20240701349

# Årsredovisning

**för**

# NH Sweden Holding AB

559192-0748

Räkenskapsåret

2023–01–01 – 2023–12–31

## Fastställelseintyg

Undertecknad styrelseledamot i NH Sweden Holding AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-06-17 . Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2024-06-24

Anders Belsvik

20240701350000

# Årsredovisning

**för**

# NH Sweden Holding AB

559192-0748

Räkenskapsåret

2023–01–01 – 2023–12–31

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Styrelsen för NH Sweden Holding AB avger följande årsredovisning för räkenskapsåret 2023–01–01 – 2023–12–31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

# Förvaltningsberättelse

## Verksamheten

*Allmänt om verksamheten*
Bolagets verksamhet består i att vara ett holdingbolag, att äga aktier i andra bolag som bedriver förskoleverksamhet. Bolaget bildades under 2019 och har 6 dotterbolag.

NH Sweden Holding AB ingår i en mervärdesskattegrupp med Norlandia Förskolor AB som kommittent. Avtalsstrukturen är sådan att NH Sweden Holding AB även i fortsättningen äger tillgångar och skulder. Effekten av kommissionärsavtalet innebär att det ekonomiska resultatet av verksamheten på balansdagen överförs till kommittent. Till följd av detta beskattas bolagets resultat hos kommittenten.

Bolaget ingår i en cashpool för koncernen, varvid bolagets bankmedel redovisas som en skuld eller fordran till koncernbolag. Cashpoolen ägs av Norlandia Health & Care Group AS

Företaget har sitt säte i Västra Götalands län, Marks Kommun.

***Väsentliga händelser under räkenskapsåret***
Inget att rapportera om.

| **Flerårsöversikt** (Tkr) | **2023** | **2022** | **2021** | **2020** |
|---|---|---|---|---|
| Nettoomsättning | 0 | 0 | 4 164 | 0 |
| Resultat efter finansiella poster | -1 546 | -1 553 | -2 031 | -3 695 |
| Soliditet (%) | 18 | 18 | 18 | 15 |

## Förändringar i eget kapital

| | **Aktie-kapital** | **Balanserat resultat** | **Årets resultat** | **Totalt** |
|---|---|---|---|---|
| Belopp vid årets ingång | 50 000 | 6 342 913 | 0 | **6 392 913** |
| Årets resultat | | | 0 | **0** |
| **Belopp vid årets utgång** | **50 000** | **6 342 913** | **0** | **6 392 913** |

Villkorade, ännu ej återbetalda, aktieägartillskott uppgår per balansdagen till 2 000 000

S13vgih40-H1pwxi2V0

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**Resultatdisposition**

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

| | |
|---|---|
| balanserad vinst | 6 342 913 |
| disponeras så att | |
| i ny räkning överföres | 6 342 913 |
| | **6 342 913** |

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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20240701135003

# Resultaträkning

| | Not | 2023-01-01 -2023-12-31 | 2022-01-01 -2022-12-31 |
|---|---|---|---|
| | 1 | | |
| **Summa rörelseintäkter, lagerförändringar m.m.** | | **0** | **0** |
| **Rörelsekostnader** | | | |
| Övriga externa kostnader | | -28 185 | -35 629 |
| **Summa rörelsekostnader** | | **-28 185** | **-35 629** |
| **Rörelseresultat** | | **-28 185** | **-35 629** |
| **Finansiella poster** | | | |
| Övriga ränteintäkter och liknande resultatposter | | 49 031 | 3 712 |
| Räntekostnader och liknande resultatposter | | -1 566 447 | -1 520 722 |
| **Summa finansiella poster** | | **-1 517 416** | **-1 517 010** |
| **Resultat efter finansiella poster** | | **-1 545 601** | **-1 552 639** |
| **Resultat före skatt** | | **-1 545 601** | **-1 552 639** |
| Skatt pga ändrad beskattning | | 0 | 4 530 |
| Resultat överfört till kommittent | | 1 545 601 | 1 548 109 |
| **Årets resultat** | | **0** | **0** |

S13vgih40-H1pwxi2V0

20240701350004

# Balansräkning

| | Not | 2023-12-31 | 2022-12-31 |
|---|---|---|---|
| | 1 | | |
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 2 | 43 578 312 | 42 183 312 |
| **Summa finansiella anläggningstillgångar** | | **43 578 312** | **42 183 312** |
| **Summa anläggningstillgångar** | | **43 578 312** | **42 183 312** |
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Fordringar hos koncernföretag | | 585 039 | 2 673 387 |
| Övriga fordringar | | 20 | 0 |
| **Summa kortfristiga fordringar** | | **585 059** | **2 673 387** |
| **Summa omsättningstillgångar** | | **585 059** | **2 673 387** |
| **SUMMA TILLGÅNGAR** | | **44 163 371** | **44 856 699** |

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# Balansräkning

| | Not | 2023-12-31 | 2022-12-31 |
|---|---|---|---|
| | 1 | | |
| **EGET KAPITAL OCH SKULDER** | | | |
| **Eget kapital** | | | |
| ***Bundet eget kapital*** | | | |
| Aktiekapital | | 50 000 | 50 000 |
| **Summa bundet eget kapital** | | **50 000** | **50 000** |
| | | | |
| ***Fritt eget kapital*** | | | |
| Balanserat resultat | | 6 342 913 | 6 342 913 |
| **Summa fritt eget kapital** | | **6 342 913** | **6 342 913** |
| **Summa eget kapital** | | **6 392 913** | **6 392 913** |
| | | | |
| **Obeskattade reserver** | | | |
| Periodiseringsfonder | | 1 855 000 | 1 855 000 |
| **Summa obeskattade reserver** | | **1 855 000** | **1 855 000** |
| | | | |
| **Långfristiga skulder** | 3 | | |
| Skulder till koncernföretag | | 35 890 459 | 36 322 387 |
| **Summa långfristiga skulder** | | **35 890 459** | **36 322 387** |
| | | | |
| **Kortfristiga skulder** | | | |
| Skatteskulder | | 0 | 261 400 |
| Upplupna kostnader och förutbetalda intäkter | | 24 999 | 24 999 |
| **Summa kortfristiga skulder** | | **24 999** | **286 399** |
| | | | |
| **SUMMA EGET KAPITAL OCH SKULDER** | | **44 163 371** | **44 856 699** |

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# Noter

## Not 1 Redovisningsprinciper

### Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

## Not 2 Andelar i koncernföretag

| | 2023-12-31 | 2022-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 42 183 312 | 42 183 312 |
| Inköp | 1 395 000 | 0 |
| **Utgående ackumulerade anskaffningsvärden** | **43 578 312** | **42 183 312** |
| **Utgående redovisat värde** | **43 578 312** | **42 183 312** |

## Not 3 Långfristiga skulder

| | 2023-12-31 | 2022-12-31 |
|---|---|---|
| Förfaller efter fem år | -35 890 459 | -36 322 387 |
| | **-35 890 459** | **-36 322 387** |

## Not 4 Eventualförpliktelser

| | 2023-12-31 | 2022-12-31 |
|---|---|---|
| Borgen för dotterbolag avseende hyreskontrakt | 580 905 | 580 905 |
| | **580 905** | **580 905** |

## Not 5 Ställda säkerheter

| | 2023-12-31 | 2022-12-31 |
|---|---|---|
| **För skulder till kreditinstitut** | | |
| Aktier i dotterbolag:Trinomen AB`s aktier | 21 940 192 | 21 940 192 |
| | **21 940 192** | **21 940 192** |

S13vgih40-H1pwxi2V0

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## Not 6 Uppgifter om ägarförhållande

NH Sweden Holding AB är ett helägt dotterbolag till NH Europe AS, org.nummer 921 326 270 som tillhör den norska koncernen Norlandia Health and Care Group AS orgnr; 917 933 367.

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning.

Norlandia Health & Care Group AS, med säte i Oslo, Norge, upprättar den minsta koncernredovisningen och kan hämtas på Norlandias hemsida, www.norlandia.no . Den största koncernredovisningen upprättas av Hospitality Invest AS, org.nr: 985 096 546, med säte i Oslo, Norge och kan hämtas på www.hospitalityinvest.no

Den dag som framgår av min elektroniska underskrift

Yngvar Tov Herbjørnssønn
Ordförande

Anders Belsvik

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift

KPMG

Mikael Ekberg
Auktoriserad revisor

S13vgih40-H1pwxi2V0

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# Revisionsberättelse

Till bolagsstämman i NH Sweden Holding AB, org. nr 559192-0748

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för NH Sweden Holding AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av NH Sweden Holding ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till NH Sweden Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.


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## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för NH Sweden Holding AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

### Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till NH Sweden Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, *konsolideringsbehov, likviditet och ställning i övrigt.*

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett *betryggande sätt.*

### Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi *går igenom och prövar fattade beslut, beslutsunderlag, vidtagna* åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg den dag som framgår av elektronisk underskrift

KPMG AB

Mikael Ekberg
Auktoriserad revisor



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## Activity log

| RECIPIENT | ACTION* | TIMESTAMP (CET) | METHOD | DETAILS |
|---|---|---|---|---|
| **Yngvar Tov Herbjørnssønn** | **Signed** | **04.06.2024 21:45** | **eID** | **Norwegian BankID (DOB: 81/05/25)** |
| Yngvar.Tov.Herbjornssonn@norlandia.com | Authenticated | 04.06.2024 21:44 | High | Norwegian BankID (SSN: 25058146946) |
| **Anders Belsvik** | **Signed** | **04.06.2024 22:36** | **eID** | **Norwegian BankID (DOB: 89/07/05)** |
| anders.belsvik@norlandia.com | Authenticated | 04.06.2024 22:35 | High | Norwegian BankID (SSN: 05078939763) |
| **MIKAEL EKBERG** | **Signed** | **06.06.2024 13:38** | **eID** | **Swedish BankID (DOB: 1964/11/11)** |
| mikael.ekberg@kpmg.se | Authenticated | 06.06.2024 13:38 | High | Swedish BankID (SSN: 196411115576) |

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# NHC Group
# Annual Report 2023

**Norlandia Health & Care Group AS**



NHC

# Content


03 Introduction
04 CEO remarks
12 Key figures
14 Group history
18 Board of directors
19 Board of directors' report




INTEGRATION SERVICES
The state requires all asylum centers to offer a program for pre-school age children who don't go to kindergarten, like here in Hovelsåsen.

20240701350 12

# Being the welfare innovator

*"Across all our divisions, we strive to be a reference point for society. Key to that vision is to make employees proud and users satisfied. More than ever, there are new technologies and new methods available which can allow for great developments in the years ahead. We are thrilled to be a welfare innovator during these exciting times, ultimately contributing to making society more sustainable."*

# CEO remarks

We truly have become a leading welfare provider in the Nordics, with a significant footprint across Northern Europe. As we grow bigger, we notice that our investments in competence and quality can be allocated across a larger base, thus bringing the benefits of economies of scale to our end users. Going into 2024 with annual revenues effectively approaching 12 billion Norwegian kroner is proof of the trust placed in our companies and our people. Across a range of areas, society and individuals have needs which we have been selected to fulfill. As the growth in the number of people with needs continues to outpace the number of people available to serve them, the innovations, flexibility, efficiencies, and commitment to quality we offer will just become even more important. We recognize that the bar has been raised as to what is sustainable to the communities in which we operate: we must deliver on quality expectations within given constraints of funds and competencies available. A tough challenge, but that is what we are here for.

One thing that changed in 2023 was that we ratcheted up our innovation efforts across countries and divisions. New organizations were put in place, new mandates given. Through breakthroughs big and small, we expect to steadily increase the value we bring to customers. In the next pages, look for a sampling of concrete examples from the last few years of innovations from different parts of the company.

In Sweden, we observe hopeful signs that major labour unions are adopting a more pragmatic approach to private entities in Swedish welfare. We value the foundation for ongoing positive dialogue with Kommunal (Sweden's largest labour union) regarding key future issues and common challenges, especially in elderly care. Kommunal has publicly emphasized the need for private and public collaboration to develop elderly care and ensure equitable conditions for all providers, both private and public. We believe that transparent dialogue is crucial for addressing the future and enhancing care for Sweden's elderly population.

In Norway, municipal elections were held in September. The role of commercial providers in the welfare sector was indeed a persistent theme during the election campaigns. Especially for that reason, we were pleased to see political parties supportive of our activities performing well in a great number of places. We also anticipate a more favorable operational climate in several of these municipalities. To a greater extent than in the past, we let our voice be heard during the campaign season. We do not really desire to be a political player, but the need to counter claims with which we strongly disagree necessitated a certain degree of involvement. Over time, rhetoric evolves, sometimes in a positive direction. Given underlying fundamentals, such as the aging population and skilled-employees scarcity in our markets, we anticipate a more favorable political climate. With strong ethics, solid relations, and well-regarded services we are in a position to be a useful provider. Our topline growth is indeed evidence that we are a much needed partner for public decisionmakers.

*Through breakthroughs big and small, we expect to steadily increase the value we bring to customers.*

Climate change is one of the greatest challenges of our time. NHC takes this concern very seriously 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. The extreme weather we have seen over the last years in many parts of the world is a powerful reminder that all members of society must renew, intensify, and increase their commitments to actions which contribute to a sustainable environment. The COP28 UN Climate Change Conference which finished up in Dubai in December importantly acknowledged that fossil fuels were the cause of the warming climate for the first time. The final decision text from the conference called for the "transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner" to achieve net-zero emissions by 2050. NHC is absolutely contributing to this transitioning.

As a global community, we are worryingly short of the needed progress towards the Paris climate goals. I believe everyone – both individuals and organizations – must adopt the mindset and the resulting behaviors to contribute above and beyond what one may consider a "fair share" to reducing our climate burden. Across our divisions, we work on four prioritized areas within sustainability. We seek to minimize environmental impact by optimizing energy consumption, promoting recycling, and using eco-friendly materials. We strive to deliver sustainable services to customers by fostering community engagement and using renewable resources. We derive strength from true workplace diversity, taking care to recruit broadly and train with an inclusivity mindset. With this approach, we want to create a culture where all employees feel

20240701350 13

valued, respected, and able to give their unique perspective. Finally, we believe a market economy where we create value for all stakeholders is an environment to strive for.

2023 was the first full year when artificial intelligence (AI) truly dominated the attention of leaders within government and business. A report issued by NHO, the major Norwegian employer organization, estimated that generative AI could increase the average annual productivity growth from 0,6% to 1,3% in the period 2023 – 2040, with a peak of 2,1% in 2030. While putting a number on such an uncertain outcome is courageous, it is easy to see early evidence of productivity gains from this technology. Most employees of NHC do complex work which would put them in the category of knowledge workers; as such, we should expect their performance to be augmented using AI.

The health personnel commission in Norway chaired by Gunnar Bovim and the still active productivity commission in Sweden headed by Hans Lindblad (with a considerably broader mandate) both signal a need for increased productivity within our sectors. With smarter organization of services and more intense use of technology our societies must achieve a massive increase in productivity. On the flip side, we should see the emergence of a sustainability index by which service offerings are measured against available resources in the future: manpower, competencies, funds. Our strategic plan commits us to being on the forefront of productivity development.

We are deeply committed to being an attractive employer. In 2023, new efforts to attract and retain the right people climbed even higher on our agenda. We hear from recent hires that they made the decision to join based on career opportunities due to our size and breadth of operations, confidence in our ability to meet obligations and criteria for working conditions due to our scale, and our strong commitment to competence development at all levels of the organization.

In all our divisions, we saw new, creative initiatives in how we recruit. Preschool Netherlands fundamentally redesigned interaction with applicants, Aberia Norway pioneered audio in recruiting, Preschool Norway mobilized for unprecedented campus presence. To name just a few. We are better at sharing recruiting competence between divisions and expect further initiatives going forward; we are increasingly able to finely target groups of age segments and distinct competencies.



On December 13, we received the great news that we had won the legal case against the municipality of Oslo on the topic of reservations for non-profit entities. The previous city council aimed to ensure that no nursing homes were operated by private entities, only by the municipality and non-profit organizations. Therefore, they reserved a large nursing home tender exclusively for non-profits, preventing private companies from participating. We believed this to be contrary to the so-called procurement directive and the EEA Agreement on free competition. The Oslo District Court sought an advisory opinion from the EFTA Court on whether it is legal to favor non-profit organizations in operating health and care institutions. The EFTA Court's response was that it could be legal, but only under certain conditions. The case was then processed in the Oslo District Court in November and December of last year, where it was assessed whether these conditions were met. The judgment which was issued establishes that the conditions for reserving the above-mentioned competition for long-term care places in nursing homes for non-profit organizations were not met. This was partly because the reservation did not meet the condition of budgetary efficiency, and partly because the reservation does not appear as a necessary or proportionate measure. It should be noted that at the time of writing, an appeal has been filed. That said, the current court decision clearly supports the requirement for consistency and equal conditions, and even more importantly, it drives home the principle of real and unconditional focus on the end user.

In the spring of 2023, we completed the operational integration of Swedish Frösunda into NHC Group. Most significantly, our Individual & Family division (of which Aberia in Norway constitute a major part) was reorganized to incorporate Frösunda, with its very large and important operations within personal assistance & disability. The integration of the two companies has long been in the making. Frösunda and NHC have been under the same ownership since 2018, and a significant range of back-office synergies had already been realized. Our owners had repeated contact with the Frösunda owners even before 2018 about the possibility of a business combination, as they foresaw synergies and strength in joined forces. Now, we have realized a major leap in scale, scope, and synergies, making us one of the leading enterprises in the Nordics with a growing footprint in Europe.

