NHC Group

Report Q1 23

CONTENT

KEY FIGURES	**3**
Q1 23 HIGHLIGHTS	**3**
NORLANDA HEALTH & CARE GROUP AS	**5**
FINANCIALS	**6**
GROUP FINANCIAL STATEMENT	**16**
FINANCIAL STATEMENT FOR THE PARENT COMPANY	**26**
GROUP WEB PAGES	**29**

Key figures

NHC Group

Unaudited, in NOK million	Q1 23	Q1 22	Q4 22	Q4 21	FY 22
Revenues & income	2 484,4	1 687,3	2 003,5	1 639,9	7 966,4
EBITDA	321,5	286,4	241,4	219,4	1 111,4
EBITDA (%)	12,9 %	17,0 %	12,1 %	13,4 %	14,0 %
EBITA	123,2	152,7	65,3	67,8	515,6
EBITA (%)	5,0 %	9,1 %	3,3 %	4,1 %	6,5 %
EBIT	115,4	142,9	53,5	57,0	476,6
EBIT (%)	4,6 %	8,5 %	2,7 %	3,5 %	6,0 %
EBT	(2,7)	89,1	(15,5)	10,5	204,8
EBT (%)	-0,1 %	5,3 %	-0,8 %	0,6 %	2,6 %
EBITDA - adjusted for IFRS 16	112,8	156,7	66,9	95,8	500,6
EBITA - adjusted for IFRS 16	91,8	141,1	46,0	75,7	431,4

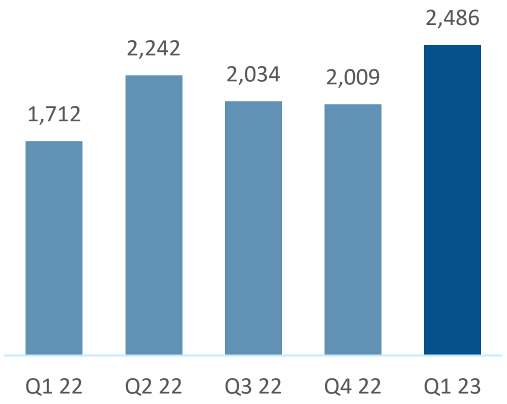
Figures are reported including effects from IFRS 16. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

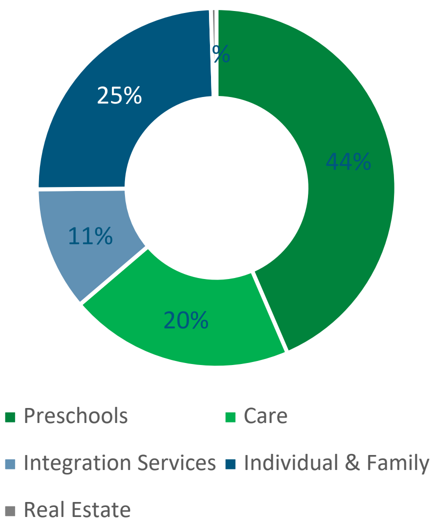
Q1 23 Highlights

- Q1 2023 revenues of NOK 2,484.4 million, a growth of 47.2% YoY, mainly explained by the acquisition of Frösunda Group from February 2023 and growth within Integration Services
- Q1 2023 EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 112.8 million, and adj. EBITA of NOK 91.8 million
- Preschools delivered improved underlying profitability YoY with an adj. EBITDA of NOK 63.1 million
- Care, including Frösunda Elderly Care from February 2023, generated an adj. EBITDA of NOK -21.6 million, heavily impacted by cost inflation, high sick leave, and costs related to start-up of 4 new large units (~400 places) during Q4 2022 and Q1 2023
- Integration Services delivered an adj. EBITDA of NOK 42.5 million following continued high activity within both Accommodation Services and Interpretation Services
- Individual & Family, including Frösunda Personal Assistance and Frösunda Disability from February 2023, generated an adj. EBITDA of NOK 31.3 million
- All operations, in line with the overall market, experience a negative impact from staff shortage and general cost inflation that are not fully accounted for in the current price level
- During the quarter, NHC Group successfully placed a senior secured subsequent bond issue of equivalent to NOK 522 million under the company's existing senior secured bond framework. The net proceeds from the subsequent bond issue were utilized to partly finance the acquisition of 100 % of Frösunda Omsorg AB ("Frösunda") including its parent company Brado AB. As part of the transaction the owners contributed by increasing the equity in NHC by NOK 388.5 million as equity in kind
- Following the acquisition and the integration to follow, NHC emerges as a stronger and further diversified group

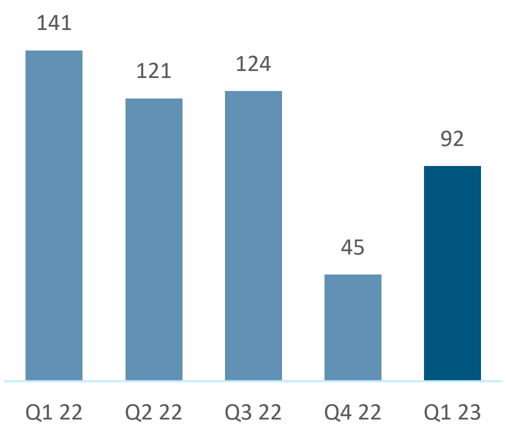
ADJ. REVENUE PER QUARTER (MNOK)



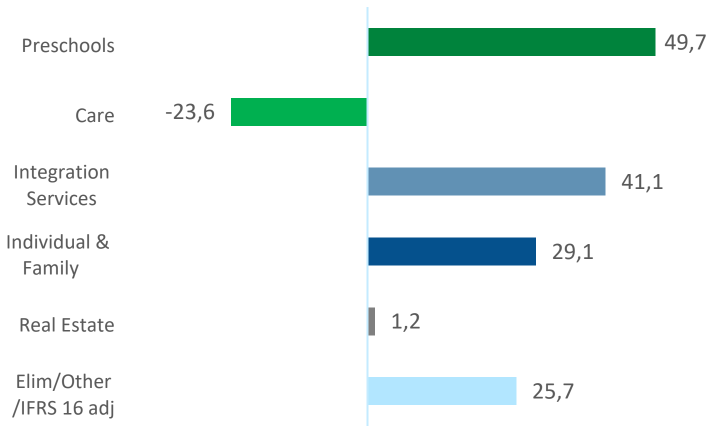
SEGMENT DISTRIBUTION Q1 23 (%)



