NHC Group
Report Q2 22

CONTENT

Key figures

(All figures in NOK million)

	Q2 22	Q1 22	YTD 22	Q2 21	Q1 21	YTD 21	FY 21
Total revenues and income	2 242,0	1 687,3	3 929,3	1 477,5	1 413,2	2 890,8	5 975,6
EBITDA	281,6	286,4	568,0	175,6	193,1	368,7	792,7
EBITDA (%)	12,6 %	17,0 %	14,5 %	11,9 %	13,7 %	12,8 %	13,3 %
EBITA	145,9	152,7	298,6	54,7	73,8	128,5	282,7
EBITA (%)	6,5 %	9,1 %	7,6 %	3,7 %	5,2 %	4,4 %	4,7 %
EBIT	136,9	142,9	279,9	44,7	63,7	108,3	238,5
EBIT (%)	6,1 %	8,5 %	7,1 %	3,0 %	4,5 %	3,7 %	4,0 %
EBT	67,1	89,1	156,2	(54,3)	73,2	18,8	48,2
EBT (%)	3,0 %	5,3 %	4,0 %	-3,7 %	5,2 %	0,7 %	0,8 %
EBITDA - adjusted for IFRS 16	137.1	156.7	293.8	50.2	70.2	120.4	321.9
EBITA - adjusted for IFRS 16	120.6	141.1	261.8	35.6	58.5	94.1	279.2

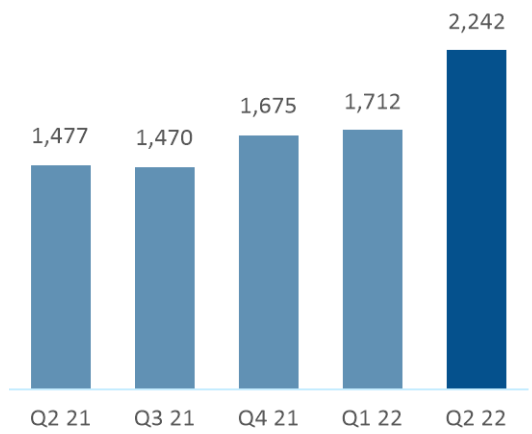
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

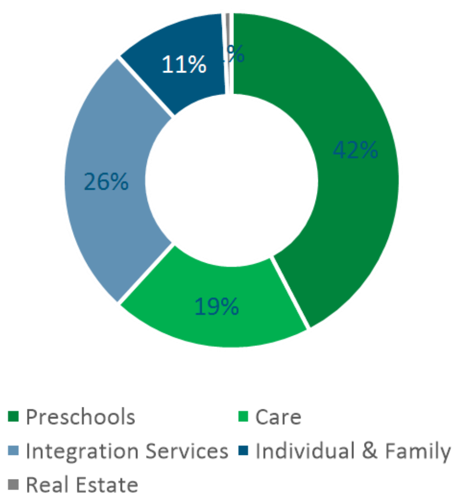
Q2 22 Highlights

- Q2’22 revenues of NOK 2,242 million, a growth of 52% YoY, mainly driven by Preschools and Integration Services
- EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 137 million, and adj. EBITA of NOK 121 million
- Preschools delivered another solid quarter with an adj. EBITDA of NOK 66 million
- In a seasonally weak quarter, Care generated an adj. EBITDA of NOK -11 million, up NOK 7 million YoY
- Integration Services delivered an adj. EBITDA of NOK 71 million following high activity within both Accommodation Services (Norway and Germany), related to the acute Ukrainian refugee situation, and Interpretation Services
- Individual & Family generated an adj. EBITDA of NOK 4 million, in line with Q2’21
- All operations, in line with the overall market, experience a negative impact from staff shortage and high inflation (salaries, electricity/energy and general costs)
- Signed LOI on multiple real estate transactions to be carried out in 2H’22, 2023 and 2024
- In Q2’22, Norlandia Care together (50/50 JV) with Norlandia Hotel Group entered into a lease agreement for a 220-room hotel with Drammen Helsepark (DHP), a health park in connection with the new hospital in Drammen, Norway, that opens in 2025

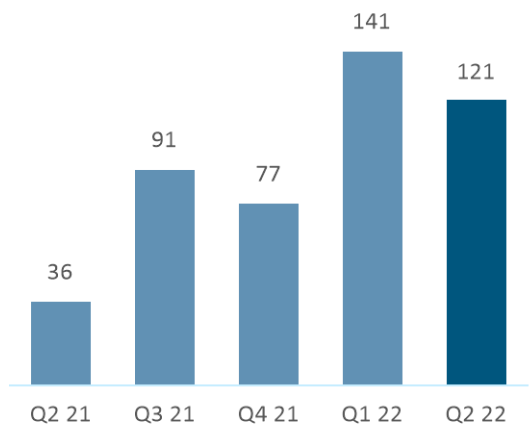
ADJ. REVENUE PER QUARTER (MNOK)



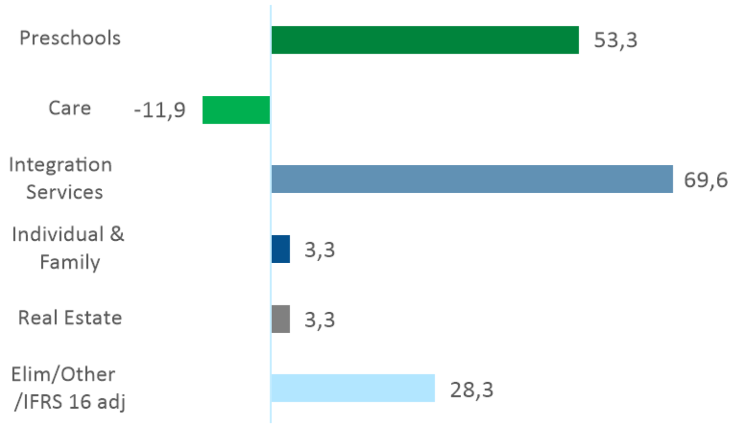
SEGMENT DISTRIBUTION Q2 22 (%)



ADJ. EBITA PER QUARTER (MNOK)

