Being the welfare innovator

a powerhouse safeguarding and developing welfare

Capital markets day presentation

December 2021

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1. Company snapshot
2. 3Q’21 & Segment analysis
3. Appendix: Financials

A leading provider of quality care services in Northern Europe

Revenues Q3'21 LTM (NOKm)	EBITDA Q3'21 LTM (NOKm)	Employees (FTE)	Users	Units
5,908	384	~10,000	~25,000	>500

Overview of core services

Preschools
- Preschools
- Out of school care

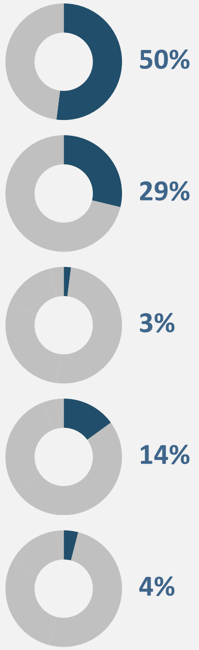
Care
- Elderly care
- Patient hotels
- Home care

Real Estate
- Acquisition and sale of real estate
- Development and sale of real estate

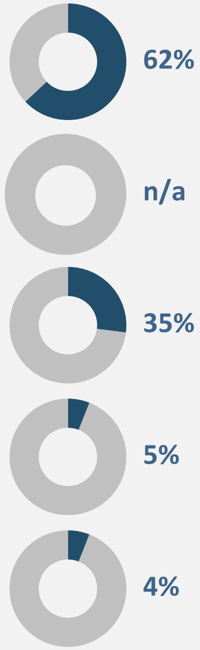
Individual & Family
- Child care & foster home
- Personal assistance (PA and BPA)
- Rehabilitation