ADJ. EBITA PER QUARTER (MNOK)

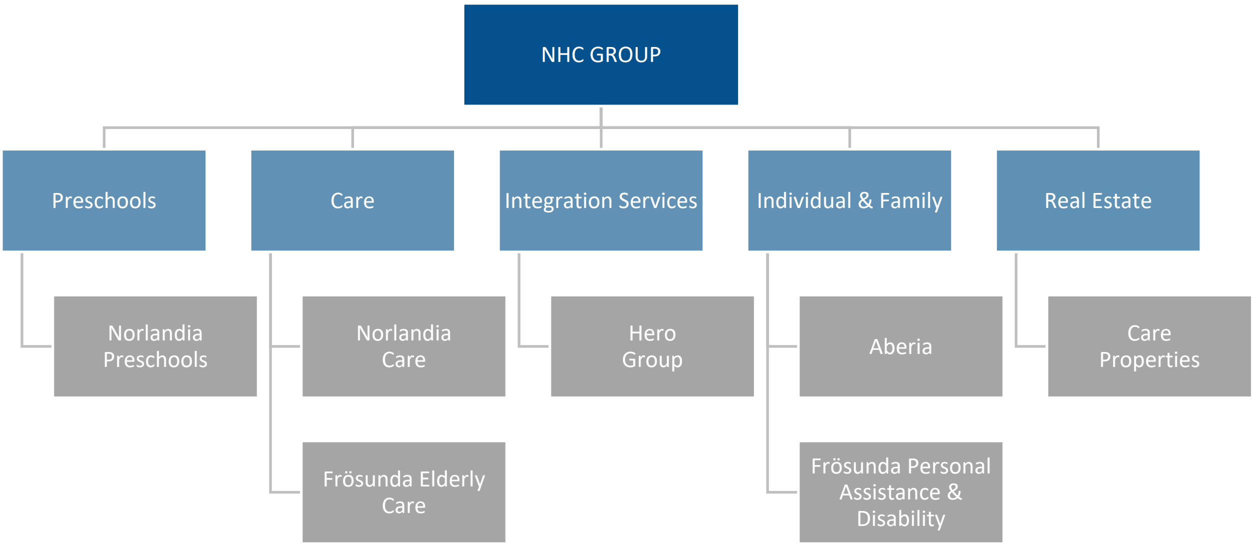


EBITA DISTRIBUTION Q1 23 (MNOK)



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 2022 Annual Report and the respective subsidiaries' web pages.



Financials

CONSOLIDATED INCOME STATEMENT AND CASH FLOWS

The Group reported consolidated revenues and income of NOK 2 484,4 million in Q1 23, a 47,2 % increase YoY, mainly explained by the acquisition of Frösunda Group from February 2023 and growth within Integration Services, as well as strong organic development in both Preschools and Individual and Family. EBITA for the quarter amounted to NOK 123,2 million, down from NOK 152,7 million in Q1 22, mainly explained by the Care segment which is heavily impacted by cost inflation, high sick leave and costs related to start-up of 4 new large units. In addition, Preschool reported a pension effect of NOK 60 million I Q1 22.

Net financial items amounted to NOK -118,1 million for Q1 23, reflecting interest expenses of NOK 59.3 million on borrowings, interest related to capitalized leasing of NOK 48.5 million, interest income of NOK 0.9 million, and net unrealized currency losses of NOK 11.5 million.

Profit/(loss) before taxes amounted to NOK -2,7 million for Q1 23, down from a profit of NOK 89,1 million one year prior. Adjusted for IFRS 16 effects, profit before taxes came in at NOK 14.4 million for the quarter, down from NOK 112.6 million in Q1 22.

Thus, the net effect of IFRS 16 amounted to NOK 17.1 million for Q1 23, reflecting depreciation charges of NOK 177.3 million and finance charges of 48.5 million. This was offset by reduced leasing expenses of NOK 209.9 million. See note 9 for more details.

Net cash inflow from operating activities in Q1 23 was NOK 367,2 compared to an inflow of NOK 208.6 million in the same quarter last year, mainly driven by stronger underlying performance and positive movement in working capital of NOK 69,9 million.

Net cash flow from investing activities resulted in an inflow of NOK 74,4 million in Q1 23, compared to an inflow of NOK 48.5 million in Q1 22, mainly explained by the net consideration from acquiring Frösunda being positive, as the owners contributed by equity in kind. Net investment in property, plant and equipment mainly reflected investments related to property development projects, and maintenance capital expenditures of NOK 28.5 million.

Net cash outflow from financing activities amounted to NOK -235,3 million in Q1 23, compared to an outflow of NOK 273,9 million in Q1 22. The outflow this quarter is mainly explained by lease payments of NOK -161,4 million, and cash interest expenses, including lease liability related interest expenses, of NOK -143,2 million.

The Group generated total cash flows of NOK 206,3 million for Q1 23.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PER 31 MARCH 2023

As of 31 March 2023, the Group had total non-current assets of NOK 11 235,0 million, an increase of NOK 2 545.9 million from year-end 2022. The increase is mainly explained by new leasing contracts resulting in higher right-of-use assets which was NOK 6 427,0 million as of 31 March 2023 compared to NOK 5 171.8million at year-end 2022. Most of these lease contracts were recognized as part of the acquisition of Brado Group. In addition, NHC Group saw an increase in goodwill at NOK 1 255.1 million, most of which resulted from the acquisition of Brado Group which were carried over at the carrying amounts from Brado Group at the acquisition date.

Cash and cash equivalents amounted to NOK 482,4 million on 31 March 2023, up from NOK 271,7 million on 31 December 2022. In March 2023, the Groups' long-term credit facility was repaid, and in replacement, the Group secured a short-term overdraft facility of NOK 350 million by DnB. As of 31 March 2023 NOK 325.1 million was drawn.

Total assets amounted to NOK 12 815,7 million at the end of Q1 23 compared to NOK 9 766,5 on 31 December 2022.