Our preschool operation in Poland continues to evolve. Bialystok, a preschool with 200+ children, has been recognized as the best preschool in the region two years in a row. We established ourselves in a new city in Poland with the opening of a large new unit in Gdansk in August.

In Finland, we have partnered with the University of Jyväskylä to provide select employees with a program that is part of the early childhood education degree. This opens the opportunity to apply for teacher studies completed alongside work, known as the national 1000+ program. We have made their path easier: We formed our own Norlandia group, offered working hours for studies and paid the fees. Many employees have been motivated to participate; several groups of teacher students have graduated. Most of our students have applied to continue toward a degree.

A strong commitment to sustainability in the broadest sense has been evident in our preschools for years, under the banner of Go Green. Our preschools in Norway in 2023 formalized their cooperation with the organization Green flag and decided that the preschools will work toward Green flag certification.

In March, we opened a generation concept in Norrtälje in Sweden, Lilla & Stora Rospiggen. At this facility, we have a preschool and a nursing home in the same building. Children and elderly residents interact naturally and benefit from each other's company.

Within preschools, Quest is very much established as a much-anticipated tradition. For the current year, Water & oceans is the theme. Last year it was Colors. Quest entails deep-dives into aspects of the chosen theme which each local preschool finds interesting. All our hundreds of preschools in Poland, the Netherlands, Finland, Sweden, and Norway participate. Much joy, learning and curiosity is being sparked, both among children and employees.

Oksenøya nursing home in Bærum just outside of Oslo opened in February of 2023. It is an extraordinary building, and we are making it a showcase for the excellence in care we offer.

In Finland we have now opened four nursing homes/ generation units. Tuusula, the first one of these to open, scored an unprecedented 100 on the so-called Net promoter score (NPS) survey, a measure of the degree to which one would recommend a provider to others. Our pioneering franchise home care operation Alina will launch a personal screen-based follow-up by nurses in the second quarter of 2024.

Within Care Sweden, a research-oriented nursing home within GoCo Health Innovation City in Gothenburg opened in February of 2024. The location and approach of this nursing home opens the possibility of research-driven cooperation with a range of new organizations.

True to our aspiration of being a welfare innovator, the Care division in Sweden has pioneered untraditional activities for the elderly. At Gutasund nursing home in Uppsala, significant resources have been invested in training employees as yoga instructors. The physical ambience of the yoga studio has also been carefully considered. This new form of exercise has been warmly embraced by residents. Now, the division is pushing the innovation further, by introducing Virtual reality (VR) as part of the yoga experience.

The educational program "Confident professionals in Aberia and Aurora" reached its peak last spring, with gatherings for both managers and employees. The Aberia Academy is being further developed, to ensure an optimal onboarding process.

Our newly built facility for Aberia near Moss, Norway was officially opened right before summer, the product of excellent cooperation between NHC Property and the division Individual & Family. Innovative solutions for the benefit of both users and employees result from our unique insights.

With the influx of Ukrainian refugees to Norway, the interpretation services within Hero saw all time high demands. A major interpretation contract with the police districts in Norway was awarded with a september start.

The accommodation services in Norway within Hero saw a modest decline in revenues, as the services mix shifted from temporary acute services to ordinary long-term contracts. As of March 2024, we operate 35 accommodation centers in Norway. In Germany, accommodation services grew 236% year over year. We now operate 9 reception centers in Germany.

Our company is experiencing a high volume of project inquiries, reflecting strong market demand for our specialized expertise in property development. We find ourselves in a fortunate position within the real estate market, less affected by the downturns that have impacted the sector more broadly. We are not just keeping pace but are actively expanding, particularly with new projects underway in Norway and Sweden. This expansion is part of our broader strategy to professionalize and enhance our operations, drawing on the pool of talent and expertise we have cultivated, not only locally but across our international markets as well.

One notable property project that highlights our approach to smart public-private partnerships is the Myklebust project in Herøy municipality. With preschool overcapacity in the area, we were able to repurpose part of a preschool building to a facility for children with special needs. This initiative serves as a benchmark for how private and public sectors can collaborate effectively, combining strengths to deliver projects that are both innovative and community-centric. Our activities in Sweden are also ramping up, especially in the so-called LSS area, which relates to facilities for users with certain functional impairments, reflecting our

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commitment to broadening our impact and reaching more communities through thoughtful development projects. "Voksentoppen" is another ambitious project we're undertaking, providing Aberia with an Oslo based property cluster for providing respite care related to users with a range of disabilities.

To spearhead our property development efforts and integrate them more closely with our overarching corporate strategy, we've recently appointed Erlend Haugseth as the CEO of our Property Division. Erlend's inclusion in the NHC Group management team is a strategic move, anticipated to drive our property development ambitions forward with renewed focus and energy. Under his guidance, we're set to advance our project portfolio significantly, further solidifying our position as a leader in the property development sector.

The devastating war in Ukraine has now entered its third year. Employees from all our companies supported the organization Misto dobra in Ukraine with money and activities last year. Misto dobra is an organization operating in Western Ukraine to provide shelter and care to orphans and women. The war has resulted in an explosion in the necessity for their services. Employees of our company travelled there on two occasions in 2023 and brought back emotional stories of immense need. I am glad that our company has been able to help the organization directly financially, and that we also see a great desire among employees to contribute.

Across all our divisions, we strive to be a reference point for society. Key to that vision is to make employees proud and users satisfied. More than ever, there are new technologies and new methods available which can allow for great developments in the years ahead. We are thrilled to be a welfare innovator during these exciting times, ultimately contributing to making society more sustainable.

Regards,



Yngvar Tov Herbjørnssønn
CEO



Aberia therapist Johan Holand with one of the children in Misto Dobra, November 2023.


CARE
We contribute to people having a good life every day, whether they are in nursing homes or patient hotels, have personal assistance, or home care. We do this by providing person-centered care based on more than twenty years of experience.

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# Some of our brands

**Preschools**

Norlandia PRESCHOOL

KIDSA

wekita

**Integration services**

HERO

**Individual & family**

frösunda

aberia

aurora OMSORG

**Property**

NHC PROPERTY

**Care**

norlandia care

äldreliv

Alina



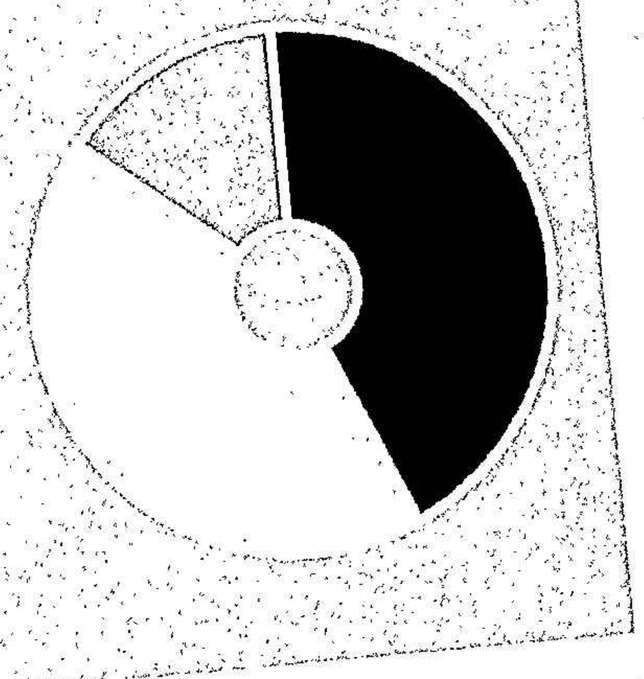
PRESCHOOLS

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

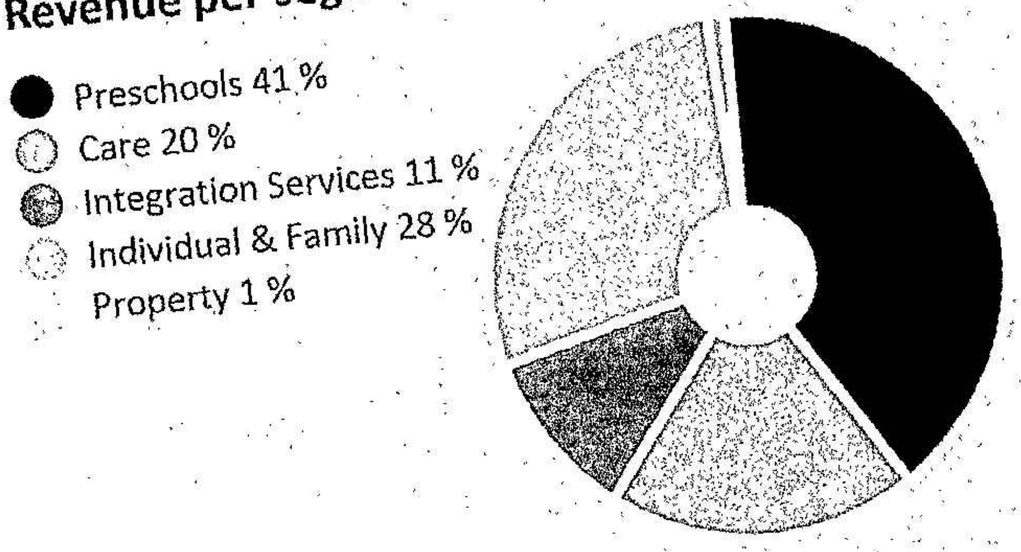
19,000
EMPLOYEES

33,000
USERS

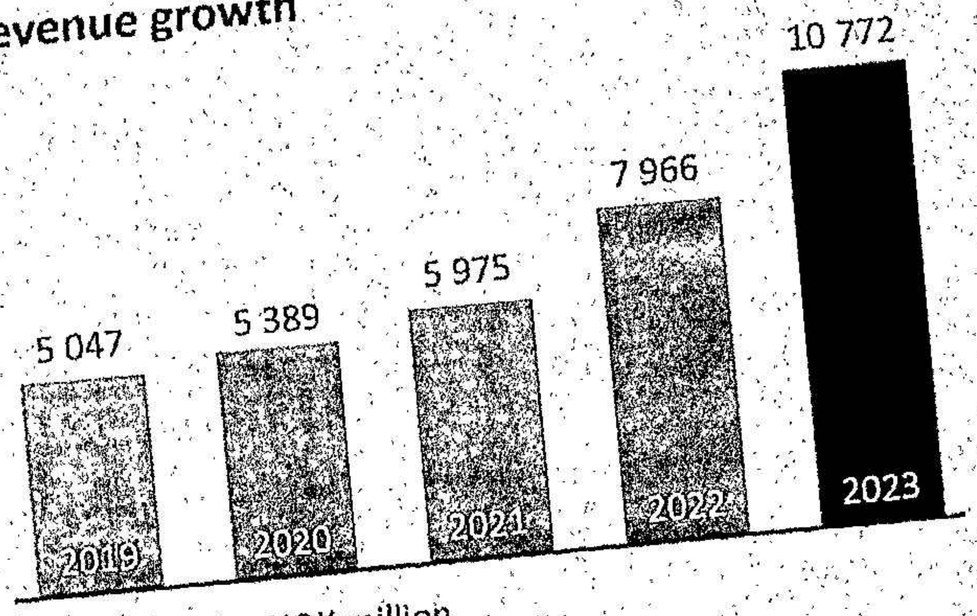
## Revenue per country




## Revenue per segment




## Revenue growth




*Numbers in NOK million

925
UNITS

## Segments

**Preschools**
Preschools
Out of school care
Generation concept

**Care**
Elderly care
Patient hotels
Home care
Generation concept

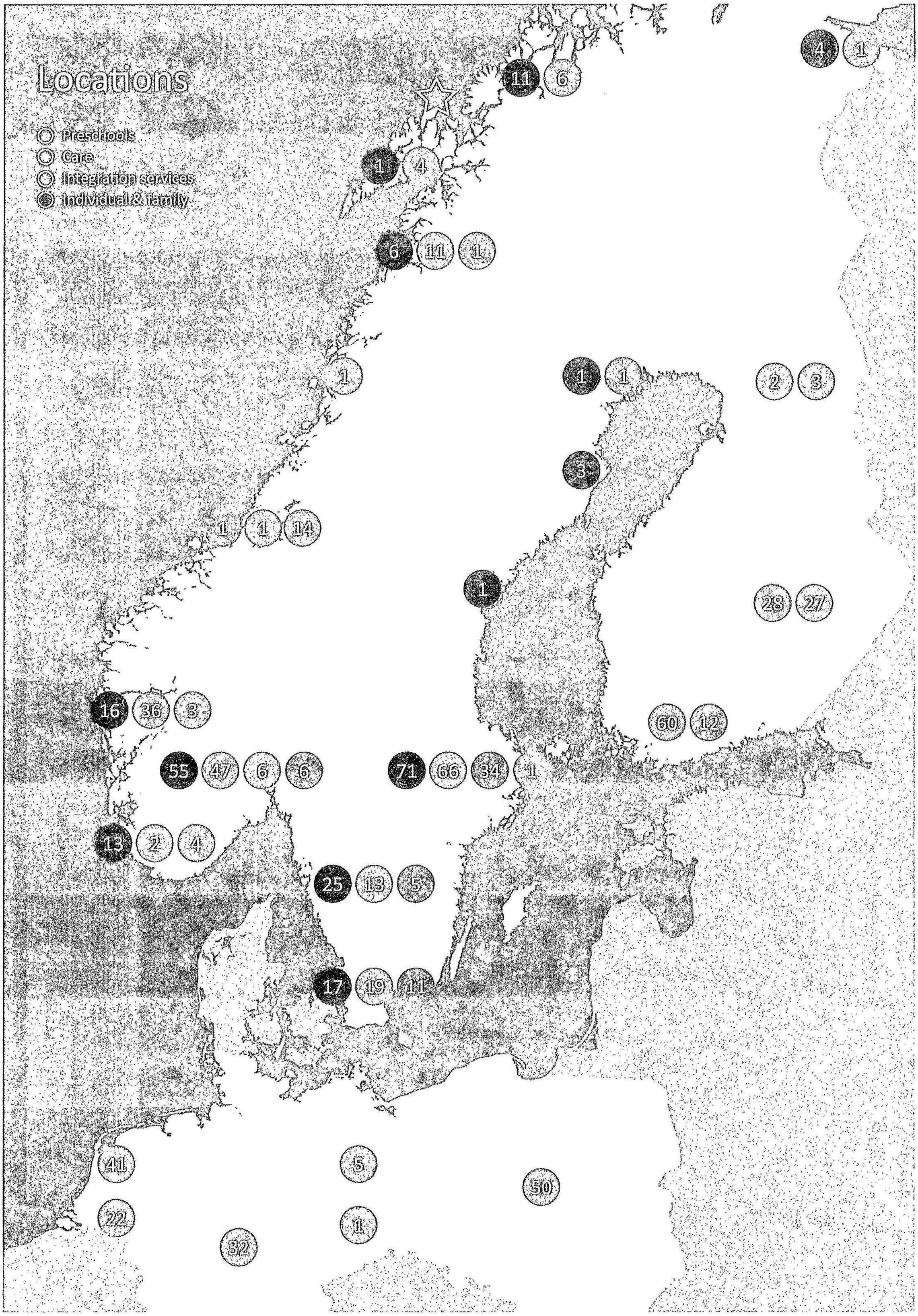
**Integration services**
Reception centres/ accommodation
Interpretation services

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

**Property**
Development, acquisition and sale of real estate

# Locations

- Preschools
- Care
- Integration services
- Individual & family



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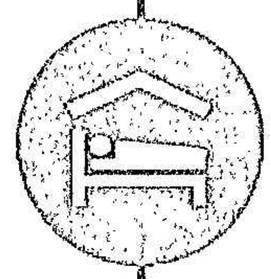
# Group history

**1990**

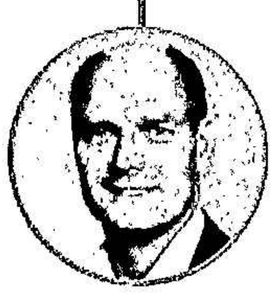
The two brothers, Kristian and Roger Adolfsen, acquire their first hotel

**1995**

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







**1997**

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

**2007**

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

**2008**

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

**2010**

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

**2011**

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

**2014**

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

NCG acquires Kosmo, a major Swedish elderly care operator

NCG acquires 100% of preschool company Kidsa

2015

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

2018

Our Front line heros fought corona

2020

Aquistion of Kunskapsförskolan

2022

## 2016/2017

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

## 2019

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

## 2021

NHC aquires preschool company Gnist and 100 % of NH Europe

Issuance of Sustainability linked bond

## 2023

Frösunda fully integrated in NHC

# The welfare innovator

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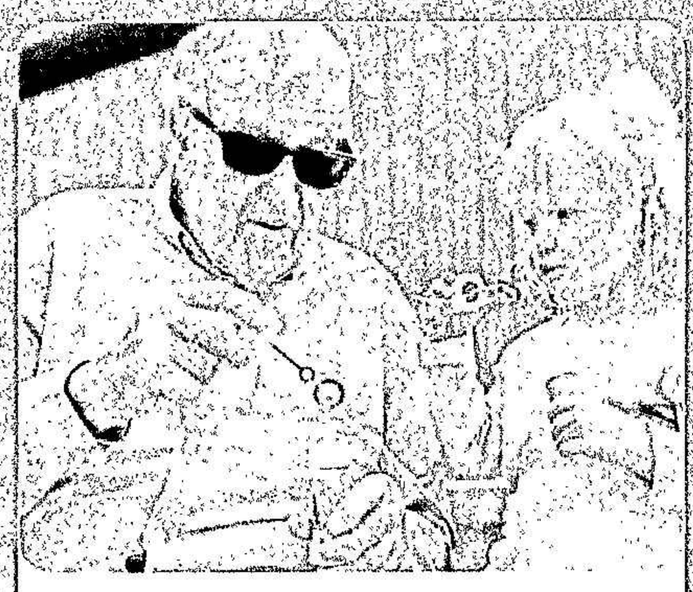

### STIMULATING CURIOSITY

QUEST is an annual event in our preschools. Over months, children and employees explore, learn and share about aspects of that year's Quest theme. The theme is new every year. The core purpose of Quest is to stimulate curiosity in children and employees. In the last few years, the themes have been Water & oceans, Color, Being together, and Heroes. All our preschools in Poland, the Netherlands, Finland, Sweden, and Norway participate in Quest.