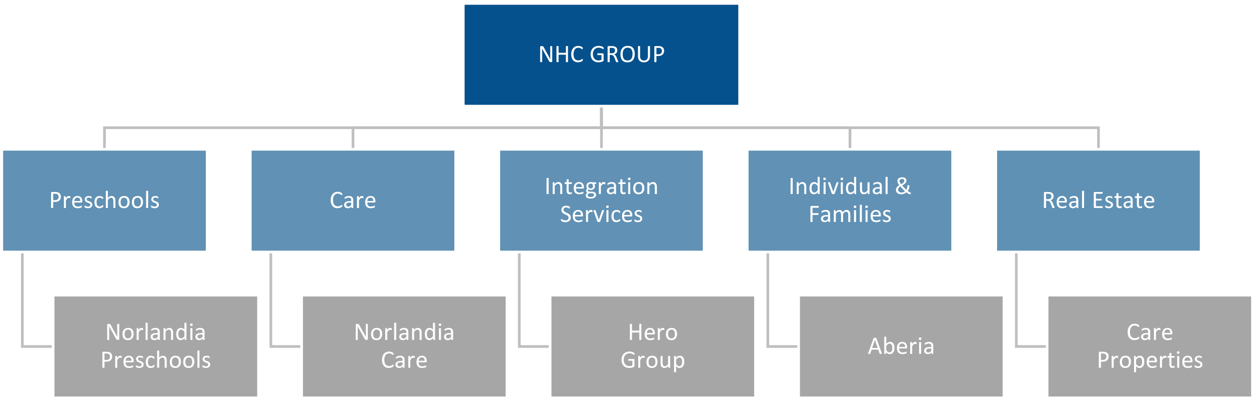


EBITA DISTRIBUTION Q2 22 (MNOK)



Norlandia Health & Care Group AS

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



Financials

CONSOLIDATED INCOME STATEMENT AND CASH FLOWS (UNAUDITED)

The Group reported consolidated revenues of NOK 2,242.0 million in Q2'22, a 52 % increase YoY, on the back of revenue growth within the Preschool and Integration segments. EBITA for the quarter amounted to NOK 145.9 million, up from NOK 54.7 million in Q2'21, driven by the Integration segment.

Net finance amounted to NOK -69.8 million for the quarter, reflecting interest expenses on borrowings of NOK 32.9 million and interest related to capitalized leasing of NOK 35.0 million, and unrealized currency losses of NOK 2.7 million.

Profit before tax amounted to NOK 67.1 million for the quarter, up from NOK -54.2 million one year prior. Adjusted for IFRS 16 effects, profit before tax came in at NOK 76.8 million for the quarter, up from NOK -45.1 million in Q2'21.

Thus, the net effect of IFRS 16 amounted to NOK 9.7 million for the quarter, reflecting increased depreciation charges of NOK 119.2 million and finance charges of 35.0 million. This was partly offset by reduced leasing expenses of NOK 144.5 million. See note 9 for more details.

The Group generated operating cash flows of NOK 439.1 million for the quarter, positively affected by a movement in working capital of NOK 160.8 million, mainly related to early payments of preschool grants for Q3'22.

Cash flows from investing activities amounted to NOK -54.1 million. Net investment in property, plant and equipment reflects capex related to property development projects and maintenance capex of NOK 11 million. Investment in shares in business mainly reflects the acquisitions of Omtanke, a Norwegian company developing senior- and care residential homes, along with some other smaller investments.

Financing cash flows amounted to NOK -185.6 million, explained by lease payments of NOK 109.5 million, cash interest expenses, including lease liability related interest expenses, of NOK 67.4 million, payment to non-controlling interest of NOK 7.4 million related to the acquisition of 25% of Marcus Assistans AB and Östergötlands Humanassistans AB, both now 100% owned by NHC, and decreased net debt of NOK 1.3 million. The Group generated total cash flows of NOK 199.4 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 30 JUNE 2022 (UNAUDITED)

As of 30th June 2022, the Group had total non-current assets of NOK 7,787.1 million, of which NOK 4,375.0 million relates to the implementation of IFRS 16 and is classified as “Right-of-use assets”.

Cash and cash equivalents amounted to NOK 478.7 million, up from NOK 282.8 million one year prior. The Group has a revolving credit facility of NOK 350 million with DNB which is temporarily drawn upon in the various divisions as cash pooling is and will not be fully optimized towards all markets and borders at all hours. The amount drawn on the facility will generally be highest at the end of each quarter as the majority of the income for preschools in Norway is received at the beginning of each quarter. As of 30th June 2022, NOK 105.8 million was drawn.

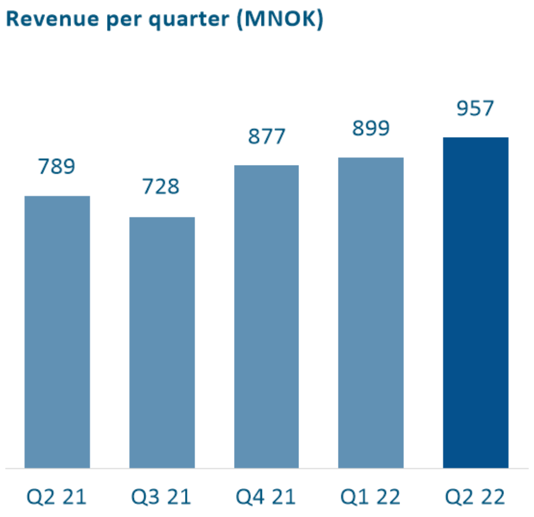
Total assets amounted to NOK 8,973.2 million at the end of the quarter.

