of directors / CEO, ref. The Norwegian accounting law § 7-26:

	Number	Ownership
Kristian A. Adolfsen	13 782 000	45,94%
Roger Adolfsen	13 782 000	45,94%
Yngvar Tov Herbjørnssønn	450 000	1,50%

5. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are recognised according to the cost method.

(NOK 1 000) **Subsidiaries**	Location	Ownership/ voting right	Equity (100%)	Result (100%)	Balance sheet value
Norlandia Care Group AS	Bodø	100%	348 127	6 641	969 160
Kidsa Drift AS	Bergen	100%	208 221	(2 154)	220 446
Hero Group AS	Stavanger	100%	189 521	146 291	155 051
Aberia AS	Oslo	100%	104 601	11 652	193 952
Care Properties AS	Oslo	100%	27 396	11 136	50 000
NHC Eiendom AS	Oslo	100%	10 169	(2 248)	14 152
NHC Services AS	Moss	100%	186	959	3 968
NH Europe Holding AS	Oslo	100%	58 271	2 629	58 400
Balance sheet value 31.12.					**1 665 128**

6. TRANSACTIONS WITH RELATED PARTIES

(NOK 1 000)	**2022**	**2021**
Receivables from related parties		
Group contribution	327 121	45 683
Current group receivables	194 887	145 000
Non-current loans to group companies	503 501	745 552
Total receivable related parties	**1 025 509**	**936 235**
Payables to related parties		
Group contribution	142 751	-
Current group liabilities	-	144 970
Total payables related parties	**142 751**	**144 970**
Income from subsidiaries		
Group contribution	224 449	190 683
Interest income	37 345	34 451
Interest received from related parties	**261 794**	**225 134**

7. INTEREST-BEARING DEBT

(NOK 1 000)	**2022**	**2021**
Non-current liabilities		
Bond loans	1 658 975	1 680 875
Accrued expense bond	(15 489)	(21 668)
Revolving credit facility	106 245	104 904
Total non-current liabilities	**1 749 731**	**1 764 111**

The bond is subject to Interest NIBOR/STIBOR +5.75%.
The maturity date of the bond loan is May 2025.

Balance sheet value of assets placed as security:		
Subsidiaries	1 665 128	1 656 454
Total	**1 665 128**	**1 656 454**

In addition to its own subsidiaries, several of subsidiaries of the subsidiaries are placed as security for bond obligation.

8. PERSONNEL EXPENSES

(NOK 1 000)	**2022**	**2021**
Personnel expenses (including directors) comprise:		
Wages and salaries	(1 525)	(2 109)
Social security contributions and similar taxes	(215)	(297)
Remuneration to Board of Directors	(600)	(600)
Total personnel expenses	**(2 340)**	**(3 006)**
Number of employees (FTE)	-	-

The company had no employees during 2022 and 2021. Wages and salary paid is for Group CEO (part of total compensation as presented in note 5 of consolidated accounts).

Audit fees

The following amounts have been recognised as audit fees and related services during the period

(NOK 1 000)	**2022**	**2021**
Audit	(490)	(488)
Attestation services	-	(41)
Other services	(591)	(399)
Total	**(1 081)**	**(928)**

9. CASH AND CASH EQUIVALENTS

(NOK 1 000)	**2022**	**2021**
Restricted cash	3 876	3 819
Unrestricted cash	32 543	41 901
Total cash and cash equivalents	**36 419**	**45 720**

10. EVENTS AFTER THE REPORTING DATE

On 19 January 2023 the Company 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.

In March 2023, the long-term credit facility was repaid. In replacement, the Company secured a short-term overdraft facility of NOK 350 million by DnB.

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To the General Meeting of Norlandia Health & Care Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norlandia Health & Care Group AS, which comprise:

- the financial statements of the parent company Norlandia Health & Care Group AS (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Norlandia Health & Care Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 26 June 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Refer to note 9 Goodwill and Intangible Assets and note 10 Goodwill and Impairment

The key audit matter	*How the matter was addressed in our audit*
The Group has over several years acquired businesses resulting in significant goodwill and intangible assets such as customer contracts, licenses and trademarks. As of 31 December 2022, the Group has goodwill of NOK 1 995 million and other intangible assets of NOK 530 million. Management performed an impairment assessment of goodwill and intangible assets by determining the value in use of the Group's cash generating units ("CGUs"). Determining the value in use requires significant management judgement by making assumptions about future cash flows. Due to the materiality of these assets to the financial statement as a whole and the inherent uncertainty and subjectivity involved in forecasting and discounting future cash flows, this is considered to be a key audit matter.	Our audit procedures in this area included: • Assessing management's process and results for identification, consistent treatment and classification of cash generating units; • Evaluating management's assessment of impairment indicators; • Where impairment indicators were identified or where impairment testing was required, assessing if the models used to calculate value in use are appropriate and mathematically accurate; • Assessing the discount rate utilized in cash flow forecasts with reference to available market data for selected assets tested; • Evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on the current year cash flow forecasts; • Evaluating and challenging management on the growth assumptions in the cash flow forecasts; • Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of goodwill and intangible assets.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated.

We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility as included in the Board of Director's report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Norlandia Health & Care Group AS we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300FBOBWU7L8EH481-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 April 2023
KPMG AS

Mona Kristin Lien
State Authorised Public Accountant
(This document is signed electronically)

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Norway

APRIL 2023