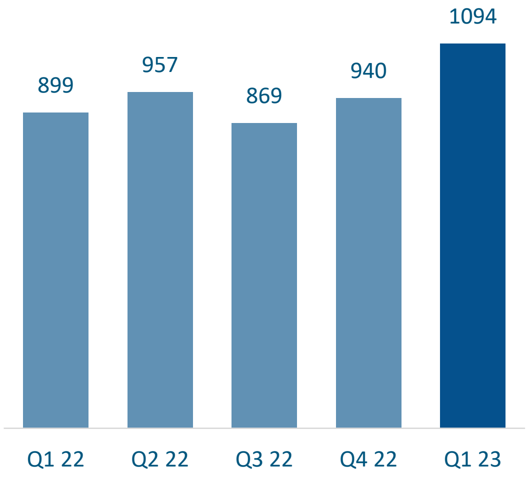
Total non-current liabilities as of 31 March 2023 amounted to NOK 9 099,8 million, including NOK 6 161,6 million classified as "Lease liabilities" under IFRS 16. Total borrowings amounted to NOK 2 581,7 million, mainly consisting of the NOK- and SEK-denominated bond loans as shown in note 8, as well as debt mainly related to Norwegian preschool properties of NOK 406.5 million. On 19 January 2023 the Group successfully placed a 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").

Per 31 March 2023 the Group's total equity amounted to NOK 998,6 million compared to NOK 601,2 million on 31 December 2022. The increase is mainly due to the acquisition of Brado Group where NOK 388.5 million of the consideration was settled as an equity in kind, following the predecessor accounting principle as described in the Basis for preparation section below.

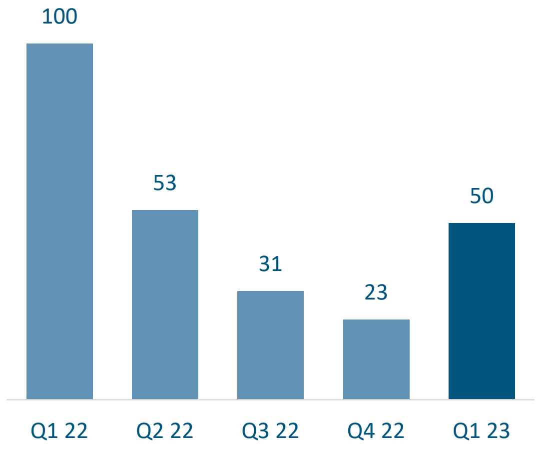
BUSINESS SEGMENTS

Preschools

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The first quarter of 2023 generated revenues of NOK 1,094 million, up from NOK 899 million in Q1 22, where the 22% YoY increase mainly reflected price adjustments in Norway, increased occupancy within the international segment, the acquisition of Kunnskapsförskolan in March 2022, and startup if 11 new preschools since August 2022.

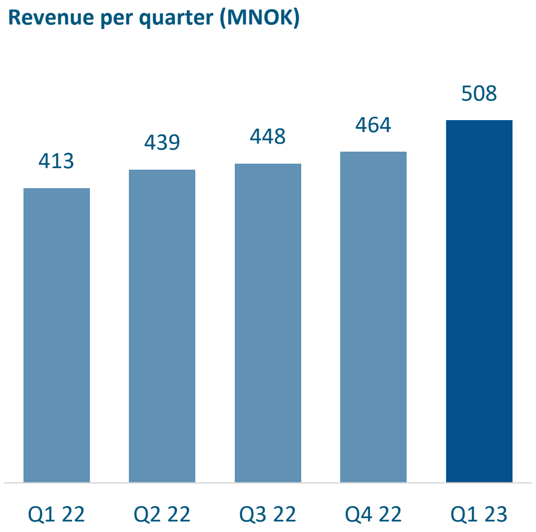
The segment reported an adj. EBITA of NOK 50 million in Q1 23, up NOK 10 million YoY when adjusting Q1 22 for a NOK 60 million positive pension effect. The Swedish operations generated material growth costs during the quarter following multiple new openings in 2022 but are progressing well and should provide a meaningful contribution once matured, normally within 12-18 months. There are also multiple other committed new openings in 2023 that will strengthen our presence in Sweden.

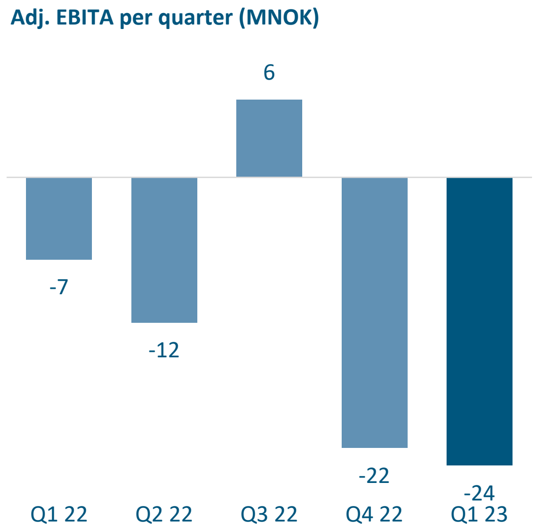
In Norway, the grant levels were extraordinarily low in 2022 as these were based on municipal costs in 2020 significantly reduced by Covid-19. In line with expectations, the grants increased materially in 2023, and are now at significantly improved levels. Still, though, not fully accounting for recent cost inflation, electricity prices, and an expected high wage settlement, as well as full equal treatment, which our already reported litigation towards Norwegian authorities is addressing. On this backdrop, income levels should continue to improve for the years ahead.

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

As of 31 March 2023, Norlandia Preschools operates 425 units. Of these, 31 units are owned 50% and operated by Wekita (Germany), which is consolidated in the Group as an associated company, and hence not reflected in the segment figures above.

Care





Including Frösunda Elderly Care from February 2023.

The Care segment reported revenues of NOK 508 million in Q1 23, up from NOK 413 million in Q1 22, explained by the Frösunda acquisition and start-up of several new own management units in Sweden and Finland in Q4 22 and Q1 23.

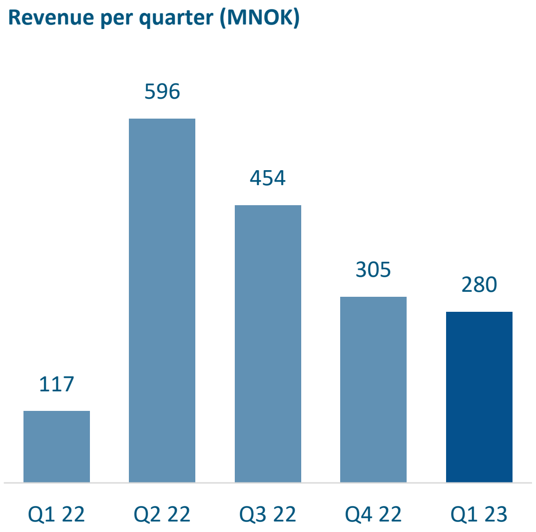
In Q1 23, the segment reported an adj. EBITA of NOK -24 million, down YoY explained by cost inflation, high sick leave, temporary costs related to sick leave and staff shortage, and material growth costs related to start-up of several new own management units the prior quarter with a total capacity of around 400 places. The overall occupancy increased YoY adjusted for recent openings, slightly offsetting the negative effects experienced. Occupancy levels are, however, still lower than before the pandemic and we are working actively with marketing and other measures to get back to the levels required to generate profits. In addition, profitability differs across sub-segments and units, and we have the option to take mitigating actions to end losses by withdrawal. As of now, though, we remain in several loss-making contracts backed by a strong expectation of future demand for these services.