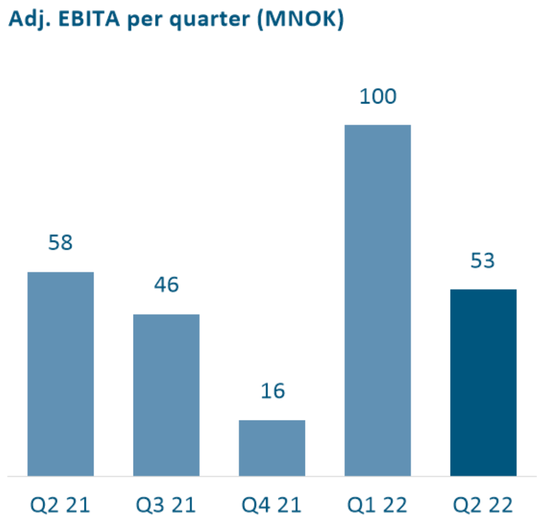
Total non-current liabilities as of 30th June 2022 amounted to NOK 6,596.4, including NOK 4,269.6 million classified as “Lease liability” under IFRS 16. Total loans and borrowings amounted to NOK 2,116.6 million, mainly consisting of the NOK- and SEK-denominated bond loan, as well as debt mainly related to Norwegian preschool properties of NOK 356.0 million.

Per 30th June 2022, the Group’s total equity amounted to NOK 606.0 million.

BUSINESS SEGMENTS

Preschools





The second quarter of 2022 generated revenues of NOK 957 million, up from NOK 899 million in Q1'22 and NOK 789 million in Q2'21. The 21% YoY increase mainly reflects the acquisitions of Gnist Barnehager in October 2021 and Kunnskapsförskolan in March 2022.

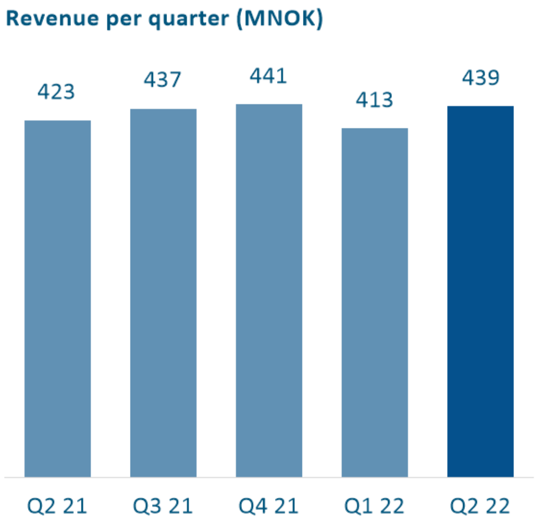
The segment reported an adj. EBITA of NOK 53 million and an adj. EBITDA of NOK 66 million for the quarter. Profitability is up QoQ, when adjusting for the one-off positive pension effect of NOK 60 million in Q1'22. This effect is related to the termination of the defined benefit pension plan, a measure that will materially lower administrative pension costs going forward. Underlying adj. EBITDA in Q2'22 is thus in line with the all-time high quarters ever recorded by the segment, despite temporary weakness in the Norwegian operations, generally high personnel costs directly and indirectly caused by sick-leave and staff shortage, and high inflation related costs.

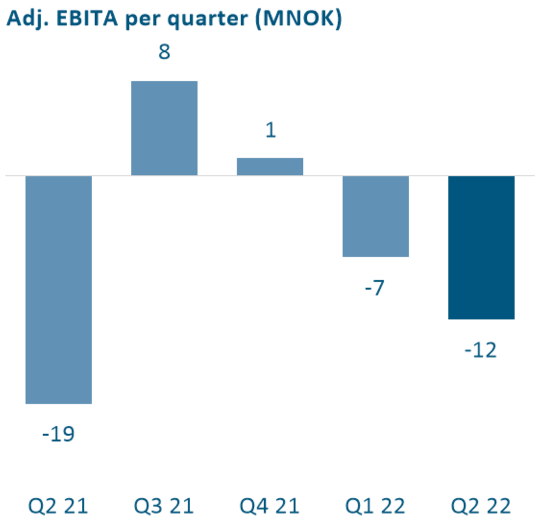
2022 is a challenging year for Preschool Norway. In addition to the reduced pension grants imposed by the Government, the extraordinary costs in 2022 related to high sick leave and significantly increased electricity prices are not reflected in the 2022 grants as these are based on municipal costs in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

Despite the challenges in Preschool Norway, the segment continues to deliver solid results on the back of strong performances from our international operations. Preschool Netherlands continues to perform well, on the back of solid operations, and we maintain our focus on increasing efficiency and occupancy levels going forward. The acquisition of Kunnskapsförskolan in Sweden generated start-up costs in Q2'22 and will, along with several other new units in pipeline, continue to do so as we ramp up new units with the last one opening in 2024. We do, however, expect Kunnskapsförskolan to provide a meaningful contribution already in 2023 as the units opened in 2022 or earlier mature. Overall, our international operations are progressing well, and we will continue to target effective and sticky growth in all our international markets.

As of 30th June 2022, Norlandia Preschools operates 409 units. Of these, 32 units are owned 50% and operated by Wekita (Germany).

Care





The Care segment reported revenues of NOK 439 million in Q2'22, up from NOK 423 million in Q2’21, mostly explained by growth within our Finnish operations and increased activity within home care.

In Q2’22, a seasonally weak quarter, the segment reported an adj. EBITDA of NOK -11 million and an adj. EBITA of NOK -12 million, an improvement of NOK 7 million YoY. Occupancy levels in Sweden, by far our biggest market, have improved compared to Q2’21, but are still well below pre-pandemic levels. We are working actively with marketing and other measures to increase occupancy back to pre-pandemic levels. In addition to low occupancy, costs related to high sick leave and inflation reduced profitability in Q2’22. We expect that most of the cost increases experienced in 2022 will be reflected in future agreements through renegotiations or index clauses.

Since the outbreak of Covid-19, profitability has declined in Finland, due to reduced occupancy in our patient hotel and increased costs in home care, while there has been little governmental support. YoY, however, occupancy levels in Finland have materially improved and the segment delivered healthy profitability in Q2’22.