### CONCEPTUAL ARCHITECTURE

Aberia and NHC Property have collaborated on the development of a new type of building that improves everyday quality of life for our residents and staff. Actively abandoning an institutional feel, the building has the welcome ambience of a residence and is tailored to the needs of our target group with careful thought given to material selection, lighting, overview possibilities, flexibility, and conditions for good experiences.



### BRIDGING GENERATIONS

Our first foray into a generation concept was done in Tuusula, Finland. Within a specifically constructed building, elderly residents and children in a preschool coexist for great mutual benefit. We have spread the concept to Sweden, and at our unit Rospiggen in Norrtälje, the generations meet in a natural way. Health-promoting physical activities, small excursions, storytelling sessions, singing & music, conversations, baking, and meal preparations are done together. A lively living environment is the result.



### INTERNATIONAL RECOGNITION

In cooperation with the Directorate of health in Norway, Oppsalhjemmet nursing home developed boards with a format which facilitated that important clinical information about residents was rapidly and precisely conveyed between staff. The boards became the centerpiece of what are called board meetings. The practice received international attention and have spread to man other nursing homes.



### HEALTHIER KIDS

JUMP is a resource for physical activity in our preschools. Originally developed in Sweden under the name Skuttet, JUMP was further enriched by internal and external contributors in Norway. JUMP provides a systematic approach to stimulating a wide range of motor skills in kids with a diverse set of suggested activities. Ultimately, JUMP contributes to cognitive and social skills in kids.



### PALLIATIVE PIONEER

"Five Choices for Dignity" is a tool for capturing end of life choices for nursing home residents. This pioneering project introduced a document designed to empower residents by allowing them to outline their preferences for palliative care, medical treatment, human care, who doctors should consult when residents aren't able to express themselves, and end-of-life wishes. The guidelines are now used in many other places in Norway.



## SOUNDS LIKE SUCCESS

Aberia's massive focus on recruitment power and employee satisfaction is yielding results. One of the innovations is audio-based job advertisements. Thousands of candidates have listened to our podcasts where employees talk about the joy, motivation, and content of the job.



## VIRTUAL YOGA – REAL RESULTS

At Gutasund nursing home in Uppsala, we have taken a very thorough approach to introducing yoga to the residents. Significant resources have been invested in training employees to appropriately lead the yoga sessions. Special care has also been given to the design and contents of the physical space of the dedicated yoga studio. A next step has been taken by using Virtual reality (VR) to further enrich the yoga experience.



## DIGITAL ON-BOARDING

With reception centers spread all over Norway, Hero has had a special incentive to innovate in the use of digital tools for training of employees. Hero has developed 7 different specially adapted courses for the platform Learnifier. Especially the courses for new employees and for reception managers have been valuable. Using images, text, and videos, the courses provide a good initial orientation and introduction to the company.



## LGBTQI CHAMPION

As the first nursing home in Sweden, Hanveden provides an LGBTQI-sensitized offering for individuals in need of somatic care and support in an open and inclusive living environment. Whether you are gay, bisexual, transgender, queer, intersex, or simply feel a strong affinity with the LGBTQI world – everyone is welcome with us. Employees at Hanveden are certified by the Swedish national LGBTQI association to ensure that we meet the specific needs and desires of this community.



## TRAINING FOR SAFETY

Systematic and innovative competence development makes Aberia a focal point of the industry caring for people with special needs. Aberia has developed its own school – the Aberia Academy – that offers, among other things, theoretical and physical training in injury prevention and averting harm. Our instructor, Stine Haugen, drills the staff in all imaginable variations of physical outbursts. This provides the service recipients and employees with the safety and security they need.



## MEANINGFUL MEALS

MatMedSmak is our food and meal concept in the preschools Realizing that food is much more than nutrition, we train employees to use the meal situation to facilitate social interaction and have conversations. We are curious about new taste experiences, the origin of the food on our plate, and the methods of production and preparation. We involve the children in the preparation of meals as much as possible.

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INDIVIDUAL & FAMILY

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



# Board of directors



**Kristian A. Adolfsen**

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



**Roger Adolfsen**

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



**Ingvild Myhre**

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

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# The board of directors' report 2023

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

OPERATIONS

**Preschools**
The Preschools segment includes the preschool activities within Norlandia and Kidsa. Per year-end 2023, Norlandia Preschools and Kidsa Barnehager operates 435 preschool units in Norway, Sweden, Finland, Netherlands, Poland and Germany, an increase of 14 units year-on-year. 32 of the units are owned 50% and operated by Wekita (Germany) and consolidated as an associated company. The demographic development in population varies within each country, Our operations are mainly centrally located within urban areas.

**Care**
Norlandia Care provides services within institutional elderly care, patient hotels and home care services in Norway, Sweden and Finland. As of year-end 2023, 63 elderly care homes were operated by Norlandia, of which 43 were in Sweden, 2 were in Norway and 6 was in Finland. 18 of the homes were own-management projects, including a Generation Concept (preschool and elderly care). Norlandia also operates 1 patient hotels in Norway, and 1 in Finland. Additionally, Norlandia has home care services in Finland, Norway, and Sweden.

**Integration Services**
The integrations services are offered through Hero Group AS. The company was established in 1987 and has grown to become one of the largest private providers of care services related to forced migrants, refugees and asylum seekers in Norway. In addition, Hero operates several reception centers in Germany. The group has extensive competence and experience acquired through near 40 years of operations. The service offering includes reception centers for asylum seekers and interpretation services.

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

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

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

COMMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS
The Group's revenues increased from NOK 7,934.1 million in 2022 to NOK 10,696.4 million in 2023 primarily explained by Frösunda entering the group.
Profit from operations came in at NOK 434.2 million in 2023, down from NOK 476.6million in 2022. Net finance amounted to NOK -482.2 million for the year, influenced by net unrealized currency loss of NOK 7.0 million. Consequently, net profit decreased from NOK 169.5 million in 2022 to NOK -25.8 million in 2023.

IFRS-16 was adopted on 1st January 2019, and had a net effect on profit before tax, of NOK -98.8 million in 2023. This is explained by increased depreciation charges of NOK 798.1 million, finance charges of NOK 209.5 million and a reduction of real estate gains of NOK 24.8 million, partially offset by reduced leasing expenses of NOK 933.5 million.
The Group generated cash flow from operating activities of NOK 1,258.3 million in 2023 up from NOK 956.2 million in 2022, positively affected by change in working capital. Net cash flow from investing activities amounted to NOK -43.6 million, up from NOK -98.8 million in 2022, explained by lower proceeds from sale of assets and cash balance from acquired business.
Financing cash flows amounted to NOK -1,154.7 million, down from NOK -882.9 million in 2022, the difference mainly explained by repayment of debt and increased lease in 2023.

As of 31.12.2023, the Group had a cash balance of NOK 346.0 million, up from NOK 271.7million one year prior. In addition, the Group has a revolving credit facility of NOK 350 million with DNB. As of 31st December 2023, NOK 289.7 million was drawn.

The Group had total assets of NOK 13,133.4 million per year-end 2023, compared to NOK 9,766.5 million in 2022. Total non-current liabilities amounted to 9,277.3 million, significantly up from 2022, with the increase reflecting lease liabilities and tap-issue from bond.

Per 31st December 2023, the Group's total equity amounted to NOK 952.1 million, up from NOK 601.2 million in 2022.
The Group's financial position is sound and adequate to settle short-term obligations with the Group's liquid assets.

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

**COMMENTS TO THE PARENT COMPANY FINANCIAL STATEMENTS**
Operating profit for the parent company amounted to NOK -15.0 million in 2023, down from NOK -7.8 million in 2022. Net financial items decreased from NOK 161.2 million in 2022, to NOK 76.3 million in 2023, reflecting interest paid on the bond offset by received group contributions. Net income amounted to NOK 47.3 million in 2023, down from NOK 122.0 million in 2022.

Total assets per 31.12.2023 were NOK 3,966.5 million mainly consisting of shares in subsidiaries which were an increase from NOK 2,732.3 million as of 31.12.2022.

Total liabilities per 31.12.2023 were NOK 2,715.0 million, which consisted of the listed NOK and SEK bond issues (adjusted for issuing costs). In addition, the parent company had short-term liabilities to group companies of NOK 48.7 million.

Total equity per 31.12.2023 amounted to NOK 1,251.4 million, up from NOK 805.7 million in 2022.

**Use of Alternative Performance Measures**
Alternative Performance Measures (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Norlandia Health & Care Group reports certain alternative performance measures in its financial reports as a supplement to the financial statements reported in accordance with IFRS.

The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods. Definitions: EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization EBIT: Earnings Before Interest and Tax, Total Net Debt: As used in the incurrence test; total interest bearing debt less cash and cash equivalents.

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

**Going concern**
In accordance with the Norwegian Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern. This assumption is based on profit forecasts for 2024 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

**Future challenges and market outlook**
The war in Ukraine is clearly a tragic humanitarian crisis, and along with the rest of the world, we at NHC are shocked by the developments that are unfolding. Hero, as Norway's largest operator of immigration and refugee centers, is consequently very much affected and central in the Government's ambition to establish accommodation for Ukrainian refugees. The number of refugees are still at a high level and the Government expect 35.000 arrivals in 2024. The work is continuing with intense focus and Hero aim to adapt to meet the current need.

While Covid-19 is receiving less public attention, it remains an uncertainty and risk going forward. The pandemic had a negative financial impact and all our markets and operations were affected in some degrees. For 2023 primarily the Elderly Care is affected through slow growth in occupancy, as the number of death among seniors have been high during the last years. This affect negatively as NHC has added new openings the last years and unites have not yet matured.

Additionally, the regulatory framework has a significant influence on the Group and our ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact in the way we deliver our services. Currently, these risks are clearly most evident in Norway. In December 2022, Norlandia filed a lawsuit in cooperation with other participants in the market to challenge the level of previous subsidies, and the regulation which governs these subsidies to be declared void. The lawsuit is based on a claim of disparate treatment of public and private preschools and aims at strengthening the preschools in order to treat children equally, independent of ownership, going forward.

In September, the Norwegian municipal election was held, and we regard the results highly positive, both in terms of certain local outcomes yielding a favorable climate for private providers and especially acknowledging the majority of the population's provable positiveness towards freedom of choice within welfare services. In an article published in Q4 2023, the important labor union
Kommunal in Sweden acknowledges the crisis within Swedish welfare and addressed the need for private and public cooperation to ensure quality, discarding the previously stated ambition of zero profits within welfare. This is necessary to establish sustainable and predictable conditions for serious service providers and most importantly ensuring an attractive workplace with competitive salary
levels for employees. Regardless of these positive events in the two most important markets for the Group, we continue to actively take steps to limit our exposure to unfavorable political- and market shifts through diversification across services, countries, and

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municipalities. In our view the political risk is at a low point in terms of financial impact for the Group. We see favorable opportunities and expect high organic growth in the years to come.

High inflation in all the countries where we operate and increasing interest rates impact the Group's profitability. Increased salaries, electricity prices and general costs have a negative effect on this year's results, as the current price level in most of our agreements does not take the currently increased cost level into account. We do, however, regard the weakened profitability in some segments as temporary, considering that most of the cost increases experienced in 2022 and 2023 over time will be reflected in future agreements through renegotiations or index clauses. In addition, we experience challenges related to staff shortages, in line with the overall market, and address this by new recruiting and retention practices.

Within Preschools; 2023 has been challenging due to the rapid inflation which is yet not fully compensated in the prices and shortage of staff. In 2022 NHC completed the acquisition of a Swedish preschool chain, Kunnskapsförskolan, consisting of 9 large operational units and 18 units under construction. With larger units we experience a longer period for the unit to mature. While this growth will have negative impact on our short-term financial performance, it strengthens both the long-term growth and diversification of our operations.

Our other international operations continue to perform well, with solid growth in revenues and profitability, despite inflation and tight labor market. The ramp-up phase in Poland is ongoing and occupancy is showing steady growth. We expect Poland to be a profitable operation going forward. Overall, the Preschools segment is progressing well, and we will continue to target effective and sticky growth in all our international markets.

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

The Care segment continued to be heavily affected by Covid-19 in 2023, and occupancy levels in Sweden, by far our biggest market, are still below pre-Covid levels. In addition, the lack of personnel and high inflation have an unfavorable impact on financial performance. Over time, we expect that most of these cost increases will be reflected in future agreements through index clauses and our intensified discussions with municipalities regarding renegotiations of prices.

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

We strongly believe that both the capacity and quality innovations provided by the private welfare companies will be required, in order to meet the growing demand for elderly care services, also with respect to quality.

Our operation in Norway is limited due to the low number of tender contracts. With the political change in several of the main Municipalities, we do except an increasing number of tenders for the coming years. E.g. Oslo Municipality has already announced several contracts to be tendered during 2024. In Oslo the tender for Home care services was won, and we expect positive financial development with the new contract.

In Finland, our operations have steady growth with several new openings during 2023. We will have some start-up cost for the new openings, but remain confident that these unites will contribute positively, once matured.

In Sweden, competition is intense and profit margins are thin. Although efficient operations and normalized occupancy will enable positive profitability, a shift towards own management operations is required and ongoing in order to see a meaningful improvement of profit margins. Sweden is highly influenced by the rapid inflation and the lack of personnel. Mitigating these effects is the top priority for the division in the short term. As we strongly believe in the long-term fundamentals, we currently retain some strategical positions even with some short-term losses.

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

Accommodation Services in Norway opened more than 40 acute refugee centers with capacity to house over 10,000 refugees. A considerable share of these centers opened less than a week after UDI (The Norwegian Directorate of Immigration) first signaled the need for emergency preparedness. Through a collective effort from the whole NHC organization, Hero demonstrated an impressive ability to rapidly provide much needed support in a highly emergent situation, and we saw the full effect from this major upscaling from Q2 22 and onwards. Although the majority of the acute reception centers opened in 2022 have been closed and replaced by long-term ordinary reception centers, we expect continued high activity in the short term. Hero currently operates several ordinary reception centers in Norway and is the only company with frame-agreements in all regions. Further, there are multiple ongoing and planned tenders by UDI to prepare for a continued high number of refugees expected to arrive in Norway in 2024, both from Ukraine and other countries. UDI estimates a total number of 35,000

refugees in 2024, which is in line with the 2023 figures.

Germany have experienced a significant inflow of refugees during 2022 and 2023, and not only related to the war in Ukraine. We are operating a growing number of reception centers and have a meaningful profitability. We are actively pursuing various tender opportunities and remain comfortable in our position and the potential upside in a large and attractive market.

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

Through proactivity in all our markets and backed by the current performances and outlook, Hero is positioned to deliver solid revenues and healthy profitability also when the Ukrainian crisis ends. As everyone else, Hero intensely wishes for the Russian aggression and brutalities in Ukraine to end. For as long as it takes, Hero will remain a mobilized tool for immigration authorities to host asylum seekers and migrants in a respectful and dignified way.

In Norway, Aberia and Aurora omsorg continue the strong development, both in terms of revenue and profitability. The majority of the growth has been achieved organically through tender wins within our core operations. Further, the segment has been through a major restructuring to stream-line operations and focus its portfolio, implying that lossmaking
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.

Following the acquisition of Frösunda in Sweden, our Individual & Family segment significantly increasing the segment's turnover and providing more stability in terms of profitability and diversification. We regard the consolidation as a perfect fit combining highly complementary competencies across the organizations in Norway and Sweden, with unrealized synergy potential, and have great expectations for the segment going forward.

2023 was another solid year for the Real Estate segment. During 2023 we have continued to develop our portfolio of properties and successfully secured financing for further growth and successfully closed transactions to secure further growth. 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.

With a growing need for services within welfare, we observe a strong demand for social infrastructure that we provide within our Real Estate division. The number of elderly people is increasing, and the current capacity is significantly lower than the future requirements. Existing infrastructure especially within Care and Preschools in the mature markets is aging and needs to be replaced by new modern
buildings suited to provide high quality welfare services. With the future lack of personnel, new innovations are needed, to provide better and more efficient infrastructure and social meeting points. NHC Property has a well-diversified pipeline with both long- and short-term projects, including existing concepts and innovative property projects. The overall market for commercial real estate has been heavily challenged throughout 2023 with significant yield increases across real estate segments. Increasing interest rates and unstable economic conditions globally have dried up both the transaction and development markets in general. Although we have seen a slight softening in yields in our sales processes, we note that we outperform the overall markets significantly in terms of yield increase. NHC is regarded as a solid lease counterpart with a healthy portfolio and good diversification. Furthermore, we still experience high demand for our properties and healthy returns on investments. We believe this is a result of our companies being perceived as solid long-term tenants, strong company history, rational investment strategy and long-term collaborations.

## FINANCIAL RISK

**Overall view on objectives and strategy**
The Group is exposed to financial risk in different areas, including exchange rate risk, market risk, credit risk and liquidity risk. The Group is continuously assessing these risks.