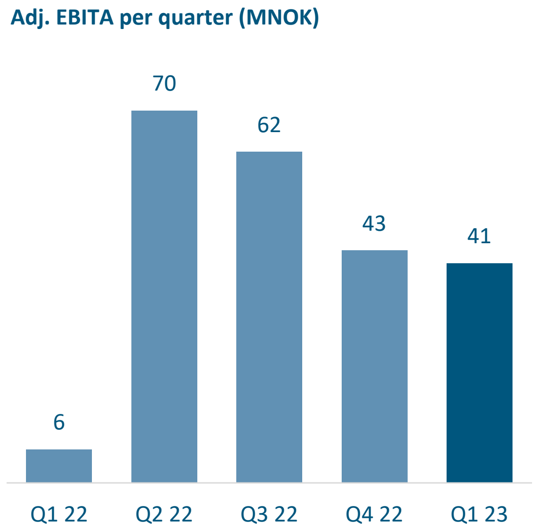
The Finnish operations are progressing well and delivered solid top-line growth, up 78 % YoY, having opened several new units in Q4 22 and Q1 23 that are steadily ramping up. One unit in Helsinki had a postponed opening till January 23, and two units in Kuopio have been somewhat negatively impacted by regulatory rearrangements from the SOTE reform. All these units have a solid demand outlook and should provide a meaningful financial contribution once matured, normally within 12-24 months.

Even though Norway is politically challenging, with limited growth potential through tender awards, we are pleased to have recently started operations at Oksenøya nursing home just outside Oslo, on an 8+1+1-year contract. The unit was opened in March 23 and has a forward-looking and innovative profile aimed at meeting future demands in terms of quality. Once fully ramped up, Oksenøya will have a capacity to house more than 150 users. We strongly believe that both the capacity and quality innovations provided by the private welfare companies will be required, in order to meet the growing demand for elderly care services. We believe this represents an upside to the Norwegian operations, although in the current political climate, we do not expect any material short-term improvement apart from Oksenøya. In the meantime, we remain focused on providing quality services, as well as new innovations and expanding our service offerings. Our operations at St. Olavs Patient Hotel ended as planned ultimo January 23 and Oppsal sykehjem, Oslo, ended as planned on 1 May 23 (after balance sheet date).

Lead times within the Care segment are long and Covid-19, cost inflation, and sick leave have pro-longed these further. The current market conditions are highly challenging, and there are ongoing and intensified negotiations with municipalities aimed at adjusting contracts to a sustainable level. Despite the substantial negative effects at present, we remain confident that the long-term fundamentals for Care are strong, with expectations for future growth and profitability through own-management contracts and new service offerings and concepts.

Integration services





Integration Services generated revenues of NOK 280 million in Q1 23, down on the recent quarters, explained by reduced activity within acute reception centers in Norway, fully in line with our expectations. In terms of EBITA-margin, the segment delivered an improvement compared to all quarters since the outbreak of the Ukrainian war, with an adj. EBITA of NOK 41 million. The continued strong financial performance is related to solid operations within both Accommodation Services and Interpretation Services.

Following the outbreak of the war in Ukraine, Accommodation Services in Norway opened more than 40 acute refugee centers with capacity to house over 10,000 refugees. A considerable share of these centers opened less than a week after UDI (The Norwegian Directorate of Immigration) first signaled the need for emergency preparedness. Through a collective effort from the whole NHC organization, Hero demonstrated an impressive ability to rapidly provide much needed support in a highly emergent situation, and we saw the full effect from this major upscaling from Q2 22 and onwards.

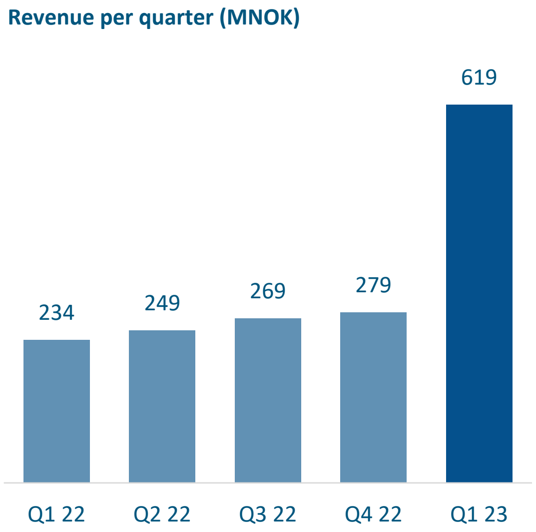
Having recently won multiple tenders, Hero currently operates 28 long-term ordinary reception centers in Norway, that over time will replace the acute and temporary capacity opened in 2022. UDI has signaled continued high activity in 2023, both from Ukraine and other countries, and estimates a total number of 40,000 refugees in 2023 which is in line with the 2022 figures. Backed by these figures and recent tender wins, we anticipate revenues in the medium and longer term to normalize at a significant higher level than prior to the war in Ukraine. Profitability is expected to remain robust as Hero has developed a resilient cost base since the last wave of immigrants in 2015-2016. Lease contracts designed to better match UDI contracts, flexible operating costs such as personnel expenses, and a conservative approach to costs associated with closing of units are amongst the factors that underpin the resilient cost base.

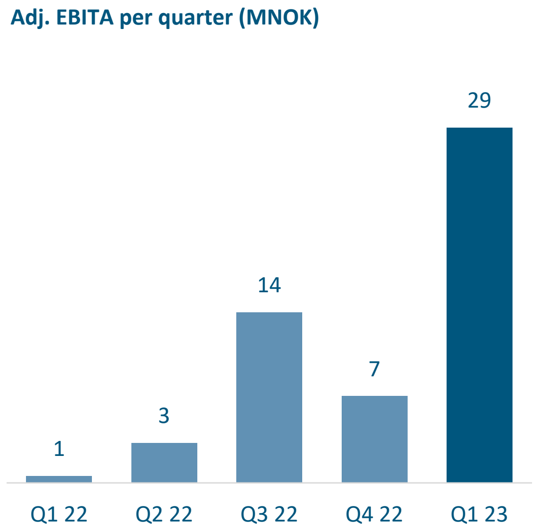
Hero now operates 7 reception centers in Germany, and we are experiencing significantly increased occupancy due to the acute situation and special agreements with the immigration authorities. Germany will continue to be the country in Europe with the highest number of refugee arrivals also in 2023, and we are actively pursuing various tender opportunities.