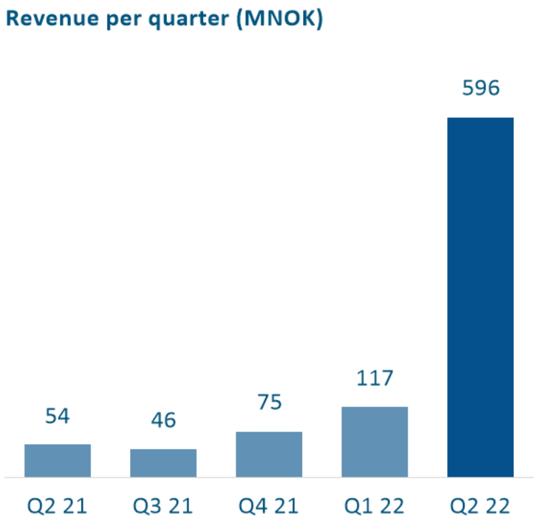
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both 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. We believe this represents an upside to the Norwegian operations, although in the current political climate, we do not expect any short-term improvement. In the meantime, we remain focused on providing quality services, as well as new innovations and expanding our service offerings.

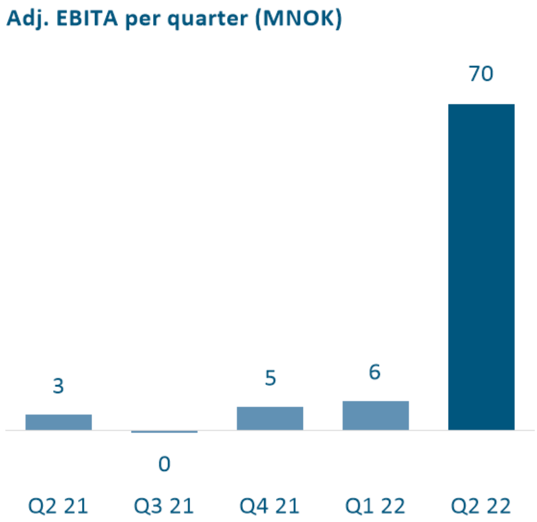
In Q2’22, Norlandia Care together with Norlandia Hotel Group (50/50 joint venture) entered into a lease agreement for a 220-room hotel with Drammen Helsepark (DHP), a health park in connection with the new hospital in Drammen, Norway, that opens in 2025.

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. 3 new own management units were opened during 2020, while one unit opened during 2021. Although having experienced a pro-longed ramp-up period since the outbreak of Covid-19, normally, new units will be loss-making during 12 – 18 months. Once normalized, however, the profit margins for these operations should be considerably higher than within tender operations. During 2H’2022, we plan to open three new large own management units in Finland and one in Sweden.

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

Integration services





Following the outbreak of the war in Ukraine, Accommodation Services in Norway opened 40 acute refugee centers with capacity to house more than 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. In Q2’22, together with high activity in Germany and within Interpretation Services, we saw the full quarter effect of this major upscaling, with dramatically increased revenues of NOK 596 million and adj. EBITA of NOK 70 million.

Although 17 of these centers are closed as of mid-August, which was in line with our expectations, we expect activity to remain on a high level the coming quarters. Profitability is expected to remain robust, despite the closing of acute centers, as Hero has developed a resilient cost base since the last wave of immigrants in 2015-2016. Lease contracts designed to better match UDI payments, flexible operating costs such as personnel expenses, and a conservative approach to costs associated with closing of units are amongst the factors that underpins the resilient cost base.

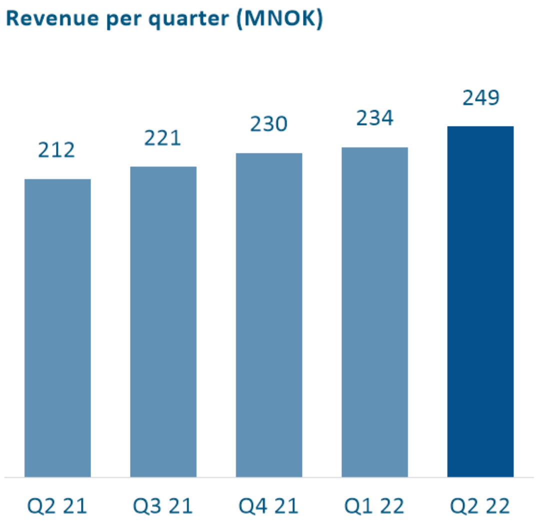
In addition to the remaining 23 acute refugee centers, we operate 6 ordinary reception centers in Norway, that are generating satisfactory profits. We expect increased activity within ordinary reception centers in 2022 as there are several tenders ongoing and upcoming. These centers are meant to replace the *acute* accommodation centers.

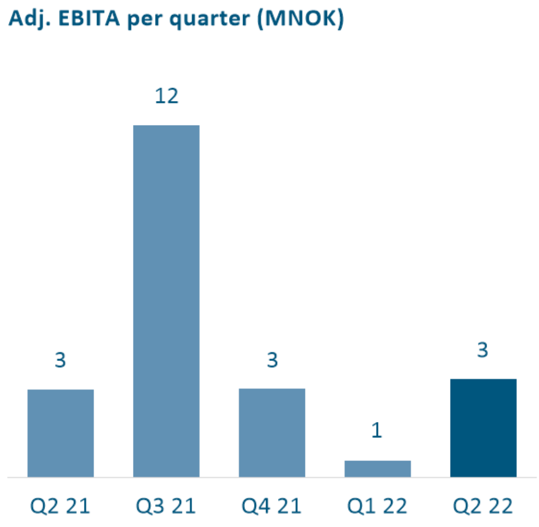
In Germany, we now operate 5 reception centers with significantly increased occupancy due to the acute situation and special agreements with the immigration authorities. Although we now have the necessary volume to deliver profitability in Germany, still more scale is needed in order to generate a meaningful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

In addition to Accommodation Services in Norway and Germany, Hero also operates within interpretation in Norway and Sweden. After a comprehensive re-organization of the Interpretation Service segment during recent years, the operations are now solid, both in terms of growth and profitability. In Q2’22, the segment delivered YoY revenue growth of 72% and all-time high profitability, making this the seventh consecutive profitable quarter. Year-to-date, Interpretation Services generated adj. EBITDA in line with the full year profitability in 2021, and we expect the segment to continue the positive development.

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

Individual & family





Aberia generated revenues of NOK 249 million in Q2’22, up 18% year on year, driven by the Norwegian operations. Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and delivered a revenue growth of 16% QoQ.