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

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

Up until the Ukrainian war, the intake of immigrants and asylum seekers was very limited in all countries in which the Group operates. If these countries implement politics which directly or indirectly limits the intake of immigrants and asylum seekers even further, this

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could have a material adverse effect on the Group. However, it should be noted that the current geopolitical situation with the war in Ukraine has a material impact on the demand for the Group's facilities and the Group's profits. Currently there is a high demand for the Group's services, especially within the Integration Services segment, leading to a profitable business. It can be expected that the demand for the Group's facilities and the profits will normalize when the war in Ukraine ceases. A different demographic development than previously seen, can have a material adverse effect on the future market which may negatively affect the Group's profitability and financial situation.

**Exchange rate risk**
The Group has operations in Norway, Sweden, Finland, the Netherlands, Germany and Poland. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK/NOK exchange rate as the financial statements are presented in NOK and more than 40% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 50% of its bond debt is denominated in SEK, both representing natural hedges to the operations.

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

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

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

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

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

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

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

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

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

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

## THE WORKING ENVIRONMENT AND THE EMPLOYEES
The number of employees in the Group amounted to ~19,000 in 2023. The working environment is considered to be good and efforts for improvements are made on an ongoing basis. The Group aims to be a workplace with equal opportunities and seeks to prevent gender discrimination in all aspects of our operations.

Leave of absence is an important performance indicator and is measured throughout the Group's operational entities, but not on a consolidated basis. In 2023, there is still a high level of leave of absence, as reflected in the overall market.

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

In relation to gender equality, NHC operates in segments which traditionally have been dominated by female employees. With that in mind, we seek a balanced representation of genders both in first line, middle manager, and senior leadership positions. Currently our gender balance at the senior level is as follows: Line CEOs (n=9): 30% women; country managers (n=15): 58% women; extended management group (n=56):

46% women. In sum, we are doing quite well and will keep up our attention on this important matter.

## NORWEGIAN TRANSPARENCY ACT

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

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

The formal Transparency Act statement, with results from the risk assessments and gap analysis, were made available on www.nhcgroup.org. The statement for 2023 will be published on NHC's website before 30 June 2024 and can then be downloaded from www.nhcgroup.org.

## ENVIRONMENTAL REPORT

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

As of 2023 our divisions – Preschools, Care and Hero Tolk (a part of Hero group) – are partly or fully certified on ISO 14001:2015. Preschools, Care and Hero Group are also ISO 9001:2015 certified. See also our ESG-report where we document our deep and wide range of environmental and sustainability actions and programs, together with ever evolving new initiatives. What is good for the environment, is good for NHC – we strive to do our share.

The Group's ESG initiatives signify our unwavering commitment to sustainability. Transitioning from CSR to ESG reporting, we've established a dedicated task force and conducted comprehensive materiality analysis. Our renewed vision as a welfare innovator and reference point for society guides our actions. We prioritize stakeholder expectations, evidenced by our green financing model and ISO-14001 certification. Our commitments focus on reducing value chain emissions, enhancing diversity and inclusion, ensuring workforce protection, designing sustainable solutions, and fostering economic value creation. We invite stakeholders to engage with us as we continue to strive for excellence in sustainability.

## ALLOCATION OF INCOME IN THE PARENT COMPANY

Norlandia Health & Care Group AS' result for 2023 ended at NOK 47.3 million. The Board of Directors has proposed the net profit of Norlandia Health & Care Group AS to be allocated as follows: NOK 47.3 million to other equity.

## INSURANCE FOR BOARD MEMBERS AND GENERAL MANAGER

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

Oslo, 29 April 2024
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

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# Statement from the Board of Directors

Norlandia Health & Care Group AS' consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and endorsed by the European Union (EU), and the additional Norwegian disclosure requirements following the Norwegian Accounting Act as of 31.12.2023. The separate financial statements for Norlandia Health & Care Group AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31.12.2023. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard, as of 31.12.2023.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2023 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of 31.12.2023, for the Group and the Parent company.

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

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

Oslo, 29 April 2024
Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Ingvild Myhre
Member of the Board

Yngvar Tov Herbjørnssønn
CEO

# Consolidated Statement of Comprehensive Income

Norlandia Health & Care Group - for the year ended 31 December 2023

| (NOK 1 000) | Note | 2023 | 2022 |
|---|---|---|---|
| Operating revenues | 4 | 10 696 424 | 7 934 106 |
| Other income | 4 | 75 742 | 32 276 |
| **Total operating revenues and other income** | | **10 772 166** | **7 966 382** |
| | | | |
| Cost of goods and services sold | | (351 190) | (353 244) |
| Personnel expenses | 5, 21 | (7 639 998) | (4 985 897) |
| Depreciation, amortisation and impairment losses | 8, 9, 12 | (932 055) | (634 712) |
| Other operating expenses | 24 | (1 414 750) | (1 515 888) |
| **Operating profit/(loss)** | | **434 173** | **476 641** |
| | | | |
| Finance income | 6 | 11 301 | 3 268 |
| Finance expense | 6, 12 | (486 349) | (301 200) |
| Net foreign exchange gains/(losses) | 6 | (6 974) | 24 828 |
| **Net financial items** | | **(482 022)** | **(273 104)** |
| | | | |
| Share of net income from associated companies | 11, 12 | 806 | 1 266 |
| **Profit/(loss) before taxes** | | **(47 043)** | **204 803** |
| | | | |
| Income taxes | 7 | 12 500 | (35 266) |
| **Net income** | | **(34 543)** | **169 537** |

## Other comprehensive income

| | | | |
|---|---|---|---|
| **Net income** | | **(34 543)** | **169 537** |
| | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | 44 617 | (5 163) |
| | | | |
| *Items that will not be subsequently reclassified to profit or loss* | | | |
| Remeasurements of defined benefit pension plans | 19 | 10 643 | (10 042) |
| Income taxes related to defined benefit pension plans | 16 | (3 016) | 2 209 |
| | | | |
| **Total other comprehensive income, net of taxes** | | **52 244** | **(12 996)** |
| | | | |
| **Total comprehensive income** | | **17 701** | **156 541** |
| | | | |
| **Net income attributable to:** | | | |
| Equity holders of the parent company | | (39 047) | 169 396 |
| Non-controlling interests | | 4 505 | 141 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the parent company | | 19 492 | 157 988 |
| Non-controlling interests | | (1 792) | (1 447) |

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# Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2023

**ASSETS**

| (NOK 1 000) | Note | 2023 | 2022 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 957 868 | 791 988 |
| Right-of-use assets | 12 | 6 548 205 | 5 171 842 |
| Goodwill | 9 | 3 175 224 | 1 994 598 |
| Intangible assets | 9 | 522 742 | 529 718 |
| Deferred tax asset | 16 | 224 964 | 109 543 |
| Investment in associated companies | 11 | 34 471 | 25 613 |
| Other investments | 3 | 21 346 | 25 403 |
| Other non-current receivables | 13, 21, 19 | 17 687 | 40 482 |
| **Total non-current assets** | | **11 502 508** | **8 689 186** |
| **Current assets** | | | |
| Inventories | | 7 742 | 5 552 |
| Trade receivables | 13 | 746 772 | 417 364 |
| Other current receivables | 13 | 530 433 | 382 672 |
| Cash and cash equivalents | 22 | 345 984 | 271 721 |
| **Total current assets** | | **1 630 931** | **1 077 309** |
| **Total assets** | | **13 133 439** | **9 766 495** |

# Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2023

**EQUITY AND LIABILITIES**

| (NOK 1 000) | Note | 2023 | 2022 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 14 | 496 053 | 312 000 |
| Other equity | | 448 625 | 288 937 |
| **Total equity attributable to owners of the parent** | | **944 679** | **600 937** |
| Non-controlling interest | | (1 160) | 235 |
| **Total equity** | | **943 519** | **601 172** |
| **Liabilities** | | | |
| Pension liabilities | 19 | 1 364 | 6 279 |
| Borrowings | 15, 23 | 2 617 746 | 2 115 610 |
| Lease liabilities | 12 | 6 297 807 | 4 996 237 |
| Deferred tax liabilities | 16 | 218 311 | 146 421 |
| Other non-current liabilities | 20, 21 | 142 105 | 30 001 |
| **Total non-current liabilities** | | **9 277 333** | **7 294 548** |
| Trade payables | 17 | 347 000 | 190 976 |
| Borrowings | 15, 23 | 381 600 | 71 388 |
| Lease liabilities | 12 | 764 107 | 531 245 |
| Taxes payable | 16 | 11 846 | 13 982 |
| Other current liabilities | 17 | 1 408 032 | 1 063 184 |
| **Total current liabilities** | | **2 912 586** | **1 870 775** |
| **Total liabilities** | | **12 189 920** | **9 165 323** |
| **Total equity and liabilities** | | **13 133 439** | **9 766 495** |

Oslo, 29 April 2024

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

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# Consolidated Statement of Changes in Equity

Norlandia Health & Care Group - for the year ended 31 December 2023

| | Attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(NOK 1 000)* | Share capital | Share premium | Other paid in equity | Retained earnings | Translation differences | Total equity to holders of the parent | Non-controlling interests | Total equity |
| **Equity as of 1 January 2022** | **312 000** | **167 784** | **-** | **(35 170)** | **16 360** | **460 974** | **11 000** | **471 974** |
| Net income | - | - | - | 169 396 | - | 169 396 | 141 | 169 537 |
| Other comprehensive income | - | - | - | (7 832) | (3 576) | (11 408) | (1 587) | (12 996) |
| **Total comprehensive income** | **-** | **-** | **-** | **161 564** | **(3 576)** | **157 988** | **(1 447)** | **156 541** |
| *Contributions by and distributions to owners* | | | | | | | | |
| Group contribution to owner | - | - | - | (20 000) | - | (20 000) | - | (20 000) |
| Distribution to non-controlling interests | - | - | - | - | - | - | (214) | (214) |
| Transactions with non-controlling interests | - | - | - | 1 976 | - | 1 976 | (9 106) | (7 130) |
| **Equity 31 December 2022** | **312 000** | **167 784** | **-** | **108 369** | **12 784** | **600 937** | **234** | **601 172** |
| **Equity 1 January 2023** | **312 000** | **167 784** | **-** | **108 369** | **12 784** | **600 937** | **234** | **601 172** |
| Net income | - | - | - | (39 047) | - | (39 047) | 4 505 | (34 543) |
| Other comprehensive Income | - | - | - | 7 627 | 50 913 | 58 540 | (6 296) | 52 244 |
| **Total comprehensive Income** | **-** | **-** | **-** | **(31 421)** | **50 913** | **19 492** | **(1 792)** | **17 701** |
| *Contributions by and distributions to owners* | | | | | | | | |
| Capital increase | 184 053 | 204 406 | - | - | - | 388 459 | - | 388 459 |
| Group contribution from owner | - | - | 10 005 | - | - | 10 005 | - | 10 005 |
| Effect of business combination under common control | - | - | - | (74 214) | - | (74 214) | - | (74 214) |
| Distribution to non-controlling interests | - | - | - | - | - | - | (144) | (144) |
| Transactions with non-controlling interests | - | - | - | - | - | - | 541 | 541 |
| **Equity 31 December 2023** | **496 053** | **372 190** | **10 005** | **2 734** | **63 697** | **944 679** | **(1 160)** | **943 519** |

# Consolidated Statement of Cash Flow

Norlandia Health & Care Group - for the year ended 31 December 2023

| (NOK 1 000) | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) before taxes | | (47 043) | 204 803 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 8, 9, 12 | 932 055 | 634 712 |
| Share of net income from associated companies | 11 | (806) | (1 266) |
| Gain/(loss) on sale of real estate and business | | (74 709) | (32 276) |
| Net financial items | | 482 022 | 273 104 |
| **Changes in working capital** | | | |
| Increase/(decrease) in trade and other receivables | | (212 170) | (201 993) |
| Increase/(decrease) in inventories | | (2 190) | 2 598 |
| Increase/(decrease) in trade and other payables | | 260 735 | 85 368 |
| Increase((decrease) in provisions and employee benefits | | 8 421 | 18 541 |
| **Cash generated from operations** | | **1 346 315** | **983 591** |
| Income taxes paid | | (33 169) | (27 342) |
| **Net cash flows from operating activities** | | **1 313 147** | **956 249** |
| **Investing activities** | | | |
| Proceeds from sale of assets | | 60 327 | 181 697 |
| Purchases of property, plant and equipment | 8 | (244 341) | (196 509) |
| Net investment in shares in associates and other investments | 11, 20 | (8 011) | (17 171) |
| Net investment in shares in subsidiaries | 20 | 62 676 | (69 166) |
| Net changes in financial receivables | | 19 282 | (102) |
| Interest received | | 11 618 | 2 470 |
| **Net cash used in investing activities** | | **(98 449)** | **(98 781)** |
| **Financing activities** | | | |
| Repayments of non-current borrowings to finance institutions | 15, 23, 18 | (144 855) | (69 281) |
| Repayments of current borrowings to finance institutions | 15, 18 | - | (27 180) |
| Proceeds of current borrowings to finance institutions | 15, 18 | 298 167 | - |
| Proceeds from non-current borrowings from finance institutions | 15, 18 | 34 136 | 17 518 |
| Repayment of current bond | 15, 18 | (657 043) | - |
| Proceeds from non-current bonds | 15, 18 | 501 371 | - |
| Interest paid | 6 | (462 408) | (285 260) |
| Repayment of lease liabilities | | (724 033) | (491 307) |
| Payment to non-controlling interests | | - | (7 130) |
| Distribution to non-controlling interests | | - | (213) |
| Group contribution to owners | | - | (20 000) |
| **Net cash (used in)/from financing activities** | | **(1 154 665)** | **(882 852)** |
| Net increase in cash and cash equivalents | | 60 032 | (25 384) |
| Cash and cash equivalents at beginning of year | 22 | 271 721 | 301 186 |
| Exchange (losses)/gains on cash and cash equivalents | | 14 231 | (4 082) |
| **Cash and cash equivalents at end of year** | | **345 984** | **271 721** |

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# Notes to the consolidated statements

## 1. CORPORATE INFORMATION AND ACCOUNTING POLICIES

### 1.1 Corporate information

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

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

The consolidated financial statements of Norlandia Health & Care Group AS were authorised for issue in accordance with the Board of Directors' resolution on 29 April 2024 and can be downloaded from Norlandia Health & Care Groups' website www.nhcgroup.org.

### 1.2 Significant accounting policies

**Basis of preparation**

The consolidated financial statements of Norlandia Health & Care Group AS and its subsidiaries have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and endorsed by the European Union (EU), and the additional Norwegian disclosure requirements following the Norwegian Accounting Act.

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

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

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

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

**New standards, interpretations, and amendments**

There are no changes in, or new accounting standards that have had a material effect for the Group´s financial statements for 2023.

**Applied principles for the Group**

**Basis of consolidation**

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

**Business Combinations**

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Any goodwill that arises is tested annually for impairment.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**Business combinations 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 as used in earlier years as well when this was relevant.

Considering relevant facts and circumstances for common control transactions, the principles used and assessed by the management is 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.

**Non-controlling interests**
Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable nets assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**Investment in associates**
NHC Group has investments in associates, which are entities in which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associated are accounted for using the equity method of accounting, after initially being recognised at cost.

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

**Revenue recognition**
Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount which reflects the consideration which the Group expects to be entitled to in exchange for those goods or services.

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

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

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

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balances of significance at year-end. For the other countries payments is received every month. Parental payments take place every month.

Care

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

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

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

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

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

Integration services

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

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

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

Individual & Family

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

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

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

Dividend

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

**Intangible assets and goodwill**

A significant part of the intangible assets in the Group relates to goodwill. Intangible assets also include customer contracts and trademarks in addition to other intangible assets.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets in the acquired subsidiary at the date of acquisition. Goodwill is classified as an intangible asset. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill and trademarks are not amortized. At the acquisition date, goodwill and trademarks are allocated to each group of cash generating units expected to benefit from the synergies. Impairment is determined by assessing the recoverable amounts of the group of cash generating unit's which the goodwill and trademarks relates. Please refer to note 10 for further information about impairment.

Intangible assets with definitive lifetime acquired individually are measured initially at cost and recognised as an intangible asset when the Group has control over the asset, future economic benefits are expected to flow to the Group and the cost can be measured reliably. The cost to be capitalised as part of the assets includes direct and incremental costs. The cost of intangible assets required in a business combination is the fair value at the date of acquisition. Following that initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses. The straight-line amortisation method is used for the intangible assets with definitive lifetime as this best reflects the consumption of the assets. The useful lives and amortisation methods are reviewed at least annually.

**Segment reporting**

The Group has five strategic divisions, which are its reportable segments: Preschools, Care, Integration Services, Individual & Family and Real Estate. Activities that do not fall naturally within these segments are bundled in Other/Eliminations.

The segment reporting is consistent with the financial information which is regularly reviewed by the Group management and the Board of Directors. The ultimate decision maker is the Board of Directors, including the CEO. The Board and the CEO is responsible for allocating resources to each segment as well as monitor the performance within each segment.

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**Foreign currency**

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

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

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

Transactions and balances

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

**Financial assets**

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

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

**a) Fair value through profit or loss**

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

**b) Financial assets at amortised cost**

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

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

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

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

**Financial liabilities**

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

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

**a) Fair value through profit or loss**

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

**b) Amortised cost**

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

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

**Retirement benefits: Defined contribution schemes**

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

**Retirement benefits: Defined benefit schemes**

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

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

**Current and deferred income taxes**

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

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

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

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

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

**Dividends and group contributions**

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

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**Property, plant and equipment**

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

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

| | |
|---|---|
| Land and buildings | 20 - 30 years |
| Furniture, fixtures and equipment | 3 - 20 years |

**Inventories**

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

**Provisions**

The Group has recognised provisions for liabilities of uncertain timing or amount including those for warranty claims, leasehold dilapidations, potential earn-outs, and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate, value of money, and risks specific to the liability.