In addition to Accommodation Services in Norway and Germany, Hero also operates within interpretation in Norway and Sweden. After a comprehensive re-organization of the Interpretation Service segment during recent years, the operations are now solid, both in terms of growth and profitability. In Q1 23, the segment delivered YoY revenue growth of 80 % and strong profitability. We expect Interpretation Services to continue delivering a solid financial performance going forward.

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

Individual & family





Including Frösunda Personal Assistance and Frösunda Disability from February 2023.

The Individual & Family segment generated revenues of NOK 619 million in Q1 23, significantly increased compared to prior quarters following the acquisition of Frösunda and organic growth within the Norwegian operations.

The segment recorded an adj. EBITA of NOK 29 million. The core operations in Norway, Child Care and Respite Care services, delivered healthy profitability despite increased electricity costs and staff shortage related to high sick leave. Profitability within Frösunda Disability was solid, on the back of efficient operations and satisfactory occupancy levels. Frösunda Personal Assistance, however, experienced a challenging quarter as the 2023 price increase does not fully account for increased costs. This will put a downward pressure on margins as salary increase in 2023 is expected to significantly surpass the price increase.

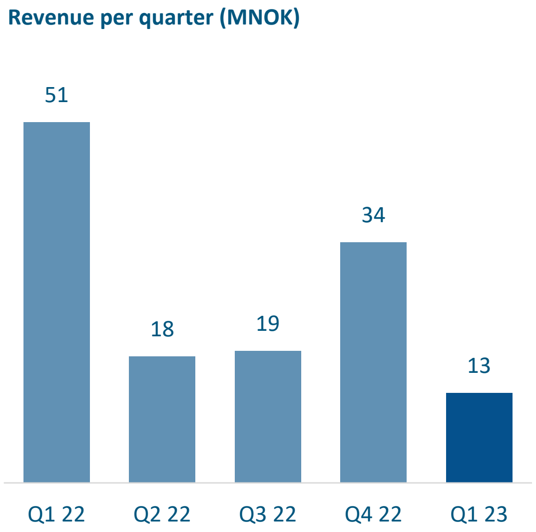
The acquisition of Frösunda in Q1 23 significantly strengthens the Individual & Family segment, increasing the annual turnover to approximately NOK 3 billion and providing more stability in terms of profitability. We regard the consolidation as a perfect fit combining highly complementary competencies across the organizations in Norway and Sweden, with unrealized synergy potential, and have great expectations for the segment going forward.

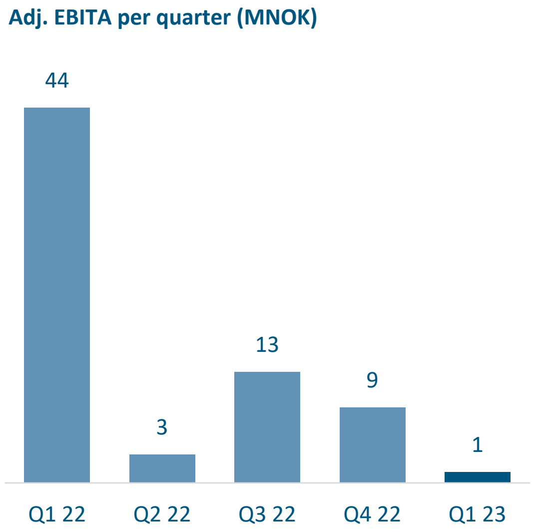
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 1,000 million. This has been achieved through investments across a wide range of concepts and services, within our core operations. Further, the segment has been through a major restructuring to stream-line operations and focus its portfolio, implying that loss-making operations have been terminated or divested. The core operations are strong on quality and reputation, profitable and growing, and the segment is clearly moving in the right direction and should be generating healthy profitability going forward.

In January 2023, the personal assistance market in Sweden experienced a shock related to Humana Assistans AB having its license to operate revoked, 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 development highly regrettable, considering the negative impact it has on many disabled people in need of security and stability in life.

Real Estate





The Real Estate segment recorded revenues of NOK 13 million in Q1 23, with an adj. EBITA of NOK 1 million, reflecting the sale of a Norwegian preschool property.

We built and acquired several properties in 2021. Some of these have been sold, while the remaining properties will be kept for the time being. In addition, we are engaged in several longer-lead time projects, intended to strengthen our operations, and build a pipeline for future divestments. Although increasing yields and interest costs impact the segment, a lot of the negative effects are mitigated as we are acquiring and selling in the same market. The LOI signed in Q2 22 on multiple transactions with a total sales volume of more than NOK 200 million, some of which closed in 2022 and the remaining to be carried out in 2023 and 2024, indicates solid profitability going forward and that NHC is regarded as a strong counterparty.

The acquisition of Frösunda in Q1 23 materially increases NHC Group’s operational footprint going forward. We expect that this will lead to more opportunities and enable further growth within the real estate segment. Both Frösunda and NHC have extensive experience within real estate and combining knowledge and experiences will lead to further synergies, especially within property development and real estate concepts. The combined group will continue to build on NHC’s strategy of utilizing real estate as a driver of competitive advantage and catalyst for operational growth.

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

OUTLOOK AND MAIN RISK FACTORS

On February 2, the Health Personnel Commission in Norway presented their report, "Time for Action. Personnel in a Sustainable Health and Care Service," to the Minister of Health and Care Services. The Commission provided a comprehensive and knowledge-based assessment of the need for professionals and competencies in health and care services up to 2040. The Commission also proposed measures to educate, recruit, and retain qualified professionals for health and care services nationwide, addressing both short and long-term challenges. The minister stated that action is needed to ensure safety for both the generations that built the welfare state and future generations. This includes employing more skilled workers, increasing full-time work, and improving collaboration between community health services and hospitals to maintain world-class sustainable health services. In NHC, we see the findings of the report as a confirmation of our view that a multitude of actors need to work innovatively to solve the challenges of society.