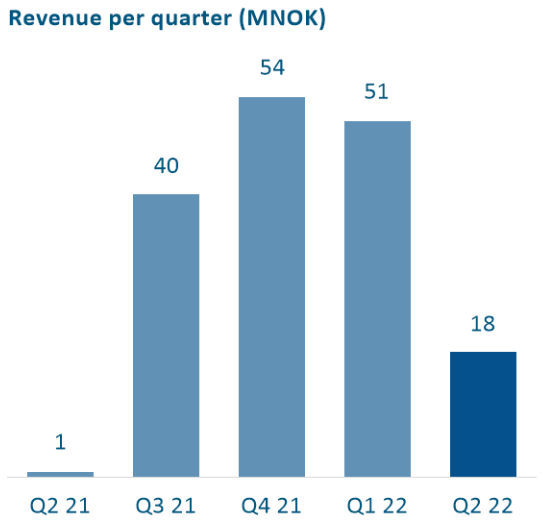
Aberia recorded an adj. EBITDA of NOK 4 million and an adj. EBITA of NOK 3 million for the quarter. Adj. EBITA is in line with Q2’21, despite increased electricity costs, high sick leave, and start-up costs on new units.

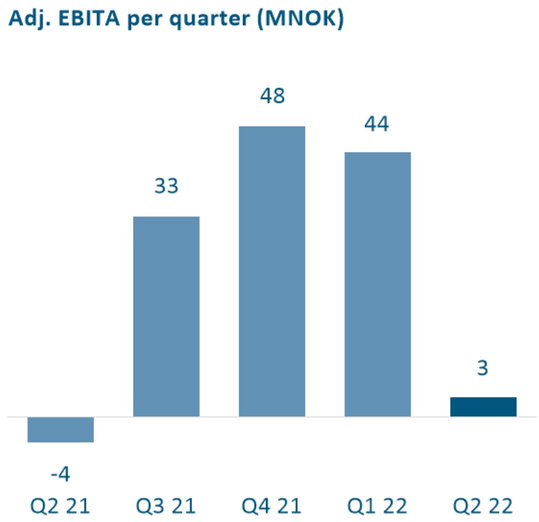
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 900 million. This has been achieved through investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified,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

Child Care and Respite Care services, along with Family Homes and Personal Assistance, represent the core operations in Norway. Combined, these operations are generating decent profitability. Aurora Omsorg recorded another quarter with positive profitability, the fifth consecutive profitable quarter, and we expect Aurora to continue the positive development going forward. Our Personal Assistance operations in Sweden delivered a slightly improved profitability compared to Q2’21, but is still generating losses following an on-going internal re-organization. We expect our Swedish operations to recover to healthy profitability levels in late 2022.

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

Real Estate





The Real Estate segment recorded revenues of NOK 18 million in Q2’22, with an adjusted EBITA of NOK 3 million, reflecting rental income from Accommodation Services.

We built and acquired several properties in 2021. Some of these were sold in Q1’22, while no transactions were recorded during Q2’22 and the remaining properties will be kept for the time being. In addition, we are engaged in several longer-lead time projects, intended to strengthen our operations and build a pipeline for future divestments.

During the quarter we signed an LOI on multiple real estate transactions with a total sales volume of more than NOK 200 million to be carried out in 2H’22, 2023 and 2024.

In Q2’22, NHC acquired 50% of Omtanke, a Norwegian company developing senior- and care residential homes. Omtanke has several ongoing projects in pipeline and under construction, of which some finalized or close to completion. This acquisition underlines NHC’s ambition within property development and will support the value creation within the Real Estate division, going forward.

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

OUTLOOK AND MAIN RISK FACTORS

The tragedy of the war in Ukraine continue to unfold at the point of this writing. There is great uncertainty about how this situation will develop. What seems clear is that the ripple effects are and will be profound. Significantly, we see this in the energy situation and the energy prices in the markets where we operate. As described in the above section on our Integration services segment, Hero, as Norway's largest operator of immigration and refugee centers, has been central in the Government's efforts to provide accommodation for Ukrainian refugees. As of early August, the government has procured a little over 15.000 emergency places for refugees. Some of these will be terminated in the near future. We expect a gradual reduction this fall in the number of places procured. However, we already now see a general 2023 activity level within Hero to remain much above recent years record low activity levels.

High inflation in all the countries we operate impacts 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 the majority of our agreements does not take the currently increased cost level into account. We do, however, regard the weakened profitability in some segments as temporary, considering that most of the cost increases experienced in 2022 will be reflected in future agreements through renegotiations or index clauses.

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

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

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

After some very demanding years, Hero is again a profitable division of NHC. This is an important milestone in the work to downsize and reorganize after the market peak in 2016. Still, our Norwegian reception centers ready and able to rapidly respond market shocks, like the one we are currently witnessing. We have retained system values throughout the reorganization and have a significant market share. In all our markets we will continue to be proactive and adapt to continuous changes.

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM)

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

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

STATEMENT FROM THE BOARD OF DIRECTORS

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

Oslo, 25 August 2022

Board of Directors of Norlandia Health & Care Group AS

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

Yngvar Tov Herbjørnssønn
CEO

For more information:
Roger Larsen
CFO
roger.larsen@norlandia.com

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

Ticker codes:

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

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

The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q2 22	YTD 22	Q2 21	YTD 21	FY 21
Operating revenue and income						
Revenue		2 240,6	3 902,8	1 474,0	2 882,2	5 933,8
Other income		1,4	26,5	3,5	8,6	41,8
Total operating revenue and income	3	**2 242,0**	**3 929,3**	**1 477,5**	**2 890,8**	**5 975,6**
Operating expenses						
Cost of goods sold		109,6	159,2	42,7	82,1	175,1
Personnel expenses		1 298,8	2 415,4	1 085,3	2 115,9	4 303,1
Other operating expenses	9	552,0	786,7	173,9	324,1	704,6
EBITDA		**281,6**	**568,0**	**175,6**	**368,7**	**792,7**
Depreciation	9	135,7	269,4	120,8	240,2	509,9
EBITA	3	**145,9**	**298,6**	**54,7**	**128,5**	**282,7**
Amortisation	4	9,0	18,8	10,1	20,2	44,3
EBIT		**136,9**	**279,9**	**44,7**	**108,3**	**238,5**
Finance						
Net finance	5, 9	-69,8	-123,7	-93,0	-82,6	-189,0
Share of post-tax profits of associates		-	-	-6,0	-6,9	-1,2
Profit before income tax		**67,1**	**156,2**	**-54,3**	**18,8**	**48,2**
Income tax	6	-19,5	-14,8	1,3	3,6	-4,5
Profit for the period		**47,6**	**141,4**	**-53,0**	**22,5**	**43,7**