**Leases**

The Group as a lessee

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

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

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

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

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

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

Lease liabilities

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

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

Right-of-use assets

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

Sale and leaseback transactions

The Group regularly transfer properties to third parties and lease it back. The Group has for all such transactions so far determined that the transfers shall be accounted for as sales according to the requirements in IFRS 15. The Group consequently measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

See note 4 for further information.

**Transactions with related parties**

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

**Cash flow statement**

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

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

**Key sources of estimation uncertainty – critical accounting estimates**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. The estimates considered to be most significant for the Group are set out below:

**(a) Goodwill and trademarks**

Carrying values of goodwill and trademarks with indefinite useful lives are reviewed for impairment annually or more frequently if there are indicators of a decrease in value below carrying amounts. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 10. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets; and result in an impairment charge in the income statement.

Regarding the Care segment where the estimate shows most uncertainty, we have visibility on improved profitability from 2024 and onwards through multiple factors:

i. Occupancy within our own management units in Sweden and Finland, that combined represents a material part of Care's turnover, steadily increased throughout 2023 and we expect the trend to continue based on growing demand backed by demographics. At normalized occupancy levels these units should generate higher profits than ordinary tender contracts and in 2023 they were loss making, hence representing a great upside potential.
ii. We have discontinued certain loss-making operations and have exit options on other areas that are currently loss making but for now kept on the premise of need for immediate improvement.
iii. The historically high-cost inflation recent years will to a greater extent be accounted for in the 2024 and future price levels, resulting in improved profitability when inflation rates go down.
iv. And along with these effects we have through an internally established program initiated multiple measures to improve our operational efficiency and reducing sick leave.

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**(b) Useful lives of property, plant and equipment and intangible assets**

Depreciation expenses are based on management's estimates of depreciation method, useful life and residual value. Estimates may change due to competition, changes in market conditions, geopolitical developments, climate change and other factors. Property, plant and equipment are depreciated to residual value over the asset's expected useful life on a straight-line basis. Useful life period for fixed assets is between 3 – 30 years. The Group amortizes intangible assets with a limited useful life using the straight-line method over the periods 3 – 20 years. More information is included in note 8 and note 9.

**(c) Right-of-use-assets (ROU) and lease liability**

Recognition of both ROU and lease liability require the choice of a discount rate in order to calculate the present value of the cash flows. More information on how the interest rate is estimated is included in note 12.

**(d) Deferred tax assets**

Deferred tax assets related to tax losses carried forward are recognised to the extent that expected future income for the respective company will be sufficient over the medium term to utilize those losses. This requires an estimate to be made of the expected future income of the company concerned. Estimates of future income tax may change over time, and this could result in changes to the carrying value of deferred tax assets. Further details of the recognised deferred tax assets are given in note 16.

**Critical judgements in applying the Group's accounting policies**

**(a) Right-of-use-assets (ROU) and lease liability: lease term**

Determining the lease term can involve significant judgement for lease contracts with extension or termination options, as an assessment of whether or not it is reasonably certain that the lease period will be extended is required. The broader economics of the contract and not only contractual termination payments are basis for such assessment. The Group leases most of its offices, hotels, preschools, nursing homes and houses. Lease agreements typically run for 10+ years within preschools and Care and less for the other segments. Preschools represent more than 56% of the total right-of-use assets in the Group, while Care represents around 29%. Contracts normally include an option to prolong the lease. The Group does not include extension options in the length of the lease term due to the uncertainty related to the long remaining lease. Further details are given in note 12.

## 3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

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

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

**Principal financial instruments**

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

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans

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

| **Financial assets** | Financial assets at fair value through profit or loss | | Financial assets at amortised cost | | Non-financial assets | |
|---|---|---|---|---|---|---|
| *(NOK 1 000)* | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Cash and cash equivalents | - | - | 345 984 | 271 721 | - | - |
| Trade receivables | - | - | 746 772 | 417 364 | - | - |
| Other current receivables (note 13) | - | - | 303 865 | 229 127 | 226 568 | 153 544 |
| Other non-current receivables | - | - | 17 687 | 40 482 | - | - |
| Other investments | 21 346 | 25 403 | - | - | - | - |
| **Total financial assets** | **21 346** | **25 403** | **1 414 307** | **958 694** | **226 568** | **153 544** |

| **Financial liabilities** | Financial liabilities at fair value through profit or loss | | Financial liabilities at amortised cost | | Non-financial liabilities | |
|---|---|---|---|---|---|---|
| *(NOK 1 000)* | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| Trade and other current payables | - | - | 1 755 033 | 1 254 160 | - | - |
| Borrowings | - | - | 2 999 347 | 2 185 931 | - | - |
| Lease liabilities | - | - | 7 061 914 | 5 527 482 | - | - |
| **Total financial liabilities** | **-** | **-** | **11 816 294** | **8 967 573** | **-** | **-** |

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The regulatory framework has a significant influence for the Group and our ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact on the way we deliver our services.

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

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**Credit risk**

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

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

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

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

**Market risk**

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will fluctuate because of changes in market prices of financial instruments.

**Fair value and cash flow interest rate risk**

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

During 2023 and 2022, the Group's borrowings at variable interest rate were denominated in NOK and SEK.

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

**Sensitivity**

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

| *(NOK 1 000)* | Interest expense | Effect on P&L | Effect on Equity |
|---|---|---|---|
| Effect of a 0.5% increase | 14 997 | 11 697 | 11 697 |
| Effect of a 0.5% decrease | (14 997) | (11 697) | (11 697) |

**Foreign exchange risk**

The Group has operations in Norway, Sweden, Finland, Netherland and Poland, and is therefore exposed to fluctuations of foreign currency rates.

With regards to translational exposure, NHC Group faces risk arising from the translation of subsidiaries whose functional currency differs from the presentation currency of the Group. Translational exposure does not give rise to an immediate cash effect, however as it may impact the Group's financials, it is closely monitored. The Group seeks to mitigate balance sheet exposure by funding assets with borrowing denominated in the same currency. The exposure related to equity of foreign subsidiaries is generally not hedged.

The Group is predominantly exposed to the SEK/NOK exchange rate as around 43% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 49% of its bond is denominated in SEK, both representing natural hedges to the operations. The Group has a small but growing exposure to the EUR/NOK exchange rate as operations in the Netherlands and Finland are growing (note 4), however this represents a natural hedge to the growing investments. The Group is monitoring the exposure and currency protections measures may be allowed to prevent situations of financial distress, in those cases where the exposure cannot be effectively reduced by use of operational hedges.

The effect from the bond issued if the NOK/SEK currency change is presented below.

| *(NOK 1 000)* | Currency effect | Effect on P&L | Effect on Equity |
|---|---|---|---|
| Effect of SEK weakens of 1.0% toward NOK | 11 020 | 8 596 | 8 596 |
| Effect of SEK strengthen of 1.0% toward NOK | (11 020) | (8 596) | (8 596) |

The Group is further exposed to the risk that medium/long-term trend shifts in exchange rates might affect its competitive position. This strategic currency exposure is regularly monitored, but as the exposure is currently relatively limited it is not actively hedged.

**Other market price risk**

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

**Liquidity risk**

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

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

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

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

| *(NOK 1 000)* | Between 1 and 12 months | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 5 years | Over 5 years | **Total** |
|---|---|---|---|---|---|---|
| **At 31 December 2023** | | | | | | |
| Trade and other current payables | 1 755 033 | - | - | - | - | 1 755 033 |
| Borrowings | 292 997 | 2 367 877 | 31 228 | 62 559 | 402 756 | 3 157 418 |
| Lease liabilities | 971 264 | 801 545 | 801 545 | 1 603 090 | 4 200 262 | 8 377 707 |
| **Total** | **3 019 294** | **3 169 422** | **832 773** | **1 665 649** | **4 603 019** | **13 290 157** |

| *(NOK 1 000)* | Between 1 and 12 months | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 5 years | Over 5 years | **Total** |
|---|---|---|---|---|---|---|
| **At 31 December 2022** | | | | | | |
| Trade and other current payables | 1 254 160 | - | - | - | - | 1 254 160 |
| Borrowings | 170 584 | 154 545 | 1 857 040 | 218 433 | 287 008 | 2 687 610 |
| Lease liabilities | 687 528 | 589 177 | 589 177 | 1 178 355 | 3 526 325 | 6 570 563 |
| **Total** | **2 112 272** | **743 723** | **2 446 217** | **1 396 788** | **3 813 333** | **10 512 333** |

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**Capital Disclosures**

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

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

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

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

The Group's strategy is to preserve a strong cash base and achieve an equity ratio of approximately 10% and maintain net interest-bearing debt below 4x adjusted EBITDA. As per end of 2023 and 2022 the equity ratio was above the target. The net interest-bearing debt ratio was above target due to acquisitions during 2023 and increased property portfolio. The objective of this strategy is to secure access to financing at reasonable cost by maintaining a high credit rating. As per end of 2022 the ratio was below target. The ratios on 31 December 2023 and on 31 December 2022 were as follows:

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Borrowings, including real estate debt | 2 999 347 | 2 185 931 |
| Less: cash and cash equivalents | 345 984 | 271 721 |
| **Net interest-bearing debt excl lease liabilities** | **2 653 363** | **1 914 210** |
| **Total equity** | **943 519** | **601 172** |
| **EBITDA (adjusted) *** | **457 463** | **500 628** |
| **Total capital (excluding IFRS 16 leasing)** | **6 071 524** | **4 239 013** |
| Equity ratio (%) | 15,5 % | 14,2 % |
| Net interest bearing debt/EBITDA | 5,8 | 3,8 |

EBITDA (adjusted) is defined as EBITDA adjusted for IFRS 16 effects. A reconciliation is shown in note 4.
Total capital is defined as total equity and liabilities, adjusted for leasing liabilities. A reconciliation is presented below:

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Total equity and liabilities | 13 133 439 | 9 766 495 |
| Non-current leasing liabilities | 6 297 807 | 4 996 237 |
| Current lease liabilities | 764 107 | 531 245 |
| **Total capital (excluding IFRS 16 effects)** | **6 071 524** | **4 239 013** |

## 4. SEGMENT INFORMATION, REVENUE AND OTHER OPERATING INCOME

The Group has five strategic divisions, which are its reportable and operating segments. The segments are managed separately and reflects the internal reporting. In addition, there are owner cost at group level which are not allocated. The reportable segments are:

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

- Care – provides individually focused elderly care and has grown to become a leading private operator of nursing homes, home care and patient hotels in the Nordics. In addition, the Group has in recent years entered the home care market. After the acquisition of Brado Group in January 2023, the Swedish operations is now one of the largest private operators with Sweden representing more than half of the revenue.

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

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

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

The segments result is defined as operating result adjusted for IFRS 16. The chief operating decision maker is the Board of Directors, including the CEO. The Board and the CEO is responsible for allocating resources to each segment as well as monitor the performance within each segment. Other activities/eliminations consist of activities in the holding companies, group eliminations and IFRS 16 effects, presented in separate table below. A measure of total assets and liabilities for each reportable segment is not regularly provided to the chief operating decision maker and as a consequence only the statement of income are included in the figures below.

| 2023 | Preschools | Care | Integration services | Individual & Family | Real Estate | Other / Eliminations | Tota |
|---|---|---|---|---|---|---|---|
| Operating revenues | 4 440 035 | 2 122 042 | 1 164 690 | 3 066 781 | 23 975 | (121 098) | 10 696 424 |
| Other income | 647 | 13 | 10 | 1 007 | 98 813 | (24 748) | 75 742 |
| **Total** | **4 440 681** | **2 122 055** | **1 164 700** | **3 067 788** | **122 788** | **(145 846)** | **10 772 166** |
| | | | | | | | |
| Cost of goods and services sold | (132 952) | (26 418) | (122 238) | (58 368) | (212) | (11 002) | (351 190 |
| Personnel expenses | (3 007 377) | (1 689 662) | (376 779) | (2 430 548) | (12 882) | (122 749) | (7 639 998 |
| Depreciation and amortisation | (74 943) | (22 214) | (10 462) | (18 249) | (6 732) | (799 455) | (932 055 |
| Other operating expenses | (1 095 789) | (489 262) | (483 138) | (455 766) | (46 195) | 1 155 400 | (1 414 750 |
| **Operating profit/(loss)** | **129 620** | **(105 502)** | **172 083** | **104 856** | **56 767** | **76 348** | **434 173** |
| | | | | | | | |
| **Net financial items** | **(16 818)** | **34 973** | **(9 354)** | **(92 083)** | **(13 804)** | **(384 937)** | **(482 022** |
| Share of net income from associated companies | 806 | - | - | - | - | - | 806 |
| **Profit/(loss) before taxes** | **113 608** | **(70 529)** | **162 729** | **12 773** | **42 963** | **(308 589)** | **(47 043** |

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**Specification of Other / Eliminations**

| 2023 | Other | IFRS 16 | Eliminations | Tota |
|---|---|---|---|---|
| *Operating revenues* | *188 024* | - | (309 122) | (121 098 |
| Other income | 7 | (24 755) | - | (24 748 |
| **Total** | **188 031** | **(24 755)** | **(309 122)** | **(145 846** |
| | | | | |
| Cost of goods and services sold | (10 950) | - | (52) | (11 002 |
| Personnel expenses | (126 443) | - | 3 693 | (122 749 |
| Depreciation and amortisation | 3 854 | (798 095) | (5 215) | (799 455 |
| Other operating expenses | (83 427) | 933 520 | 305 307 | 1 155 400 |
| **Operating profit/(loss)** | **(28 934)** | **110 671** | **(5 388)** | **76 348** |
| | | | | |
| **Net financial items** | **70 048** | **(209 487)** | **(245 498)** | **(384 937** |
| | | | | |
| Share of net income from associated companies | - | - | - | - |
| **Profit/(loss) before taxes** | **41 114** | **(98 816)** | **(250 886)** | **(308 589** |

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

**Specification of Other / Eliminations**

| 2022 | Other | IFRS 16 | Eliminations | Total |
|---|---|---|---|---|
| Operating revenues | 158 494 | - | (214 491) | (55 997) |
| Other income | - | (30 604) | 24 | (30 580) |
| **Total** | **158 494** | **(30 604)** | **(214 467)** | **(86 577)** |
| | | | | |
| Direct cost of goods and services | (1 483) | - | 186 | (1 296) |
| Personell expenses | (102 351) | - | 2 950 | (99 401) |
| Depreciation and amortisation | 3 786 | (526 505) | (5 054) | (527 773) |
| Other operating expenses | (69 698) | 641 329 | 211 270 | 782 901 |
| **Operating profit/(loss)** | **(11 252)** | **84 220** | **(5 115)** | **67 853** |
| | | | | |
| **Net financial items** | **167 890** | **(152 492)** | **(239 194)** | **(223 797)** |
| | | | | |
| Share of net income from associated companies | - | - | - | - |
| **Profit/(loss) before taxes** | **156 638** | **(68 272)** | **(244 309)** | **(155 943)** |

| Operating revenues by geography | 2023 | 2022 |
|---|---|---|
| Norway | 4 682 762 | 4 577 704 |
| Sweden | 4 567 198 | 2 244 460 |
| International | 1 543 588 | 1 109 255 |
| Real Estate/Other/Elimination | (97 124) | 2 688 |
| **Total revenues by geography** | **10 696 424** | **7 934 106** |

| 2023 | Preschools | Care | Integration services | Individual & Family | Other / Eliminations |
|---|---|---|---|---|---|
| Norway | 48% | 14% | 89% | 39% | 0% |
| Sweden | 24% | 76% | 1% | 61% | 0% |
| International | 28% | 9% | 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 / Eliminations |
|---|---|---|---|---|---|
| Norway | 50% | 23% | 97% | 88% | 0% |
| Sweden | 23% | 72% | 1% | 12% | 0% |
| International | 27% | 5% | 3% | 0% | 0% |
| Real Estate/Other/Elimination | 0% | 0% | 0% | 0% | 100% |
| **Total revenues by geography** | **100%** | **100%** | **100%** | **100%** | **100%** |

| Other income | 2023 | 2022 |
|---|---|---|
| Gain on sale of assets | 98 813 | 62 591 |
| Deferred gain from sale leaseback and booked as reduced ROU | (24 755) | (30 604) |
| Gain on sale of business | - | - |
| Other | 1 684 | 289 |
| **Total other income** | **75 742** | **32 276** |

**Sale leaseback transactions**

Gain on sale of assets in 2023 and 2022 relates to sale and leaseback transactions of property acquired or developed. The assets subject to the transactions were buildings used in the Preschool reporting segment. In connection with the transactions a lease contract was entered into. The lease term was 10 years, with an option for an extension of 10 more years.