It is also worth noting that the government of Sweden in April launched a commission to map obstacles and opportunities to strengthen productivity in the economy. In the announcement, it was stated that good productivity growth lays the foundation for the economy to grow and real wages to increase and that ever since the financial crisis in 2008, Sweden's productivity growth has been low in a historical perspective. They specifically mention the need for productivity growth in the welfare sector. Again, we welcome the expectations expressed by the Swedish government.

Relevant to both these commissions is the explosion of interest in artificial intelligence (AI). We study developments in this field closely, and actively search for usage areas which may benefit employees or customers.

Parliamentary elections were held in Finland on April 2. The opposition did well in the election and a new government is expected to be formed. Broadly speaking, we expect the new government to have a more favourable view of private enterprise in the welfare sector.

The tragic war in Ukraine continues to unfold and there is great uncertainty about how this situation will develop. As described in the above section on our Integration services segment, Hero, as Norway’s largest operator of immigration and refugee centers, has been central in the Government’s efforts to provide accommodation for Ukrainian refugees. UDI prepares for a continued high number of refugees and estimates a total number of 40,000 refugees in 2023, which is in line with the 2022 figures. On the back of these estimates and considering that Hero has recently won multiple new ordinary long-term tenders, we anticipate Hero’s activity level to normalize at a significant higher level than prior to the war in Ukraine.

High inflation in all the countries where we operate and increasing interest rates impact the Group’s profitability. Increased salaries, electricity prices and general costs had a negative impact on 2022, and continued to do so in Q1 23, as prices are not adjusted according to the current cost level in many of our agreements. We do, however, regard the weakened profitability in some segments as temporary, considering that most of the cost increases 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.

Climate change is one of the greatest challenges of our time. NHC has taken this concern very seriously for some time and our bond, issued in Q2 21, is sustainability-linked with specific ESG commitments. We wish and expect to be judged by our stakeholders on our ability to live up to our stated expectations for ESG performance. We work to reduce our emissions, protect the environment, and empower employees and customers to make more sustainable choices in their daily lives.

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM)

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

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

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS

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

Oslo, 22 May 2023

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:

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Anders Belsvik
Finance Manager & Investor Relations
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Ticker codes:

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

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

The report is available on www.oslobors.no.

Interim condensed financial information

Consolidated Income Statement

NHC Group

Unaudited, in NOK million	Notes	Q1 23	Q1 22	FY 22
Operating revenues		2 479,7	1 662,2	7 934,1
Other income		4,7	25,1	32,3
Total	3	**2 484,4**	**1 687,3**	**7 966,4**
Direct cost of goods and services		(96,9)	(49,6)	(353,2)
Personnel expenses		(1 694,5)	(1 116,6)	(4 985,9)
Other operating expenses	9	(371,6)	(234,7)	(1 515,9)
EBITDA		**321,5**	**286,4**	**1 111,4**
Depreciation	9	(198,3)	(133,7)	(595,7)
EBITA	3	**123,2**	**152,7**	**515,6**
Amortisation	4	(7,8)	(9,8)	(39,0)
Operating profit/(loss) - EBIT		**115,4**	**142,9**	**476,6**
Net financial items	5, 9	(118,1)	(53,9)	(273,1)
Share of net income from associated companies		0,1	-	1,3
Profit/(loss) before taxes		**(2,7)**	**89,1**	**204,8**
Income taxes	6	2,6	4,7	(35,3)
Net income		**(0,0)**	**93,7**	**169,5**
Net income attributable to:				
Equity holders of the parent company		1,1	95,1	169,4
Non-controlling interests		(1,1)	(1,4)	0,1

Consolidated Statement of Comprehensive Income

NHC Group

Unaudited, in NOK million	Notes	Q1 23	Q1 22	FY22
Net income		**(0,0)**	**93,7**	**169,5**
Currency translation differences		49,6	(13,2)	(5,2)
Items that may be subsequently reclassified to P&L		**49,6**	**(13,2)**	**(5,2)**
Remeasurement of defined benefit pension plans		-	-	(10,0)
Income taxes related to these items		-	-	2,2
Items that will not be subsequently reclassified to P&L		**-**	**-**	**(7,8)**
Other comprehensive income/(loss), net of taxes		**49,6**	**(13,2)**	**(13,0)**
Total comprehensive income		**49,5**	**80,5**	**156,5**
Total comprehensive income attributable to				
Equity holders of the parent company		54,1	80,1	158,0
Non-controlling interests		(4,6)	0,4	(1,4)

Consolidated Statement of Financial Position

NHC Group

Unaudited, in NOK million	Notes	31.03.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant & equipment		838,1	792,0
Right-of-use assets		6 427,0	5 171,8
Goodwill	7	3 157,7	1 994,6
Intangible assets	7	531,3	529,7
Deferred tax assets		201,4	109,5
Investment in associated companies		33,3	25,6
Other investments		27,4	25,4
Other non-current receivables		18,9	40,5
Total non-current assets		**11 235,0**	**8 689,2**
Current assets			
Inventories		6,7	5,6
Trade receivables		668,2	417,4
Other current receivables		423,3	382,7
Cash and cash equivalents		482,4	271,7
Total current assets		**1 580,6**	**1 077,3**
Total assets		**12 815,7**	**9 766,5**
EQUITY AND LIABILITIES			
Equity			
Share capital		496,1	312,0
Other equity		506,9	288,9
Equity attributable to owners of the parent		**1 003,0**	**600,9**
Non-controlling interests		(4,4)	0,2
Total equity		**998,6**	**601,2**
Liabilities			
Pension liabilities		10,3	6,3
Borrowings	8	2 581,7	2 114,5
Lease liabilities		6 161,6	4 996,2
Deferred tax liabilities		221,2	146,4
Other non-current liabilities		125,0	31,1
Total non-current liabilities		**9 099,8**	**7 294,5**
Trade payables		205,2	191,0
Borrowings	8	346,2	71,4
Lease liabilities		694,7	531,2
Taxes payable		0,9	14,0
Other current liabilities		1 470,3	1 063,2
Total current liabilities		**2 717,2**	**1 870,8**
Total liabilities		**11 817,0**	**9 165,3**
Total equity and liabilities		**12 815,7**	**9 766,5**