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q2 22	YTD 22	Q2 21	YTD 21	FY21
Other comprehensive income						
Profit for the period		47,6	141,4	-53,0	22,5	43,7
Changes in pension liabilities		-	-	-	-	5,8
Deferred tax related to these items		-	-	-	-	-1,3
Changes in other items net of tax		-	-	-	-	-
Total items not reclassified		**47,6**	**141,4**	**-53,0**	**22,5**	**48,2**
Currency translation differences		-13,1	0,0	9,6	-17,8	-27,1
Items that will be reclassified		-	-	-		-
Other comprehensive income, net of tax		**-13,1**	**0,0**	**9,6**	**-17,8**	**-22,6**
Total comprehensive income for the period		**34,5**	**141,4**	**-43,4**	**4,7**	**21,1**
Attributable to						
Equity holders of the parent company		34,1	143,0	-41,8	6,7	25,5
Non-controlling interest		0,4	-1,6	-1,5	-2,0	-4,5
Total comprehensive income for the period		**34,5**	**141,4**	**-43,3**	**4,7**	**21,1**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	30.6.2022	30.6.2021	31.12.2021
Non-current assets				
Deferred tax assets		98,0	115,4	120,8
Goodwill	7	1 959,4	1 750,8	1 906,2
Intangible assets	7	545,5	575,4	563,5
Property, plant & equipment		692,6	560,0	669,7
Right-of-use assets		4 375,0	3 673,3	4 180,1
Investment in associated companies		47,0	25,8	31,1
Other investments		20,3	12,0	12,2
Other long term receivables		49,4	44,9	41,6
Total non-current assets		**7 787,1**	**6 757,6**	**7 525,2**
Current assets				
Inventories		5,8	5,7	8,1
Accounts receivables		461,8	256,7	284,4
Other short-term receivables		239,8	237,0	198,6
Cash and cash equivalents		478,7	282,8	301,2
Total current assets		**1 186,1**	**782,2**	**792,4**
Total assets		**8 973,2**	**7 539,8**	**8 317,6**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	30.6.2022	30.6.2021	31.12.2021
Equity				
Share capital		312,0	312,0	312,0
Other equity		293,8	130,1	149,0
Equity attributable to owners of the parent		**605,8**	**442,1**	**461,0**
Non-controlling interest		0,2	13,5	11,0
Total equity		**606,0**	**455,6**	**472,0**
Liabilities				
Pension liabilities		40,0	117,2	101,4
Deferred tax liability		138,6	148,0	148,5
Loans and borrowings	8	2 116,6	1 879,9	2 124,4
Lease liability		4 269,6	3 516,7	4 050,0
Other non-current liabilities		31,6	2,8	3,0
Total non-current liabilities		**6 596,4**	**5 664,7**	**6 427,3**
Accounts payable		259,4	106,2	129,5
Loans and borrowings	8	24,7	64,4	51,0
Lease liability		434,0	379,0	416,8
Taxes payable		7,1	8,0	20,4
Other current liabilities		1 045,7	861,9	800,5
Total current liabilities		**1 770,7**	**1 419,5**	**1 418,3**
Total liabilities		**8 367,2**	**7 084,2**	**7 845,6**
Total equity and liabilities		**8 973,2**	**7 539,8**	**8 317,6**

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q2 22	YTD 22	Q2 21	YTD 21	FY 21
Cash flow from operating activities						
EBITDA		281,6	568,0	175,6	368,7	792,7
Net taxes paid and other EBITDA cash adjustments		-3,2	-103,2	-3,6	-18,7	-47,5
Change in net working capital		160,8	182,9	57,9	5,8	-137,8
Net cash flow from operating activities		**439,1**	**647,6**	**229,9**	**355,8**	**607,4**
Cash flow from investing activities						
Net investment in property, plant and equipment		-29,5	-54,5	-42,0	-72,6	-136,5
Investment in shares in business		-28,1	-74,7	-17,6	-30,5	-126,1
Proceeds from sale of assets		-0,0	131,7	-	31,9	308,6
Net change in financial receivables		3,7	-7,9	-2,9	-3,6	-3,4
Net cash flow from investing activities		**-54,1**	**-5,6**	**-62,4**	**-74,7**	**42,6**
Cash flow from financing activities						
Net change in interest-bearing debt		-1,3	-88,2	31,0	17,4	11,7
Lease liability - amortisation		-109,5	-229,2	-96,9	-195,4	-414,7
Payment to non-controlling interest		-7,4	-7,4	-2,2	-2,2	-2,2
Net interest paid and other financial items		-67,4	-134,8	-51,8	-103,4	-225,9
Distributions to owners		-	-		-	-
Net cash flow from financing activities		**-185,6**	**-459,6**	**-119,8**	**-283,5**	**-631,1**
Changes in cash and cash equivalents						
Net change in cash and cash equivalents		199,4	182,4	47,7	-2,4	18,8
Effects of changes in exchange rates on cash		-3,3	-4,8	-11,5	-0,1	-3,0
Cash and cash equivalents at the beginning of period		282,7	301,2	246,6	285,4	285,4
Cash and cash equivalents at end of period		**478,7**	**478,7**	**282,8**	**282,8**	**301,2**

Consolidated Statement of Changes in Equity (unaudited)

(All figures in NOK million)