**IFRS 16 adjustments**

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

| *(NOK 1 000)* | 2023 | IFRS 16 effects | 2023 Adjusted | 2022 | IFRS 16 effects | 2022 Adjusted |
|---|---|---|---|---|---|---|
| Operating revenues | 10 696 424 | - | 10 696 424 | 7 934 106 | - | 7 934 106 |
| Other income | 75 742 | 24 755 | 100 497 | 32 276 | 30 604 | 62 880 |
| **Total** | **10 772 166** | **24 755** | **10 796 921** | **7 966 382** | **30 604** | **7 996 986** |
| Direct cost of goods and services | (351 190) | - | (351 190) | (353 244) | | (353 244) |
| Personell expenses | (7 639 998) | - | (7 639 998) | (4 985 897) | | (4 985 897) |
| Depreciation and amortisation | (932 055) | 798 095 | (133 961) | (634 712) | 526 505 | (108 207) |
| Other operating expenses | (1 414 750) | (933 520) | (2 348 270) | (1 515 888) | (641 329) | (2 157 218) |
| **Operating profit/(loss)** | **434 173** | **(110 671)** | **323 502** | **476 641** | **(84 220)** | **392 421** |
| **Net financial items** | **(482 022)** | **209 487** | **(272 535)** | **(273 104)** | **152 492** | **(120 611)** |
| Share of net income from associated comp | 806 | - | 806 | 1 266 | - | 1 266 |
| **Profit/(loss) before taxes** | **(47 043)** | **98 816** | **51 773** | **204 803** | **68 272** | **273 075** |

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## 5. PERSONNEL EXPENSES

| *(NOK 1 000)* | Note | 2023 | 2022 |
|---|---|---|---|
| *Personnel expenses (including directors) comprise:* | | | |
| Wages and salaries | | (5 944 027) | (3 926 875) |
| Defined contribution pension cost | | (395 461) | (336 259) |
| Defined benefit pension income/(cost) | 19 | (7 156) | 63 634 |
| Other benefits | | (96 102) | (70 632) |
| Social security contributions and similar taxes | | (1 196 651) | (715 165) |
| Remuneration to Board of Directors | | (600) | (600) |
| **Total personnel expenses** | | **(7 639 998)** | **(4 985 897)** |
| | | | |
| Number of employees (FTE) | | 12 024 | 8 502 |

| **Name** | **2023** | **2022** |
|---|---|---|
| Yngvar Tov Herbjørnssønn (CEO) | 4 943 | 4 508 |
| **Total compensation** | **4 943** | **4 508** |

The group was established in December 2016 and no key management group has been identified for the years 2023 and 2022.
There are no agreements for any severance pay to the CEO or members of the Board.

**Audit fees**

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

| | **2023** | **2022** |
|---|---|---|
| Audit | (16 145) | (9 904) |
| Tax services | (288) | (214) |
| Attestation services | (1 990) | (1 391) |
| Other services | (1 119) | (1 155) |
| **Total** | **(19 543)** | **(12 664)** |

## 6. NET FINANCIAL ITEMS

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Interest received on bank deposits and receivables | 11 618 | 2 470 |
| Other finance income | (317) | 798 |
| **Total finance income** | **11 301** | **3 268** |
| | | |
| Interest expense on financial liabilities measured at amortised cost | (273 535) | (142 926) |
| Interest expense on lease liability | (209 487) | (152 492) |
| Other financial expenses | (3 327) | (5 781) |
| **Total finance expense** | **(486 349)** | **(301 200)** |
| | | |
| **Net foreign exchange gains/(losses)** | **(6 974)** | **24 828** |
| | | |
| **Net financial items** | **(482 022)** | **(273 104)** |

## 7. TAX EXPENSE

| *(NOK 1 000)* | Note | 2023 | 2022 |
|---|---|---|---|
| Current tax expense | | | |
| Current tax on profits for the year | | 30 221 | 32 790 |
| Adjustment of prior year's income taxes | | 1 077 | - |
| **Total current tax** | | **31 298** | **32 790** |
| | | | |
| Deferred tax expense | | | |
| Changes in temporary differences | 16 | (43 799) | 2 476 |
| **Total deferred tax** | | **(43 799)** | **2 476** |
| | | | |
| **Income tax** | | **(12 500)** | **35 266** |

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

| | 2023 | 2022 |
|---|---|---|
| Profit for the year | (34 543) | 169 537 |
| Income tax expense | (12 500) | 35 266 |
| **Profit before income taxes** | **(47 043)** | **204 803** |
| | | |
| Expected tax charge based on the standard rate of Norwegian corporation tax at the domestic rate of 22 % | (10 350) | 45 057 |
| Tax rates outside of Norway different from 22% | 3 570 | - |
| Permanent differences | (3 045) | (8 517) |
| Effect of unrecognised deferred tax assets | (2 676) | (1 273) |
| **Total tax expense** | **(12 500)** | **35 266** |

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## 8. PROPERTY, PLANT AND EQUIPMENT

| *(NOK 1 000)* | Land and buildings | Work in progress | Furniture, fixtures and equipment | Total |
|---|---|---|---|---|
| **Historical cost** | | | | |
| Historical cost at 1 January 2022 | 566 632 | 35 174 | 579 901 | 1 181 708 |
| Acquisitions through business combinations | 122 714 | 4 048 | 6 203 | 132 965 |
| Additions | 95 308 | 24 618 | 76 582 | 196 509 |
| Disposals | (106 618) | (17 840) | (15 333) | (139 792) |
| Reclassification/transfer | - | - | (12) | (12) |
| Effect of movement in exchange rates | 4 092 | 27 | 1 082 | 5 202 |
| **Balance at 31 December 2022** | 682 129 | 46 027 | 648 424 | 1 376 581 |
| **Accumulated depreciation and impairment losses** | | | | |
| Acc. depreciation and impairment at 1 January 2022 | (156 179) | - | (362 134) | (518 314) |
| Depreciation | (19 035) | - | (50 180) | (69 215) |
| Impairment loss / reversal of impairment loss | - | - | 10 | 10 |
| Disposals | (4 226) | - | 10 855 | 6 628 |
| Disposal - Intercompany +/- | - | - | 460 | 460 |
| Reclassification/transfer | - | - | 128 | 128 |
| Effect of movement in exchange rates | (3 383) | - | (908) | (4 291) |
| **Balance at 31 December 2022** | (182 824) | - | (401 769) | (584 593) |
| **Closing balance at 1 January 2022** | **410 453** | **35 174** | **217 767** | **663 394** |
| **Closing balance at 31 December 2022** | **499 306** | **46 027** | **246 655** | **791 988** |
| **Historical cost** | | | | |
| Historical cost at 1 January 2023 | 682 129 | 46 027 | 648 424 | 1 376 581 |
| Acquisitions through business combinations | 273 213 | - | 10 910 | 284 123 |
| Additions | 94 370 | 36 115 | 113 856 | 244 341 |
| Disposals | (253 870) | (18 131) | (1 944) | (273 945) |
| Reclassification/transfer | (27 524) | 2 779 | 24 745 | - |
| Effect of movement in exchange rates | 11 251 | 84 | 11 111 | 22 446 |
| **Balance at 31 December 2023** | 779 571 | 66 874 | 807 102 | 1 653 546 |
| **Accumulated depreciation and impairment losses** | | | | |
| Acc. depreciation and impairment at 1 January 2023 | (182 824) | - | (401 769) | (584 593) |
| Depreciation | (22 708) | - | (69 852) | (92 560) |
| Impairment loss / reversal of impairment loss | - | - | (31) | (31) |
| Disposals | 4 062 | (8 383) | 930 | (3 390) |
| Reclassification/transfer | 18 043 | (15 344) | (2 700) | - |
| Effect of movement in exchange rates | (5 442) | (239) | (9 423) | (15 104) |
| **Balance at 31 December 2023** | (188 869) | (23 965) | (482 844) | (695 679) |
| **Closing balance at 1 January 2023** | **499 306** | **46 027** | **246 655** | **791 988** |
| **Closing balance at 31 December 2023** | **590 702** | **42 909** | **324 257** | **957 868** |

Property, plant and equipment pledged as security for liabilities.

| | 2023 | 2022 |
|---|---|---|
| Land and buildings, including work in progress | 633 610 | 545 333 |

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

| | |
|---|---|
| Land | Indefinite |
| Building | 20 - 30 years |
| Work in progress | Not applicable |
| Furniture, fixtures and equipment | 3 -20 years |

## 9. GOODWILL AND INTANGIBLE ASSETS

| *(NOK 1 000)* | Goodwill | Customer contracts | Trademarks | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Historical cost at 1 January 2022 | 1 858 921 | 534 205 | 173 196 | 64 058 | 2 630 380 |
| Acquisitions through business combinations | 70 023 | 1 150 | - | - | 71 172 |
| Additions | 15 661 | - | - | 3 342 | 19 003 |
| Disposals | (156) | - | - | (2 060) | (2 217) |
| Effect of movement in exchange rates | 4 911 | (2 729) | - | (438) | 1 745 |
| **Balance at 31 December 2022** | **1 949 359** | **532 625** | **173 196** | **64 902** | **2 720 083** |
| **Accumulated amortisation and impairment losses** | | | | | |
| Acc. amortisation and impairment at 1 January 2022 | 47 262 | (187 053) | - | (20 881) | (160 673) |
| Amortisation | - | (24 615) | - | (11 337) | (35 952) |
| Impairment loss / reversal of impairment loss | (3 040) | - | - | - | (3 040) |
| Disposals | - | - | - | 583 | 583 |
| Effect of movement in exchange rates | 1 017 | 2 466 | - | (169) | 3 315 |
| **Balance at 31 December 2022** | **45 239** | **(209 202)** | **-** | **(31 805)** | **(195 767)** |
| **Closing balance at 1 January 2022** | **1 906 183** | **347 151** | **173 196** | **43 176** | **2 469 707** |
| **Closing balance at 31 December 2022** | **1 994 598** | **323 424** | **173 196** | **33 098** | **2 524 316** |
| **Historical cost** | | | | | |
| Historical cost at 1 January 2023 | 1 949 359 | 532 625 | 173 196 | 64 902 | 2 720 083 |
| Acquisitions through business combinations | 1 110 840 | - | - | 6 390 | 1 117 230 |
| Additions | 5 365 | - | - | 17 702 | 23 067 |
| Disposals | - | - | - | (3 579) | (3 579) |
| Effect of movement in exchange rates | 73 429 | 6 327 | - | 3 733 | 83 489 |
| **Balance at 31 December 2023** | **3 138 994** | **538 953** | **173 196** | **89 148** | **3 940 290** |
| **Accumulated amortisation and impairment losses** | | | | | |
| Acc. amortisation and impairment at 1 January 2023 | 45 239 | (209 202) | - | (31 805) | (195 767) |
| Amortisation | (0) | (24 092) | - | (8 119) | (32 211) |
| Impairment loss / reversal of impairment loss | (9 185) | - | - | - | (9 185) |
| Disposals | - | - | - | 2 022 | 2 022 |
| Effect of movement in exchange rates | 177 | (5 953) | - | (1 406) | (7 182) |
| **Balance at 31 December 2023** | **36 231** | **(239 247)** | **-** | **(39 307)** | **(242 324)** |
| **Closing balance at 1 January 2023** | **1 994 598** | **323 424** | **173 196** | **33 098** | **2 524 316** |
| **Closing balance at 31 December 2023** | **3 175 224** | **299 705** | **173 196** | **49 841** | **3 697 966** |

The Group has no contractual commitments for development costs.

Impairment losses in 2022 and 2023 relates to dissolved companies, where the booked goodwill was taken as an impairment loss following the dissolvement.

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

| | |
|---|---|
| Goodwill | Indefinite |
| Customer contracts | 3 -20 years |
| Trademarks | Indefinite |
| Other intangible assets | 3 -7 years |

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## 10. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS

At acquisition, goodwill and trademarks are allocated to the operating segments they belong to, as specified below. The operating segments are the same as the reporting segments, as described in note 4. The managing directors within a segment operate across countries to provide synergies and provide business opportunities between countries. Hence, the Group performs the impairment testing on a group of cash generating units that comprise the operating segments below.

Goodwill and trademarks are allocated as follows between four operating and reporting segments:

**Specification of goodwill**

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Preschools | 1 187 427 | 1 128 006 |
| Care | 579 270 | 576 532 |
| Integration services | 128 653 | 127 300 |
| Individual & family | 1 279 875 | 162 761 |
| **Total goodwill** | **3 175 224** | **1 994 598** |

**Specification of trademarks**

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Preschools | 118 463 | 118 463 |
| Care | 29 616 | 29 616 |
| Integration services | - | - |
| Individual & family | 25 117 | 25 117 |
| **Total trademarks** | **173 196** | **173 196** |

**Impairment testing for reporting and operating segments containing goodwill and trademarks**

**Cash flow projections and assumptions**

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

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

The majority of the Groups revenues are tightly linked with development in the general cost inflation and wage settlements in the countries we operate, although with a lag effect as prices normally are adjusted 1-2 years after the cost increases occur. Consequentially, EBITDA can fluctuate in periods with unstable inflation, but over time we regard these effects to be neutralized to a great extent. Further, most of our operations have price models depending on occupancy, and based on thorough demographical analysis in all areas, we see an overall great demand for our services. Personnel costs account for the majority of the Groups cost base, and usually contractually fixed with our counterparties. Through frequent reviews, we monitor that both staffing ratios and salary levels are in accordance with contractual requirements to deliver high quality and sustainable profitability. Maintenance related capital expenditure is constantly monitored and through systematically follow-up, we have a strong understanding on future needs in terms of capital expenditure related to our lease contracts.

For the fiscal years 2023 and 2022 the value in use for the cash generating units are based on the following key assumptions:

| 2023 | Preschools | Care | Integration Services | Individual & Family |
|---|---|---|---|---|
| Growth rate | 2,0 % | 2,0 % | 2,0 % | 2,0 % |
| Discount rate after tax | 6,8 % | 6,8 % | 6,8 % | 6,8 % |

| 2022 | Preschools | Care | Integration Services | Individual & Family |
|---|---|---|---|---|
| Growth rate | 2,0 % | 2,0 % | 2,0 % | 2,0 % |
| Discount rate after tax | 6,9 % | 6,9 % | 6,9 % | 6,9 % |

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

**Sensitivities**

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

The long-term assumptions are assessed on an ongoing basis and the assumptions applied in future impairment tests may vary from those applied for the fiscal year 2023. The Group has a continuously review process, which includes sensitivity analysis and analysis of actual results achieved compared to long-term assumptions, to assess whether the long-term base case assumptions continue to correctly reflect expectations.

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

| 2023 | Preschools | Care | Integration Services | Individual & Family |
|---|---|---|---|---|
| Changes in cash flows | 56,9 % | 25,7 % | 83,3 % | 99,9 % |
| Changes in discount rates | 6,6 % | 1,5 % | 32,7 % | 3,5 % |

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

The sensitivity analysis shows that the reporting segment Care is somewhat sensitive for changes in the parameters, and the Group will monitor closely the development each quarter the following year. At the same time the Board of Directors are comfortable with the level of recognized goodwill and the expected development for the Care business going forward. The carrying value of goodwill for the reporting segment Care was NOK 579.3 million on 31 December 2023 (NOK 576.5 million 31 December 2022).

Based the impairment testing, management believes that there is no need for impairment of the carrying value of goodwill and trademarks as of 31 December 2023.

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## 11. SUBSIDIARIES AND ASSOCIATES

### List of subsidiaries

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

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

| | Country of incorporation | Place of office | Ownership interest | |
|---|---|---|---|---|
| **Name** | | | **2023** | **2022** |
| Norlandia Care Group AS | Norway | Bodø | 100% | 100% |
| Kidsa Drift AS | Norway | Bergen | 100% | 100% |
| Hero Group AS | Norway | Stavanger | 100% | 100% |
| Aberia AS | Norway | Oslo | 100% | 100% |
| NHC Eiendom AS | Norway | Oslo | 100% | 100% |
| Care Properties AS | Norway | Oslo | 100% | 100% |
| NHC Services AS | Norway | Moss | 100% | 100% |
| NH Europe Holding AS | Norway | Oslo | 100% | 100% |
| Brado AB | Sweden | Tanumshede | 100% | |
| **Material operating companies** | | | | |
| Norlandia Barnehagene AS | Norway | Oslo | 100% | 100% |
| Norlandia Barnehagene II AS | Norway | Oslo | 100% | 100% |
| Kidsa Barnehager AS | Norway | Bergen | 100% | 100% |
| Norlandia Barnehagedrift AS | Norway | Oslo | 100% | 100% |
| Norlandia Förskolor AB | Sweden | Stockholm | 100% | 100% |
| Kids2Home Förskolor AB (former: Kids2Home AB) | Sweden | Stockholm | 100% | 100% |
| Norlandia Päiväkodit Oy | Finland | Helsinki | 100% | 100% |
| Preschools Netherlands Holdings B.V. | Netherlands | Utrecht | 100% | 100% |
| Norlandia Nederland B.V. | Netherlands | Utrecht | 100% | 100% |
| Norlandia Care Norge AS | Norway | Oslo | 100% | 100% |
| Norlandia Hjemmeomsorg AS | Norway | Oslo | 100% | 100% |
| Norlandia Care OY | Finland | Tampere | 100% | 100% |
| Norlandia Care AB | Sweden | Stockholm | 100% | 100% |
| Norlandia Care Kosmo AB (former: Kosmo AB) | Sweden | Stockholm | 100% | 100% |
| Hero Norge AS | Norway | Stavanger | 100% | 100% |
| Aberia Ung AS | Norway | Moss | 100% | 100% |
| Aberia Omsorg AS | Norway | Moss | 100% | 100% |
| Aurora Omsorg AS | Norway | Moss | 100% | 100% |
| Aberia Personlig Assistans SB (former: Marcus Assistans AB) | Sweden | Örebro | 100% | 100% |
| Frösunda Omsorg AB | Sweden | Stockholm | 100% | |
| Frösunda Personlig Assistans AB | Sweden | Malmö | 100% | |
| Frösunda Äldreomsorg AB | Sweden | Göteborg | 100% | |