Consolidated Statement of Cash Flows

NHC Group

Unaudited, in NOK million	Q1 23	Q1 22	FY 22
Cash flow from operating activities			
EBITDA	321,5	286,4	1 111,4
Net taxes paid and other EBITDA cash adjustments	(24,2)	(100,0)	(59,6)
Change in net working capital	69,9	22,1	(95,5)
Net cash flow from operating activities	**367,2**	**208,6**	**956,2**
Cash flow from investing activities			
Net investment in property, plant and equipment	(50,7)	(25,0)	(196,5)
Investment in shares in business	106,9	(46,6)	(86,4)
Proceeds from sale of assets	17,8	131,7	181,7
Net change in financial receivables	0,4	(11,6)	2,5
Net cash flow from investing activities	**74,4**	**48,5**	**(98,8)**
Cash flow from financing activities			
Net change in interest-bearing debt	225,0	(86,9)	(78,9)
Proceeds from non-current bonds	501,4	-	-
Repayment of current bond	(657,0)	-	-
Lease liability - amortisation	(161,4)	(119,7)	(491,3)
Payment to non-controlling interest	-	-	(7,3)
Net interest paid and other financial items	(143,2)	(67,4)	(285,3)
Distributions to/from owners	-	-	(20,0)
Net cash flow from financing activities	**(235,3)**	**(273,9)**	**(882,9)**
Changes in cash and cash equivalents			
Net change in cash and cash equivalents	206,3	(16,9)	(25,4)
Effects of changes in exchange rates on cash	4,4	(1,5)	(4,1)
Cash and cash equivalents at the beginning of period	271,7	301,2	301,2
Cash and cash equivalents at end of period	**482,4**	**282,8**	**271,7**

Consolidated Statement of Changes in Equity

NHC Group

2023 Unaudited, in NOK million	Attributable to equity holders of the parent Share capital	Share premium	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Equity as of 1 January 2023	**312,0**	**167,8**	**108,4**	**12,8**	**600,9**	**0,2**	**601,2**
Net income for the period	-	-	1,1	-	**1,1**	(1,1)	**(0,0)**
Other comprehensive income for the period	-	-	-	53,1	**53,1**	(3,5)	**49,6**
Total comprehensive income for the period	**-**	**-**	**1,1**	**53,1**	**54,1**	**(4,6)**	**49,5**
Contributions by and distributions to owners							
Capital increase	184,1	204,4	-	-	**388,5**	-	**388,5**
Effect of business combination under common control, predecessor accounting	-	-	(40,5)	-	**(40,5)**	-	**(40,5)**
Total contributions and distributions	184,1	204,4	(40,5)	-	**347,9**	-	**347,9**
Equity as of 31 March 2023	**496,1**	**372,2**	**68,9**	**65,9**	**1 003,0**	**(4,4)**	**998,6**

2022 Unaudited, in NOK million	Attributable to equity holders of the parent Share capital	Share premium	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Equity as of 1 January 2022	**312,0**	**167,8**	**(35,2)**	**16,4**	**461,0**	**11,0**	**472,0**
Net income for the period	-	-	169,4	-	**169,4**	0,1	**169,5**
Other comprehensive income for the period	-	-	(7,8)	(3,6)	**(11,4)**	(1,6)	**(13,0)**
Total comprehensive income for the period	**-**	**-**	**161,6**	**(3,6)**	**158,0**	**(1,4)**	**156,5**
Contributions by and distributions to owners							
Group contribution to owner	-	-	(20,0)	-	**(20,0)**	-	**(20,0)**
Distribution to non-controlling interest	-	-	-	-	**-**	(0,2)	**(0,2)**
Transactions with non-controlling interests	-	-	2,0	-	**2,0**	(9,1)	**(7,1)**
Total contributions and distributions	**-**	**-**	**(18,0)**	**-**	**(18,0)**	**(9,3)**	**(27,3)**
Equity as of 31 December 2022	**312,0**	**167,8**	**108,4**	**12,8**	**600,9**	**0,2**	**601,2**

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 2022 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 2022. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The interim financial statements are unaudited.

2.1 BUSINESS COMBINATION UNDER COMMON CONTROL

In Q1 2023 NHC Group acquired control over Frösunda Omsorg AB ("Frösunda") including its parent company Brado AB ("Brado"), which was defined as a business combination under common control.

There is currently no specific guidance on accounting for common control transactions that involve the transfer of control over one or more businesses under IFRS Standards, as IFRS 3 Business Combinations does not address the appropriate accounting for business combinations under common control. In the absence of specific guidance, the Group has developed and selected an appropriate accounting policy using the hierarchy described in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Considering relevant facts and circumstances for common control transactions management has chosen to apply a method broadly described as predecessor accounting. The principles of predecessor accounting are that assets and liabilities of the acquired entity are stated at predecessor carrying values, and fair value measurement is not required. No new goodwill arises in predecessor accounting. Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings.

A prospective presentation method is applied, where the acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

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)	Q1 23	Q1 22	2022
Revenues and income by segment			
Preschools	1 094,3	898,7	3 664,5
Care	508,2	413,2	1 764,0
Integration services	279,6	117,1	1 471,7
Individual & Family	618,9	234,2	1 031,6
Real Estate	12,6	50,6	120,6
Other/Elim/IFRS 16 adj	(29,2)	(26,4)	(85,9)
Total	**2 484,4**	**1 687,3**	**7 966,4**

(NOK million)	Q1 23	Q1 22	2022
EBITDA by segment			
Preschools	63,1	111,9	256,0
Care	(21,6)	(5,4)	(28,7)
Integration services	42,5	7,3	185,8
Individual & Family	31,3	1,6	30,0
Real Estate	2,8	44,0	71,9
Other/Elim/IFRS 16 adj	203,3	127,0	595,6
Total	**321,5**	**286,4**	**1 110,7**

(NOK million)	Q1 23	Q1 22	2022
EBITA by segment			
Preschools	49,7	100,2	206,7
Care	(23,6)	(6,7)	(34,4)
Integration services	41,1	6,2	181,1
Individual & Family	29,1	0,6	24,9
Real Estate	1,2	43,9	68,9
Other/Elim/IFRS 16 adj	25,7	8,6	67,8
Total	**123,2**	**152,7**	**515,0**

(NOK million)	Q1 23	Q1 22	2022
EBIT by segment			
Preschools	44,8	93,9	181,4
Care	(24,5)	(8,3)	(40,1)
Integration services	41,1	6,2	181,1
Individual & Family	27,1	(0,0)	16,9
Real Estate	1,2	43,9	69,5
Other/Elim/IFRS 16 adj	25,7	7,3	67,9
Total	**115,4**	**142,9**	**476,6**