	Notes	Share capital	Share premium	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Balance as of 31-December-20		300,0	-	-69,0	42,4	273,3	17,7	291,0
Profit		-	-	47,0	-	47,0	-3,3	43,7
Other comprehensive Income		-	-	4,5	-26,0	-21,5	-1,1	-22,6
Total comprehensive Income		**-**	**-**	**51,5**	**-26,0**	**25,6**	**-4,5**	**21,1**
Capital increase		12,0	167,8	-17,7	-	-	-	-
Increased non-controlling interest from business combination		-	-	-	-	-	-	-
Distribution to non-controlling interest		-	-	-	-	-	-2,2	-2,2
Distribution to owners		-	-	-	-	-	-	-
Acquisition of shares from non-controlling interest		-	-	-	-	-	-	-
Total contributions and distributions		12,0	167,8	-17,7	-	162,1	-2,2	159,9
Balance as of 31-December-21		312,0	167,8	-35,2	16,4	461,0	11,0	472,0
Profit		-	-	144,5	-	144,5	-3,2	141,4
Other comprehensive Income		-	-	-	0,2	0,2	-0,2	0,0
Total comprehensive Income		**-**	**-**	**144,5**	**0,2**	**144,7**	**-3,3**	**141,4**
Contributions by and distributions to owners								
Capital increase		-	-	-	-	-	-	-
Distribution to owners		-	-	-	-	-	-	-
Non-controlling interest acquired from business combination		-	-	-	-	-	-	-
Distribution to non-controlling interest		-	-	-	-	-	-0,2	-0,2
Acquisition of shares from non-controlling interest		-	-	0,1	-	0,1	-7,3	-7,1
Total contributions and distributions		**-**	**-**	**0,1**	**-**	**0,1**	**-7,5**	**-7,4**
Balance as of 31-December-22		**312,0**	**167,8**	**109,5**	**16,6**	**605,8**	**0,2**	**606,0**

Oslo, 25 August 2022

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

Notes to the consolidated statements

1. GENERAL

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

2. BASIS FOR PREPARATION

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

3. REVENUE, EBITDA, EBITA AND EBIT BY SEGMENT

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

NOK million	Q2 22	Q1 22	2022 YTD	Q2 21	Q1 21	2021 YTD	2021
Revenue & Income by segment							
Preschools	956,8	898,7	1 855,5	788,7	731,7	1 520,4	3 125,2
Care	439,1	413,2	852,3	423,0	413,6	836,6	1 714,7
Integration services	595,6	117,1	712,8	54,2	61,8	116,1	237,5
Individual & Family	249,2	234,2	483,4	212,0	201,8	413,9	864,7
Real Estate	17,7	50,6	68,3	0,8	10,3	11,1	105,3
Other/Elim./IFRS 16 adj	-16,5	-26,4	-43,0	-1,2	-6,1	-7,3	-71,9
Total	**2 242,0**	**1 687,3**	**3 929,3**	**1 477,5**	**1 413,2**	**2 890,7**	**5 975,5**

NOK million	Q2 22	Q1 22	2022 YTD	Q2 21	Q1 21	2021 YTD	2021
EBITDA by segment							
Preschools	65,9	111,9	177,8	68,6	65,6	134,2	220,4
Care	-10,5	-5,4	-15,9	-17,3	-9,1	-26,4	-13,7
Integration services	70,7	7,3	78,1	4,7	5,6	10,3	17,8
Individual & Family	4,4	1,6	5,9	3,8	5,4	9,2	25,7
Real Estate	3,3	44,0	47,3	-4,1	6,8	2,8	85,0
Other/Elim./IFRS 16 adj	147,8	127,0	274,8	119,7	118,8	238,5	457,9
Total	**281,6**	**286,4**	**568,0**	**175,6**	**193,1**	**368,7**	**793,2**

NOK million	Q2 22	Q1 22	2022 YTD	Q2 21	Q1 21	2021 YTD	2021
EBITA by segment							
Preschools	53,3	100,2	153,5	58,3	58,5	116,8	178,8
Care	-11,9	-6,7	-18,6	-18,9	-10,8	-29,8	-20,5
Integration services	69,6	6,2	75,8	3,4	3,9	7,3	12,2
Individual & Family	3,3	0,6	3,8	2,9	4,5	7,4	22,0
Real Estate	3,3	43,9	47,2	-4,2	6,8	2,6	84,1
Other/Elim./IFRS 16 adj	28,3	8,6	36,9	13,3	11,0	24,2	7,4
Total	**145,9**	**152,7**	**298,6**	**54,7**	**73,8**	**128,5**	**284,0**

NOK million	Q2 22	Q1 22	2022 YTD	Q2 21	Q1 21	2021 YTD	2021
EBIT by segment							
Preschools	47,1	93,9	141,0	53,6	53,8	107,5	157,8
Care	-12,7	-8,3	-21,0	-22,2	-14,4	-36,6	-34,2
Integration services	69,6	6,2	75,8	3,3	3,8	7,2	12,0
Individual & Family	2,6	-0,0	2,6	2,3	3,8	6,1	17,7
Real Estate	3,3	43,9	47,2	-4,2	6,8	2,6	84,1
Other/Elim./IFRS 16 adj	27,1	7,3	34,4	12,0	9,7	21,7	2,3
Total	**136,9**	**142,9**	**279,9**	**44,7**	**63,6**	**108,3**	**239,8**

NOK million	2022 YTD	2021
Revenues by geography		
Norway	2 263,0	2 780,8
Sweden	1 112,8	2 180,6
International	525,6	978,8
Other/Elimination	1,5	-6,5
Total revenues by geography	**3 902,8**	**5 933,8**

2022 YTD	Preschools	Care	Integration services	Individual & Family	Other / Eliminations
Norway	51%	24%	97%	87%	0%
Sweden	24%	71%	1%	13%	0%
International	25%	5%	2%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
Total revenues by geography	**100%**	**100%**	**100%**	**100%**	**100%**

2021	Preschools	Care	Integration services	Individual & Family	Other / 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%**

4. AMORTIZATION

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

5. NET FINANCE

The finance income and loss is presented as a net amount as Net Finance in the profit and loss statement whereas the split is shown in the table below. The Non-realized currency effect mainly relates to the bond issued in SEK, and has a direct impact on the P&L. As the Group has net investments in SEK, this P&L effect is partially offset by a corresponding opposite effect through Currency translation differences in the Statement of Comprehensive income.