The table below shows the material associated companies held by the Group, which is accounted for using the equity method. As of 31 December 2023, Norlandia Preschools AS holds a 50% ownership in Wekita GmbH, which is a German company operating in the Preschool segment.

| *(NOK 1 000)* | 2023 | 2022 |
|---|---|---|
| **Investment in associates as of 01.01** | **25 613** | **31 076** |
| Share of net income from associated companies | 806 | 1 266 |
| New investment in associates | 8 052 | - |
| Disposal of investment associates | - | (6 729) |
| **Investment in associates as of 31.12** | **34 471** | **25 613** |

## 12. LEASES

### Lease contracts

The Group leases most of its offices, hotels, preschools, nursing homes and houses. Lease agreements typically run for 10+ years within preschools and less for the other segments. Preschools represent more than 56% of the total right-of-use assets in the Group, while Care represents around 29%. Contracts normally include an option to prolong the lease. The Group has not included any such prolonging due to the uncertainty related to the long remaining lease. To determine the discount rate, the Group have considered three key components: reference rate, financing spread adjustment and lease specific adjustment. The interest rate is estimated per country and varies between 2.5-6.9%, depending on duration in years. The interest rate is updated on an annual basis, and in most instances the updated rate is mainly used for new contracts entered into the applicable year. Contracts with less than a 12-month obligation or payments related to revenue are not capitalized. Lease payments are subject to annual KPI adjustment.

| *(NOK 1 000)* | 2023 | 2022 |
|---|---|---|
| **Right of use asset** | | |
| Balance at 1 January | 5 171 842 | 4 186 467 |
| New contracts | 770 506 | 825 061 |
| Acquired through business combinations | 830 199 | 319 096 |
| Remeasurement or amendments | 315 364 | 334 895 |
| Depreciation | (798 095) | (526 505) |
| Exchange differences | 258 389 | 32 828 |
| **Year ended 31 December** | **6 548 205** | **5 171 842** |
| | | |
| *Maturity analysis lease liabilities - undiscounted cash flows* | | |
| Less than one year | 971 264 | 687 528 |
| One to five years | 3 206 180 | 2 356 709 |
| More than five years | 4 200 262 | 3 526 325 |
| **Total undiscounted lease liabilities 31 December** | **8 377 707** | **6 570 563** |
| | | |
| **Classification of lease liabilities in the statement of financial position** | | |
| Non-current | 6 297 807 | 4 996 237 |
| Current | 764 107 | 531 245 |
| **Total lease liabilities** | **7 061 914** | **5 527 482** |
| | | |
| **Lease expenses not included in lease liabilities** | | |
| Short-term lease expenses | (256 260) | (639 907) |

Acquisition of subsidiary in 2023 relates to the acquisition of Frösunda. The majority of these contracts concern rents for nursing homes for the elderly and for people with disabilities. The lease agreements typically run for 10-15 years.

Payments for short term leases are mainly related to the rental of refugee centers for the operating segment Integration Services. In 2022 the Group opened more than 40 acute refugee centers following the war outbreak in Ukraine. All these acute centers were based on short-term contracts, most of them operating on a 3-month basis. The majority of these have been replaced by long-term ordinary centers during the first half of 2023. By the end of 2023, only a few centers are based on short-term contracts. Variable lease expenses and lease expenses related to leases of low value assets are not significant for the Group.

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## 13. TRADE AND OTHER RECEIVABLES

| *(NOK 1 000)* | Note | 2023 | 2022 |
|---|---|---|---|
| Trade receivables | | 766 491 | 428 120 |
| Less: provision for impairment of trade receivables | | (19 719) | (10 756) |
| **Trade receivables - net** | | **746 772** | **417 364** |
| | | | |
| Prepaid expenses | | 210 915 | 149 878 |
| Prepaid public duties | | 15 653 | 3 667 |
| Group contribution receivable from owner | | - | 102 673 |
| Other current receivables | | 303 865 | 126 455 |
| **Total other current receivables** | | **530 433** | **382 672** |
| | | | |
| **Other non-current receivables** | | **17 687** | **40 482** |
| | | | |
| **Total receivables classified as loans and receivables** | | **1 294 892** | **840 518** |

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values.
The Group does not hold any collateral as security.

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

| *(NOK 1 000)* | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **(10 756)** | **(13 025)** |
| Provided during the year | (12 723) | (3 261) |
| Reversal of provisions prior years | 3 759 | 5 529 |
| **At 31 December** | **(19 719)** | **(10 756)** |

The movement on the provision for impaired receivables has been included in the other operating expenses line in the consolidated statement of comprehensive income.
Other classes of financial assets included within trade and other receivables do not contain impaired assets.

| *(NOK 1 000)* **Aging analysis on trade receivables** | **Total** | Not due (less than 30 days) | 30-60 days | 60-90 days | More than 90 days |
|---|---|---|---|---|---|
| **2023** | **766 491** | 676 692 | 47 695 | 3 535 | 38 569 |
| **2022** | **428 120** | 395 616 | 14 320 | 2 439 | 15 744 |

## 14. SHARE CAPITAL, SHAREHOLDERS, DIVIDENDS AND RESERVES

| **Share capital** | **2023** | **2023** | **2022** | **2022** |
|---|---|---|---|---|
| *(Amounts in NOK)* | Number | NOK | Number | NOK |
| Ordinary shares of NOK 10.4 each | 47 697 448 | 496 053 459 | 30 000 000 | 312 000 000 |
| **Total** | **47 697 448** | **496 053 459** | **30 000 000** | **312 000 000** |

**Shareholders**
Each share gives the shareholder one voting right.

| | | |
|---|---|---|
| Hospitality Invest AS | 46 266 525 | 97,00% |
| Stork Industries AS | 715 462 | 1,50% |
| Cowry EV AS | 715 462 | 1,50% |
| **Total** | **47 697 448** | **100,00%** |

Kristian A. Adolfsen holds, directly and indirectly, 46.64 % of the shares in Hospitality Invest AS

Roger Adolfsen holds, directly and indirectly, 46.63% of the shares in Hospitality Invest AS
Yngvar Tov Herbjørnssønn holds, directly and indirectly, 100% of the shares in Cowry EV AS

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

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

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## 15. BORROWINGS

| The book value and fair value of loans and borrowings are as follows: | Book value | Fair value | Book value | Fair value |
|---|---|---|---|---|
| *(NOK 1 000)* | 2023 | 2023 | 2022 | 2022 |
| **Non-Current** | | | | |
| Interest-bearing debt | 2 617 746 | 2 617 746 | 2 115 610 | 2 115 610 |
| **Total non-current interest-bearing debt** | **2 617 746** | **2 617 746** | **2 115 610** | **2 115 610** |
| | | | | |
| **Current** | | | | |
| Interest-bearing debt | 381 600 | 381 600 | 71 388 | 71 388 |
| **Total current interest-bearing debt** | **381 600** | **381 600** | **71 388** | **71 388** |

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

| *(Currency in 1 000 NOK)* | **2023** | **2022** |
|---|---|---|
| NOK | 1 891 344 | 1 442 754 |
| SEK | 1 108 003 | 744 245 |
| **Total** | **2 999 347** | **2 186 998** |

| **Borrowings as of 31.12.2023** | Interest | **Amount** | **Due date** |
|---|---|---|---|
| Bond loans | NIBOR/STIBOR +5.75% | 2 271 536 | 2025 |
| Current overdraft facilities | NOWA + margin | 289 687 | |
| Property debt outside ringfence structure | 2.42%-5.76% | 394 288 | 2023-2050 |
| Other debt/property debt | | 43 836 | |
| **Total** | | **2 999 347** | |

| **Borrowings as of 31.12.2022** | Interest | **Amount** | **Due date** |
|---|---|---|---|
| Bond issued 2021 | NIBOR/STIBOR +5.75% | 1 674 233 | 2025 |
| Revolving credit facility | NIBOR + margin | 106 245 | |
| Property debt outside ringfence structure | 0.897%-2.438% | 394 070 | 2023-2050 |
| Other debt/property debt | | 12 449 | |
| **Total** | | **2 186 998** | |

**Bond**

In January 2023 the Group successfully placed a senior secured bond issue of equivalent to NOK 522 million under the Group's existing senior secured bond framework with ISINs NO001099792 (the "NOK-tranche" and NO0010997943 (the "SEK tranche"). The subsequent bond issue, split between a subsequent issue of NOK 180 million in the NOK-tranche, and a subsequent issue of SEK 352 million in the SEK-tranche of the bond.

The existing senior secured bond was refinanced in 2021 due in May 2025. This bond consists of a 950 million NOK tranche and a 750 million SEK tranche.

As per December 2023 MNOK 14.1 were unamortised borrowing costs (31 December 2022 MNOK 15.5). Subsidiaries are pledged as collateral together with a majority of material operating companies. See note 3, 18 and 23 for further information regarding the bond.

**Overdraft facilities**

In March 2023, the long-term credit facility was repaid. In replacement, the Group secured a short-term overdraft facility of NOK 350 million by DnB. NOK 289.7 million was drawn as per 31 December 2023 (MNOK 106.2 as of 31 December 2022 under the old revolving credit facility).

**Property debt outside ringfence structure**

The majority of the property debt outside the ringfence structure is financed through Husbanken. The ringfence structure relates to the companies that are defined in the bond agreement, while some real estate companies outside this structure are allowed to draw external debt. In addition to the loans in Husbanken, the Group has some financing through Sparebanken Møre, Sparebanken 1 Ringerike Hadeland and BN Bank. As of 31 December 2023, the amount totaled to MNOK 394.3 (NOK 395.3 as of 31 December 2022).

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## 16. DEFERRED TAX

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

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| At 1 January | (36 878) | (27 718) |
| Tax expense | 43 799 | 2 476 |
| Recognised in other comprehensive income | (3 016) | 2 209 |
| **Sum** | **3 905** | **(23 032)** |
| | | |
| Arising on business combination | 2 748 | (13 845) |
| **At 31 December** | **6 652** | **(36 878)** |

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

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

The table below outlines the Group's net deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

| *(NOK 1 000)* **Tax effect of temporary differences** | Net DTA/(DT) **2023** | (Charged)/ credited to profit or loss **2023** | (Charged)/ credited to equity or from BC **2023** | Net DTA/(DT) **2022** | (Charged)/ credited to profit or loss **2022** | (Charged)/ credited to equity or from BC **2022** |
|---|---|---|---|---|---|---|
| Fixed assets | 59 062 | 107 226 | 2 748 | (50 912) | 32 281 | (13 845) |
| Accounts receivable | 450 | (924) | - | 1 374 | (682) | - |
| Inventory | (136) | (136) | - | - | - | - |
| Pensions | (2 511) | (675) | (3 016) | 1 179 | (20 126) | 2 209 |
| Profit and loss account | (75 221) | (73 364) | - | (1 857) | 460 | - |
| Other differences | 47 833 | 2 607 | - | 45 226 | (3 251) | - |
| Tax loss carried forward | 13 760 | 8 350 | - | 5 410 | (7 926) | - |
| **Tax asset/(liabilities)** | **43 237** | **43 084** | **(268)** | **420** | **756** | **(11 636)** |
| Unrecognised deferred tax asset | (36 584) | 715 | - | (37 299) | 1 720 | - |
| **Net tax assets/(liabilities)** | **6 652** | **43 799** | **(268)** | **(36 878)** | **2 476** | **(11 636)** |

| *(NOK 1 000)* **Net deferred tax assets/(liabilities)** | **2023** | **2022** |
|---|---|---|
| Deferred tax assets | 224 964 | 109 543 |
| Deferred tax liabilities | (218 311) | (146 421) |
| **Net deferred tax assets/(liabilities)** | **6 652** | **(36 878)** |

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

## 17. TRADE AND OTHER CURRENT LIABILITIES

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Trade payables | 347 000 | 190 976 |
| Tax and social security payments | 505 053 | 279 264 |
| Other current liabilities | 902 979 | 783 920 |
| **Total trade and other current liabilities, excluding borrowings, classified as financial liabilities measured at amortised cost** | **1 755 033** | **1 254 160** |

Book values approximate to fair value at 31 December 2023 and 2022.

## 18. SUPPORTING STATEMENT OF CASH FLOWS

| | **Non-current loans and borrowings** | **Current loans and borrowings** | **Lease liabilities** | **Total** |
|---|---|---|---|---|
| **At 1 January 2022** | **2 124 400** | **51 037** | **4 466 806** | **6 642 243** |
| Cash flows | (51 762) | (27 180) | (491 307) | (570 249) |
| Net amounts from purchase and sale of companies | 64 872 | 39 876 | 319 096 | 423 844 |
| Effects of foreign exchange | (21 900) | - | 33 145 | 11 245 |
| Interests accrued in period | - | 7 655 | - | 7 655 |
| Addition/remeasurements | - | - | 1 199 742 | 1 199 742 |
| **At 31 December 2022** | **2 115 610** | **71 388** | **5 527 482** | **7 714 480** |
| Cash flows | 390 652 | (358 876) | (724 033) | (692 257) |
| Net amounts from purchase and sale of companies | 27 404 | 648 487 | 895 001 | 1 570 892 |
| Effects of foreign exchange | 84 080 | - | 255 752 | 339 833 |
| Interests accrued in period | - | 20 601 | - | 20 602 |
| Addition/remeasurements | - | - | 1 107 712 | 1 107 712 |
| **At 31 December 2023** | **2 617 746** | **381 600** | **7 061 914** | **10 061 261** |

## 19. RETIREMENT BENEFITS

At 31.12.2023, a total of 12,441 employees in the Group are included in a defined contribution plan. The plan is in accordance with the laws and regulations concerning obligatory pension plans. The costs in connection with the plan are recognized in accordance with premiums paid. The Group's defined benefit plan at the end of 2023 includes 59 employees. In 2022 the defined benefit plans for the Preschools in Norway were replaced by a defined contribution plan. The change had a positive effect in both Q1 and Q4, and compensation is being paid as salary for those the qualify. The plan involves lifelong pension from 67 years. Defined benefit plans give rise to defined future payments. These are mainly dependent on the number of years of service, salary level at retirement and the level of payments received from Social Security. The obligations are covered by an insurance company.

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| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Pension costs for defined contribution schemes | 395 461 | 336 259 |

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

| | **2023** | **2022** |
|---|---|---|
| Fair value of plan assets | 33 120 | 57 210 |
| Present value of funded obligations | 21 797 | 63 488 |
| **Net pension obligations** | **(11 324)** | **6 279** |

| **Reconciliation of plan assets** | **2023** | **2022** |
|---|---|---|
| **At 1 January** | 57 210 | 422 610 |
| Expected return | 720 | 2 954 |
| Contributions by Group | 9 072 | 18 787 |
| Benefits paid | (285) | (1 153) |
| Actuarial gain/(loss) | 4 114 | (12 464) |
| Settlements | (37 488) | (373 240) |
| Administration fees | (222) | (285) |
| **At 31 December** | **33 120** | **57 210** |

| **Reconciliation of plan liabilities** | **2023** | **2022** |
|---|---|---|
| **At 1 January** | 63 488 | 522 795 |
| Interest cost | 832 | 3 837 |
| Current service cost | 5 938 | 31 087 |
| Benefits paid | (285) | (1 153) |
| Actuarial (gain)/loss | (6 529) | (2 422) |
| Social security tax | (395) | (637) |
| Settlements | (41 252) | (490 019) |
| **At 31 December** | **21 797** | **63 488** |

| | **2023** | **2022** |
|---|---|---|
| **Actuarial gains and losses recognised in OCI** | **10 643** | **(10 042)** |

| **Pension cost (defined benefit plan)** | **2023** | **2022** |
|---|---|---|
| Current service cost | 5 938 | (65 874) |
| Net interest cost | 112 | (158) |
| Administration costs | 222 | 537 |
| Accrued social security tax | 885 | 1 861 |
| **Net pension cost/(income)** | **7 156** | **(63 634)** |

| **Principal actuarial assumptions** | **31.12.2023** | **31.12.2022** |
|---|---|---|
| Discount rate on plan liabilities | 3,7 % | 3,2 % |
| Expected increase in pensionable salary | 3,8 % | 3,8 % |
| Future G-increase | 3,5 % | 3,5 % |
| Future pension increase | 2,9 % | 1,7 % |
| Turnover | 8,7 % | 8,7 % |
| Social security tax | 14,1 % | 14,1 % |

## 20. BUSINESS COMBINATIONS

### Acquisitions under common control during 2023

In Q1 23 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 as the ultimate owners of both NHC Group and Brado Group are the same.

Frösunda was founded in 1994 and have become a leading supplier of private care services in Sweden. The Group is a diversified care operator within Disability, Personal Assistance and Elderly Care, which significantly strengthens NHC's operations within the Individual and Family and Care segments.

In addition, the Group acquired control over the shares in Agito Norway, Agito Sverige AB and Agito Nordic AB as of late December 2023. This transaction was also defined as a business combination under common control and resulted in a net effect booked against retained earnings of NOK 31.4 million. As this transaction was not material for the Group, the carrying values are not shown below.