(NOK million)	Q1 23	Q1 22	2022
Operating revenues by geography			
Norway	1 150,1	885,0	4 577,7
Sweden	986,7	528,1	2 244,5
International	363,4	248,7	1 109,3
Other/Elimination	(20,5)	0,4	2,7
Total revenues by geography	**2 479,7**	**1 662,2**	**7 934,1**

YTD 2023	Preschools	Care	Integration services	Individual & Family	Other / Elim
Norway	49%	20%	89%	42%	0%
Sweden	23%	72%	1%	58%	0%
International	27%	7%	10%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
Total revenues by geography	**100%**	**100%**	**100%**	**100%**	**100%**

2022	Preschools	Care	Integration services	Individual & Family	Other / Elim
Norway	50%	23%	97%	88%	0%
Sweden	23%	72%	1%	12%	0%
International	27%	5%	3%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
Total revenues by geography	**100%**	**100%**	**100%**	**100%**	**100%**

4. AMORTIZATION

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

5. NET FINANCIAL ITEMS

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

(NOK million)	Q1 23	Q1 22	FY 22
Interest income	0,9	0,4	2,5
Interest expenses borrowings	(59,3)	(32,6)	(142,9)
Interest expenses lease liability	(48,5)	(35,1)	(152,5)
Net foreign exchange gains/(losses)	(11,5)	17,0	24,8
Other finance income	0,0	0,2	0,8
Other finance expenses	0,2	(3,7)	(5,8)
Net financial items	**(118,1)**	**(53,9)**	**(273,1)**

6. TAX CALCULATIONS

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

7. INTANGIBLE ASSETS AND GOODWILL

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

8. BORROWINGS

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

(NOK million)	31.03.2023	31.12.2022
Bond loans	2 205,1	1 674,2
Non-current revolving credit facility	-	106,2
Current overdraft facilities	325,1	0,0
Property debt outside ringfence structure	9,5	10,1
Other debt/property debt	388,1	395,3
Total current and non-current borrowings	**2 927,9**	**2 185,9**

Bond Loans (NOK million)	Maturity	Currency	Nominal value
Norlandia Health & Care Group AS	5/2025	NOK	1 130,0
Norlandia Health & Care Group AS	5/2025	SEK	1 102,0
Total			**2 232,0**

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

On 19 January 2023 the Group successfully placed a 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").

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

9. IFRS 16 - LEASING

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

(NOK million)	Q1 23	Q1 23 - IFRS 16	Q1 23 - Adjusted	Q1 22	Q1 22 - IFRS 16	Q1 22 - Adjusted
Operating revenues	2 479,7	-	2 479,7	1 662,2	-	1 662,2
Other income	4,7	1,2	5,9	25,1	25,1	50,2
Total	**2 484,4**	**1,2**	**2 485,6**	**1 687,3**	**25,1**	**1 712,4**
Direct cost of goods and services	(96,9)	-	(96,9)	(49,6)	-	(49,6)
Personnel expenses	(1 694,5)	-	(1 694,5)	(1 116,6)	-	(1 116,6)
Other operating expenses	(371,6)	(209,9)	(581,5)	(234,7)	(154,8)	(389,5)
EBITDA	**321,5**	**(208,7)**	**112,8**	**286,4**	**(129,7)**	**156,7**
Depreciation	(198,3)	177,3	(21,0)	(133,7)	118,1	(15,6)
EBITA	**123,2**	**(31,4)**	**91,8**	**152,7**	**(11,6)**	**141,1**
Amortisation	(7,8)	-	(7,8)	(9,8)	-	(9,8)
Operating profit/(loss) - EBIT	**115,4**	**(31,4)**	**83,9**	**142,9**	**(11,6)**	**131,3**
Net financial items	(118,1)	48,5	(69,6)	(53,9)	35,1	(18,7)
Share of net income from associated companies	0,1	-	0,1	-	-	-
Profit/(loss) before taxes	**(2,7)**	**17,1**	**14,4**	**89,1**	**23,5**	**112,6**

10. EVENTS AFTER BALANCE SHEET DATE

No known material events have occurred after the balance sheet date which would have had any effect on the reported figures as of 31 March 2023.

Financial statements for the parent company

Income statement

Norlandia Health & Care Group AS

Unaudited, in NOK thousands	Note	Q1 23	Q1 22	FY 22
Revenues		1 178	1 366	7 035
Total		**1 178**	**1 366**	**7 035**
Personnel expenses		(728)	(551)	(2 340)
Other operating expenses		(2 946)	(1 376)	(12 447)
Operating profit/(loss)		**(2 497)**	**(560)**	**(7 752)**
Net financial items	1	(85 438)	10 456	161 202
Profit/(loss) before taxes		**(87 934)**	**9 896**	**153 450**
Income taxes		-	-	(31 405)
Net income		**(87 934)**	**9 896**	**122 045**

Statement of financial position

Norlandia Health & Care Group AS

Unaudited, in NOK thousands	Note	31.03.2023	31.12.2022
ASSETS			
Non-current assets			
Shares in subsidiaries and associates		2 150 701	1 665 128
Loans to group companies		1 117 640	503 501
Total non-current assets		**3 268 341**	**2 168 628**
Current assets			
Current group receivables		479 211	522 008
Other current receivables		11 563	5 263
Cash and cash equivalents		17 382	36 419
Total current assets		**508 156**	**563 691**
Total assets		**3 776 498**	**2 732 319**
EQUITY AND LIABILITIES			
Equity			
Share capital		496 053	312 000
Share premium reserve		372 190	167 784
Total restricted equity		**868 243**	**479 784**
Retained earnings		237 943	325 878
Total equity		**1 106 186**	**805 662**
Liabilities			
Non-current liabilities			
Bond loans	1	2 210 723	1 643 486
Non-current interest-bearing debt	1	-	106 245
Non-current non-interest-bearing debt		102 322	-
Total non-current liabilities		**2 313 046**	**1 749 731**
Current liabilities			
Trade payables		8	-
Current liabilities to group companies		28 959	142 751
Current overdraft facilities		325 130	0
Other current liabilities		3 169	34 175
Total current liabilities		**357 266**	**176 926**
Total liabilities		**2 670 311**	**1 926 657**
Total equity and liabilities		**3 776 498**	**2 732 319**

Notes

1. FINANCE COSTS

Finance Costs in Q1 23 includes NOK 52,7 million in interest expense related to the bond loan. Net currency movement for the period was NOK -53,3 million for the quarter.

On 19 January 2023 Norlandia Health & Care Group AS successfully placed a 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").

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

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

HERO GROUP AS
www.hero.no

KIDSA DRIFT AS
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