NOK million	Q2 22	Q1 22	2022	Q2 21	Q1 21	2021
Net Finance						
Interest income	0,5	0,4	0,8	0,3	0,3	1,9
Interest expenses borrowings	-32,9	-32,6	-65,5	-23,8	-23,1	-106,7
Interest expenses lease liability	-35,0	-35,1	-70,1	-28,3	-28,8	-121,1
Non-realized currency effects	-2,7	17,0	14,4	-35,5	65,0	45,6
Other finance income	0,0	0,2	0,2	0,0	-	-0,4
Other finance expenses	0,2	-3,7	-3,5	-5,6	-3,1	-8,4
Total	**-69,8**	**-53,9**	**-123,7**	**-93,0**	**10,4**	**-189,0**

6. TAX CALCULATIONS

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

7. INTANGIBLE ASSETS AND GOODWILL

This primarily relates to goodwill, excess value on customer contracts and trademark, generated through the various acquisitions within the Group.

8. LONG TERM LOANS IN THE GROUP

The long term debt financing for the Group is made up of bond loans and property debt. In May 2021, the Group successfully placed a senior secured sustainability-linked bond due in May 2025. The bond consists of a NOK and SEK tranche with a total amount of NOK 1,700 million. The new bond loan has a minimum liquidity covenant, of NOK 100 million.

Bond Loans	Maturity	Currency	Amount (million)
Norlandia Health & Care Group AS	5/2025	NOK	950
Norlandia Health & Care Group AS	5/2025	SEK	750

Other long term debt	Amount (million)
RCF	105.8
Other debt within ringfence structure	8.8
Property debt outside ringfence structure	347.2

9. IFRS 16 - LEASING

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

(All figures in NOK million)	Q2 22	IFRS 16	Q2 22 - Adjusted	YTD 22	IFRS 16	YTD 22 - Adjusted
Operating income						
Revenue	2 240,6		2 240,6	3 902,8		3 902,8
Other operating income	1,4	-	1,4	26,5	25,1	51,7
Total operating revenue and income	**2 242,0**	**-**	**2 242,0**	**3 929,3**	**25,1**	**3 954,5**
	-			-		
Operating expenses	-			-		
Cost of goods sold	109,6		109,6	159,2		159,2
Personnel expenses	1 298,8		1 298,8	2 415,4		2 415,4
Other operating expenses	552,0	144,5	696,5	786,7	299,3	1 086,0
EBITDA	**281,6**	**-144,5**	**137,1**	**568,0**	**-274,2**	**293,8**
	-			-		
Depreciation	135,7	-119,2	16,5	269,4	-237,3	32,1
EBITA	**145,9**	**-25,3**	**120,6**	**298,6**	**-36,9**	**261,8**
	-			-		
Amortisation	9,0		9,0	18,8		18,8
EBIT	**136,9**	**-25,3**	**111,7**	**279,9**	**-36,9**	**243,0**
	-			-		
Finance	-			-		
Net finance	-69,8	35,0	-34,9	-123,7	70,1	-53,6
Share of post-tax profits of associates	-	-	-	-	-	-
Profit before income tax	**67,1**	**9,7**	**76,8**	**156,2**	**33,2**	**189,4**

10. EVENTS AFTER BALANCE SHEET DATE

On 25 August 2022, the Group conducted an incurrence test in accordance with the bond agreement. The test was considered satisfied and a compliance certificate was sent to Nordic Trustee. The incurrence test was done prior to declaring a group contribution of NOK 20 million.

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q2 22	YTD 22	Q2 21	FY 21
Operating income					
Revenue		1 890	3 256	557	2 227
Total operating revenue		**1 890**	**3 256**	**557**	**2 227**
Operating expenses					
Costs of goods sold		-	-	-	-
Personnel expenses		-472	-1 023	-1 217	-3 006
Other operating expenses		-1 240	-2 616	-1 661	-8 523
EBITDA		**178**	**-382**	**-2 321**	**-9 302**
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit (EBIT)		**178**	**-382**	**-2 321**	**-9 302**
Finance					
Net Finance	1	-41 819	-31 363	-66 657	185 840
Profit before income tax		**-41 641**	**-31 746**	**-68 978**	**176 537**
Income tax		-	-	-	-21 202
Profit for the period		**-41 641**	**-31 746**	**-68 978**	**155 335**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	30.6.2022	30.6.2021	31.12.2021
Non-current assets				
Deferred tax assets		-	21 202	-
Shares in subsidiaries/associates		1 656 454	1 656 454	1 656 454
Loans to group companies		567 201	761 703	745 552
Total non-current assets		**2 223 655**	**2 439 360**	**2 402 006**
Current assets				
Other short-term receivables		216 826	0	190 783
Cash and cash equivalents		44 328	-	45 720
Total current assets		**261 154**	**0**	**236 503**
Total assets		**2 484 809**	**2 439 360**	**2 638 508**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	30.6.2022	30.6.2021	31.12.2021
Equity				
Share capital		312 000	312 000	312 000
Other paid-in capital		167 784	167 784	167 784
Retained earnings		192 087	69 364	223 833
Total equity		**671 871**	**549 148**	**703 617**
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Long term interest bearing debt	1	105 841	55 729	104 904
Bond loans	1	1 654 790	1 682 951	1 659 207
Total non-current liabilities		**1 760 631**	**1 738 680**	**1 764 110**
Current liabilities				
Accounts payable		-	374	946
Other current liabilities		28 165	99 590	169 835
Total current liabilities		**52 307**	**151 532**	**170 781**
Total liabilities		**1 812 938**	**1 890 212**	**1 934 891**
Total equity and liabilities		**2 484 809**	**2 439 360**	**2 638 508**

Notes

1. FINANCE COSTS

Finance Costs in Q2’22 includes NOK 29.0 million in interest expense related to the bond loan. Net currency movement for the period was NOK -22.2 million for the quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

HERO GROUP AS
www.hero.no

KIDSA DRIFT AS
www.kidsabarnehager.no

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