The table below shows the carrying values of assets and liabilities from Brado Group included in NHC Group from the acquisition date:

**Allocation of purchase value of Brado AB Group**

| *(NOK million)* | **Book value** |
|---|---|
| Goodwill | 1 108,4 |
| Other intangible assets | 6,5 |
| Deferred tax asset | 16,1 |
| Property plant and equipment | 21,5 |
| Right-of-use-assets | 838,8 |
| **Total non-current assets** | **1 991,2** |
| | |
| Receivables | 294,2 |
| Cash and cash equivalents | 129,9 |
| **Total current assets** | **424,1** |
| | |
| Deferred tax liability | 5,0 |
| Non-current lease liability | 766,3 |
| Other non-current liabilities | 19,1 |
| **Total non-current liabilities** | **790,3** |
| | |
| Current interest-bearing debt | 688,1 |
| Current lease liability | 128,7 |
| Other current liabilities | 339,3 |
| **Total non-current liabilities** | **1 156,2** |
| | |
| Total net assets purchased | 468,8 |
| Total consideration* | 511,6 |
| **Effect of business combination under common control, equity** | **(42,8)** |

*Part of the consideration was settled as a way of a seller's credit of NOK 388.5 million which were transported to the ultimate parent company Hospitality Invest AS, and then converted to equity in NHC as shown in the statement of equity. In addition, an earn-out element of NOK 102 524 680 was recognized as a non-current liability at the time of the acquisition. The future payment is dependent on the future performance of the Brado Group up until 2025.

### Other acquisitions during 2023

The Group acquired control over the shares in some small Norwegian companies during 2023, mainly preschools. None of these acquisitions were material for the Group, hence the purchase price allocation is not presented for these.

### Acquisitions during 2022

Acquisitions during 2022 have been primarily within the preschool segment within Sweden and Norway, with the purchase of the Swedish Group Svenska Kunskapsförskolan Koncept AS being the largest. All business combinations during 2022 resulted in an

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addition to intangible assets of total MNOK 86.8, right-of-use assets of MNOK 319.1 and property, plant and equipment of MNOK 133.0.

## 21. TRANSACTIONS WITH RELATED PARTIES

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

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

*(NOK 1 000)*

| Transaction with related parties | 2023 | 2022 |
|---|---|---|
| **Receivables from related parties** | | |
| Älvbäck Fastighets AB | 4 048 | 3 598 |
| Otiga Group Management AS | 5 | - |
| **Liabilities to related parties** | | |
| Hospitality Invest AS | 29 833 | 28 959 |
| Abros Invest AB | 102 525 | - |
| Otiga Group AS | 18 747 | - |
| Personalhuset Staffing Group AS | 14 787 | - |
| **Interest received** | | |
| Älvbäck Fastighets AB | 128 | - |
| **Rent of properties from related parties** | | |
| Rent of properties from Pioneer Property Group ASA | 7 517 | 2 333 |
| **Purchase of personnel services from related parties** | | |
| Purchase of personnel services from Personalhuset Staffing Group AS | 17 925 | 28 498 |

## 22. CASH AND CASH EQUIVALENTS

| *(NOK 1 000)* | 2023 | 2022 |
|---|---|---|
| Cash related to payroll tax withholding | 3 198 | 1 343 |
| Unrestricted cash | 342 786 | 270 378 |
| **Total cash and cash equivalents** | **345 984** | **271 721** |

## 23. DESCRIPTION OF INCURRENCE COVENANT AND FINANCIAL COVENANT

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

Total Net Debt / EBITDA (as defined in the Bond agreement) = not greater than 3.25 (3.00 for payment of dividends) for the group of companies included in the ring fence as defined by the bond agreement, see also note 15.

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

## 24. OTHER OPERATING EXPENSES

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Lease expense and cost related to premises | (664 654) | (907 077) |
| Rental of office machinery | (43 282) | (29 861) |
| Software and operating materials | (334 799) | (307 735) |
| Professional fees | (123 749) | (72 067) |
| Office cost and travelling expenses | (147 387) | (98 403) |
| Sales and administrative cost | (40 286) | (23 847) |
| Other expenses | (60 594) | (76 898) |
| **Other operating expenses** | **(1 414 750)** | **(1 515 888)** |

## 25. EVENTS AFTER THE REPORTING 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 December 2023.

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# Income statement

Norlandia Health & Care Group AS - for the year ended 31 December 2023

| NOK 1 000 | Note | 2023 | 2022 |
|---|---|---|---|
| Operating revenues | | 4 712 | 7 035 |
| Personnel expenses | 8 | (2 578) | (2 340) |
| Other operating expenses | 8 | (17 150) | (12 447) |
| **Operating profit/(loss)** | | **(15 017)** | **(7 752)** |
| Finance income | 6, 10 | 335 320 | 261 794 |
| Finance expense | 10 | (209 527) | (124 119) |
| Net foreign exchange gains/(losses) | 10 | (49 505) | 23 527 |
| **Net financial items** | | **76 289** | **161 202** |
| **Profit/(loss) before taxes** | | **61 272** | **153 450** |
| Income taxes | 2 | (13 991) | (31 405) |
| **Net income/(loss)** | | **47 281** | **122 045** |
| Allocated to other equity | 3 | 47 281 | 122 045 |
| **Total allocation of net income/(loss) for the period** | | **47 281** | **122 045** |

# Statement of financial position

Norlandia Health & Care Group AS - for the year ended 31 December 2023

| (NOK 1 000) | Note | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment in subsidiaries | 5 | 2 165 402 | 1 665 128 |
| Loans to group companies | 6 | 1 073 279 | 503 501 |
| **Total non-current assets** | | **3 238 681** | **2 168 628** |
| | | | |
| Current group receivables | 6 | 689 975 | 522 008 |
| Other current receivables | | 127 | 5 263 |
| Cash and cash equivalents | 9 | 37 667 | 36 419 |
| **Total current assets** | | **727 768** | **563 691** |
| | | | |
| **Total assets** | | **3 966 450** | **2 732 319** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 3, 4 | 496 053 | 312 000 |
| Share premium reserve | 3 | 372 190 | 167 784 |
| Other paid-in capital | 3 | 10 005 | - |
| **Total restricted equity** | | **878 248** | **479 784** |
| | | | |
| Retained earnings | 3 | 373 159 | 325 878 |
| **Total equity** | | **1 251 407** | **805 662** |
| | | | |
| Bond loans | 7 | 2 220 187 | 1 643 486 |
| Non-current interest-bearing debt | 7 | - | 106 245 |
| Non-current non-interest-bearing debt | 11 | 102 525 | - |
| **Total non-current liabilities** | | **2 322 712** | **1 749 731** |
| | | | |
| Trade payables | | 263 | - |
| Current liabilities to group companies | 6 | 48 679 | 142 751 |
| Current overdraft facilities | 7 | 289 687 | 0 |
| Other current liabilities | | 53 702 | 34 175 |
| **Total current liabilities** | | **392 331** | **176 926** |
| | | | |
| **Total liabilities** | | **2 715 043** | **1 926 657** |
| | | | |
| **Total equity and liabilities** | | **3 966 450** | **2 732 319** |

Oslo, 29 April 2024

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

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# Cash flow statement

Norlandia Health & Care Group AS - for the year ended 31 December 2023

| (NOK 1 000) | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operations** | | | |
| Profit/(loss) before taxes | | 61 272 | 153 450 |
| Net financial items | 7 | (76 289) | (161 202) |
| Change in trade creditors | | 263 | (946) |
| Change in other provisions | | 40 079 | 4 146 |
| **Net cash flow from operations** | | **25 325** | **(4 552)** |
| Net loans to subsidiaries | 6 | (569 778) | 242 051 |
| **Net cash flow from investments** | | **(569 778)** | **242 051** |
| **Cash flow from financing** | | | |
| Proceeds from current borrowings | | 289 687 | - |
| Repayment of non-current borrowings | | (106 245) | - |
| Proceeds from non-current bonds | | 501 371 | - |
| Interest received | 7 | 93 976 | 38 686 |
| Interest paid | 7 | (206 678) | (123 497) |
| Payment of group contribution | 3 | - | (20 000) |
| Net group receivables | 6 | (26 410) | (141 989) |
| **Net cash flow from financing** | | **545 701** | **(246 800)** |
| Net change in cash and cash equivalents | 9 | 1 248 | (9 301) |
| Cash and cash equivalents at the beginning of the period | 9 | 36 419 | 45 720 |
| **Cash and cash equivalents at the end of the period** | | **37 667** | **36 419** |

# Notes to the financial statements 2023

## 1. ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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## 2. INCOME TAXES

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| **This year's income taxes** | | |
| Payable tax | (13 991) | (31 405) |
| Changes in deferred taxes | - | - |
| **Income taxes** | **(13 991)** | **(31 405)** |
| | | |
| **Taxable income:** | | |
| Profit/(loss) before taxes | 61 272 | 153 450 |
| Permanent differences | 429 | 600 |
| Changes temporary differences | 2 624 | 5 979 |
| Cut interest deduction | - | - |
| Provided intra-group contribution to subsidiaries | (64 324) | (142 751) |
| **Taxable income before losses carried forward** | **(0)** | **17 278** |
| Utilised losses carried forward | - | (17 278) |
| **Taxable income:** | **(0)** | **(0)** |
| | | |
| **Payable tax in the balance:** | | |
| Payable tax on this year's result | - | - |
| **Total payable tax in the balance** | - | - |
| | | |
| **Calculation of effective tax rate** | | |
| Profit/(loss) before taxes | 61 272 | 153 450 |
| Calculated tax on profit/(loss) before taxes | (13 480) | (33 759) |
| Tax effect of permanent differences | 94 | (132) |
| Tax effect of not booked deferred tax asset | - | 2 486 |
| Tax on prior year's result | (606) | - |
| **Total** | **(13 991)** | **(31 405)** |
| Effective tax rate | 22% | 22% |

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

| | **2023** | **2022** |
|---|---|---|
| Other differences | 12 266 | 14 889 |
| **Total** | **12 266** | **14 889** |
| | | |
| Accumulated loss to be brought forward | - | - |
| Interest cost carried forward | (180 950) | (180 950) |
| Unrecognized in deferred tax | 168 684 | 166 060 |
| **Basis for calculation of deferred tax** | **0** | **(0)** |
| | | |
| **Deferred tax asset, 22%** | **0** | **(0)** |

## 3. EQUITY

| *(NOK 1 000)* | Share capital | Share premium | Other paid-in capital | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Equity as of 01.01.2023** | **312 000** | **167 784** | **-** | **325 878** | **805 662** |
| Capital increase | 184 053 | 204 406 | - | - | 388 459 |
| Group contribution from ultimate parent | - | - | 10 005 | - | 10 005 |
| Net income/(loss) | - | - | - | 47 281 | 47 281 |
| **Equity as of 31.12.2023** | **496 053** | **372 190** | **10 005** | **373 159** | **1 251 407** |

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

## 4. SHARE CAPITAL AND SHAREHOLDERS

**Share capital**

| *(Amounts in NOK)* | 2023 Number | 2023 NOK | 2022 Number | 2022 NOK |
|---|---|---|---|---|
| Ordinary shares of NOK 10.4 each | 47 697 448 | 496 053 459 | 30 000 000 | 312 000 000 |

**Shareholders**

| Each share gives the shareholder one voting right | Number | Ownership | Nominal Value | In balance |
|---|---|---|---|---|
| Hospitality Invest AS | 46 266 524 | 97,00% | 10,4 | 481 171 850 |
| Stork Industries AS | 715 462 | 1,50% | 10,4 | 7 440 805 |
| Cowry EV AS | 715 462 | 1,50% | 10,4 | 7 440 805 |
| **Total** | **47 697 448** | **100,00%** | **10,4** | **496 053 459** |

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

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

| | Number | Ownership |
|---|---|---|
| Kristian A. Adolfsen (through Hospitality Invest) | 22 246 090 | 46,64% |
| Roger Adolfsen (through Hospitality Invest) | 22 241 320 | 46,63% |
| Yngvar Tov Herbjørnssønn (through Cowry EV AS) | 715 462 | 1,50% |

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## 5. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are recognised according to the cost method.

| *(NOK 1 000)* | | Ownership/ | | | Balance |
|---|---|---|---|---|---|
| **Subsidiaries** | Location | voting right | Equity (100%) | Result (100%) | sheet value |
| Norlandia Care Group AS | Bodø | 100% | 368 662 | 41 415 | 969 160 |
| Kidsa Drift AS | Bergen | 100% | 208 034 | 7 339 | 220 446 |
| Hero Group AS | Stavanger | 100% | 91 316 | 105 180 | 155 051 |
| Aberia AS | Oslo | 100% | 102 985 | 48 495 | 193 952 |
| Care Properties AS | Oslo | 100% | 27 547 | (11 357) | 61 508 |
| NHC Eiendom AS | Oslo | 100% | 10 168 | (6 386) | 17 344 |
| NHC Services AS | Moss | 100% | 3 022 | 695 | 3 968 |
| NH Europe Holding AS | Oslo | 100% | 58 400 | 5 150 | 58 400 |
| Brado AB | Tanumshede, Sweden | 100% | 185 354 | 1 951 | 485 574 |
| **Balance sheet value 31.12.** | | | | | **2 165 402** |

## 6. TRANSACTIONS WITH RELATED PARTIES

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| **Receivables from related parties** | | |
| Group contribution | 241 345 | 327 121 |
| Current group receivables | 448 630 | 194 887 |
| Non-current loans to group companies | 1 073 279 | 503 501 |
| **Total receivable related parties** | **1 763 254** | **1 025 509** |
| **Payables to related parties and subsidiaries** | | |
| Group contribution | 18 847 | 142 751 |
| Current group liabilities to ultimate parent | 29 833 | - |
| **Total payables related parties** | **48 679** | **142 751** |
| **Income from subsidiaries** | | |
| Group contribution | 241 345 | 224 449 |
| Interest income | 93 976 | 37 345 |
| **Interest received from related parties** | **335 320** | **261 794** |

## 7. INTEREST-BEARING DEBT

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| **Non-current liabilities** | | |
| Bond loans | 2 234 253 | 1 658 975 |
| Prepaid finance fee bond | (14 066) | (15 489) |
| Revolving credit facility | - | 106 245 |
| **Total non-current liabilities** | **2 220 187** | **1 749 731** |
| | | |
| **Current liabilities** | | |
| Current overdraft facilities | 289 687 | 0 |

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

| **Balance sheet value of assets placed as security:** | | |
|---|---|---|
| Subsidiaries | 2 165 402 | 1 665 128 |
| **Total** | **2 165 402** | **1 665 128** |

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

## 8. PERSONNEL EXPENSES

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Personnel expenses (including directors) comprise: | | |
| Wages and salaries | (1 693) | (1 525) |
| Social security contributions and similar taxes | (285) | (215) |
| Remuneration to Board of Directors | (600) | (600) |
| **Total personnel expenses** | **(2 578)** | **(2 340)** |
| | | |
| Number of employees (FTE) | - | - |

The company had no employees during 2023 and 2022. Wages and salary paid is for Group CEO (part of total compensation as presented in note 5 of consolidated accounts).

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

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Audit | (868) | (490) |
| Attestation services | (87) | - |
| Other services | (597) | (591) |
| **Total** | **(1 552)** | **(1 081)** |

## 9. CASH AND CASH EQUIVALENTS

| *(NOK 1 000)* | **2023** | **2022** |
|---|---|---|
| Restricted cash | 4 017 | 3 876 |
| Unrestricted cash | 33 650 | 32 543 |
| **Total cash and cash equivalents** | **37 667** | **36 419** |

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## 10. NET FINANCIAL ITEMS

| *(NOK 1000)* | **2023** | **2022** |
|---|---|---|
| Interest income | 93 976 | 37 345 |
| Income from investment | 241 345 | 224 449 |
| **Total finance income** | **335 320** | **261 794** |
| | | |
| Interest expenses | (206 678) | (123 497) |
| Other financial expenses | (2 849) | (622) |
| **Total finance expense** | **(209 527)** | **(124 119)** |
| | | |
| **Net foreign exchange gains/(losses)** | **(49 505)** | **23 527** |
| | | |
| **Net financial items** | **76 289** | **161 202** |

## 11. OTHER NON-CURRENT LIABILITIES

In Q1 23 the company acquired Brado Group. The purchase price consisted of an earn out element of NOK 102 524 680. The future payment is dependent on the future performance of the Brado Group up until 2025.

## 12. EVENTS AFTER THE REPORTING 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 December 2023.

# Independent auditor's report

KPMG AS
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To the General Meeting of Norlandia Health & Care Group AS

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

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

- the financial statements of the parent company Norlandia Health & Care Group AS (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- the consolidated financial statements of Norlandia Health & Care Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

#### Basis for Opinion

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

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

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 26 June 2018 for the accounting year 2018..

Key Audit Matters

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

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

| *The key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The Group has over several years acquired businesses resulting in significant goodwill and intangible assets such as customer contracts, licenses and trademarks.<br><br>As of 31 December 2023, the Group has goodwill of NOK 3 175 million and other intangible assets of NOK 523 million.<br><br>Management performed an impairment assessment of goodwill and intangible assets by determining the value in use of the Group's operating segments. Determining the value in use requires significant management judgement by making assumptions about future cash flows.<br><br>Due to the materiality of these assets to the financial statement as a whole and the inherent uncertainty and subjectivity involved in forecasting and discounting future cash flows, this is considered to be a key audit matter. | Our audit procedures in this area included:<br><br>• Assessing management's process and results for identification, consistent treatment and classification of operating segments;<br>• Evaluating management's assessment of impairment indicators;<br>• Where impairment indicators were identified or where impairment testing was required, assessing if the models used to calculate value in use are appropriate and mathematically accurate;<br>• Assessing the discount rate utilized in cash flow forecasts with reference to available market data for selected assets tested;<br>• Evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on the current year cash flow forecasts;<br>• Evaluating and challenging management on the growth assumptions in the cash flow forecasts;<br>• Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of goodwill and intangible assets. |

Other information

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

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

Opinion
As part of the audit of the financial statements of Norlandia Health & Care Group AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300FBOBWU7L8EH481-2023-12-31-en , have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

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

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

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

Oslo, 29 April 2024

KPMG AS

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

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**Lien, Mona Kristin**
**Statsautorisert revisor**
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