Integration Services
- Reception centres/accommodation
- Interpretation

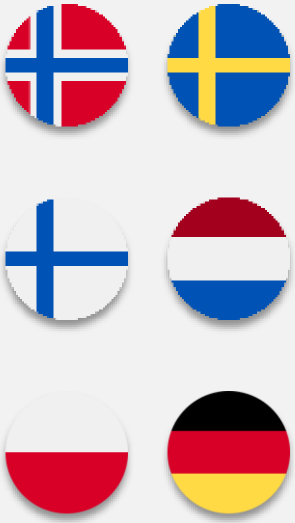
Revenue (%) Q3'LTM



EBITDA (%) Q3'LTM



Countries of operation



A powerhouse safeguarding and developing welfare

Our aspiration

Being the welfare innovator

Our role

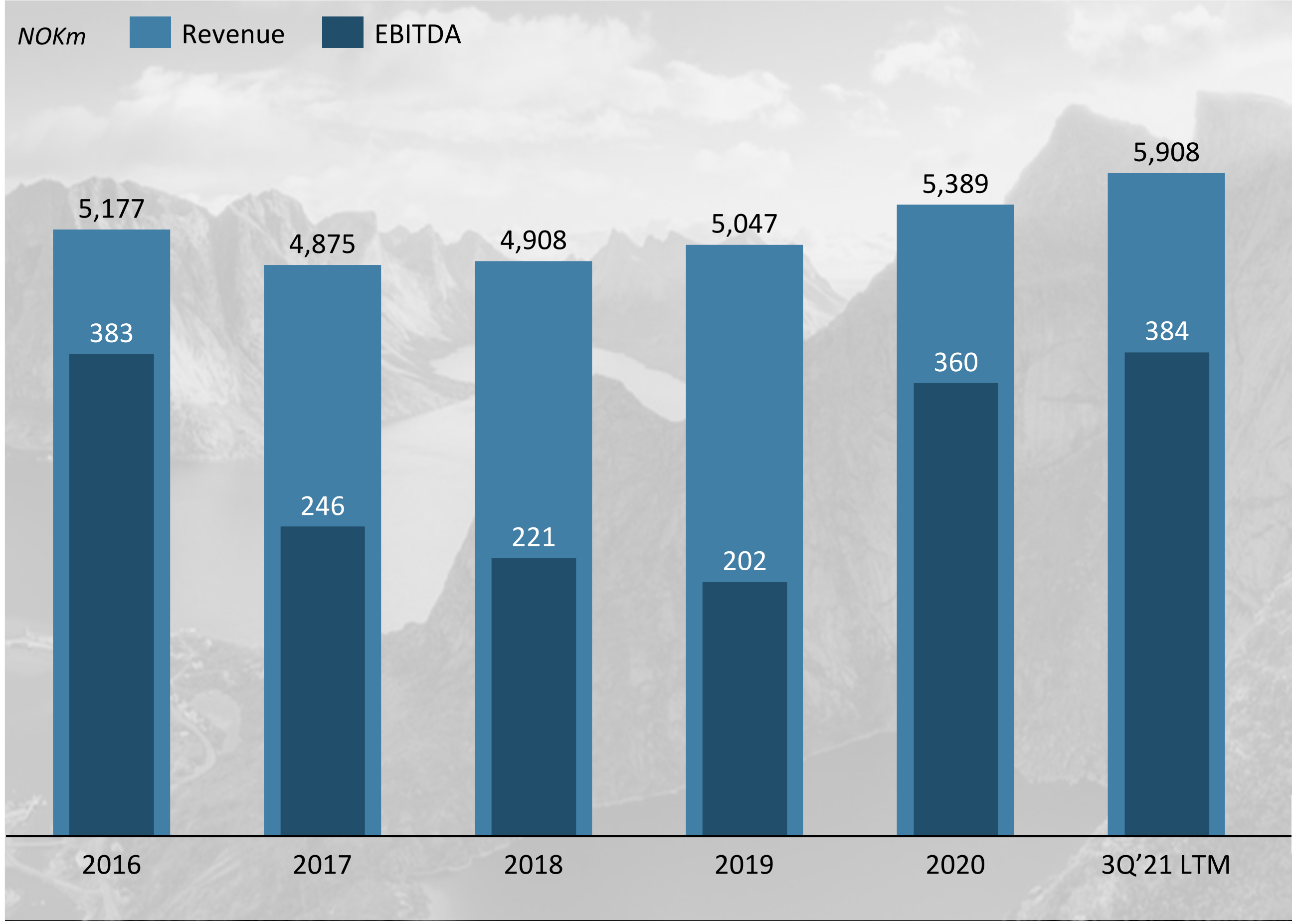
Driver of positive change

Our value added

Progressing standards and building society

Significantly improved financial performance

Group revenues and EBITDA significantly increased

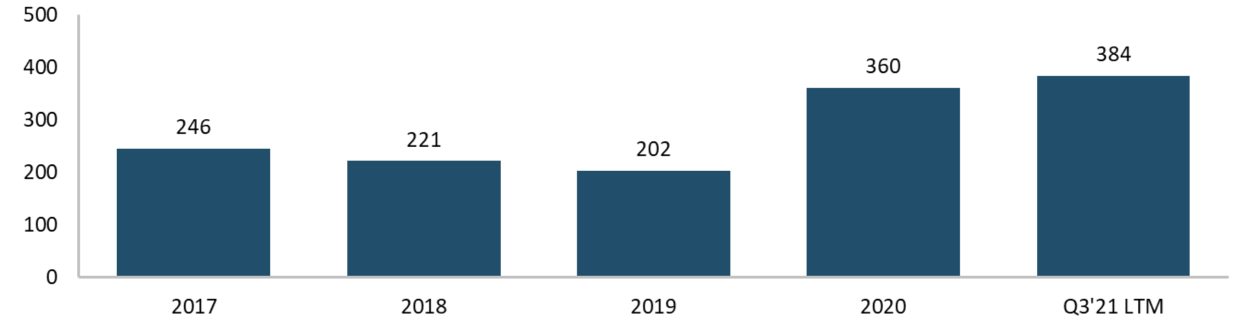


Key success factors

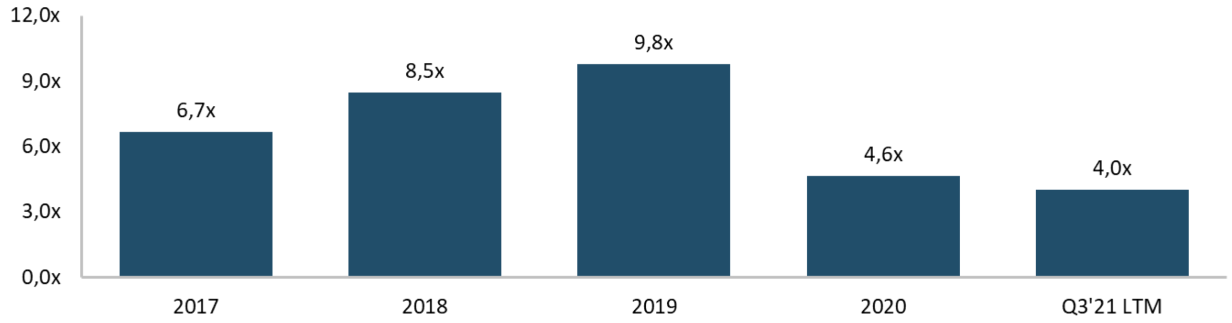
- ✓ **Consistent performance in line with a robust strategy implemented in 2016/2017**
- ✓ **Significant improvements from maturing preschools after heavy growth**
- ✓ **Completion of #NHC efficiency program**
- ✓ **Further benefits of economies of scale and a more focused operating portfolio**
- ✓ **Diversified business model ensuring resilience through COVID-19 and fluctuating political landscapes**

Strong group credit metrics

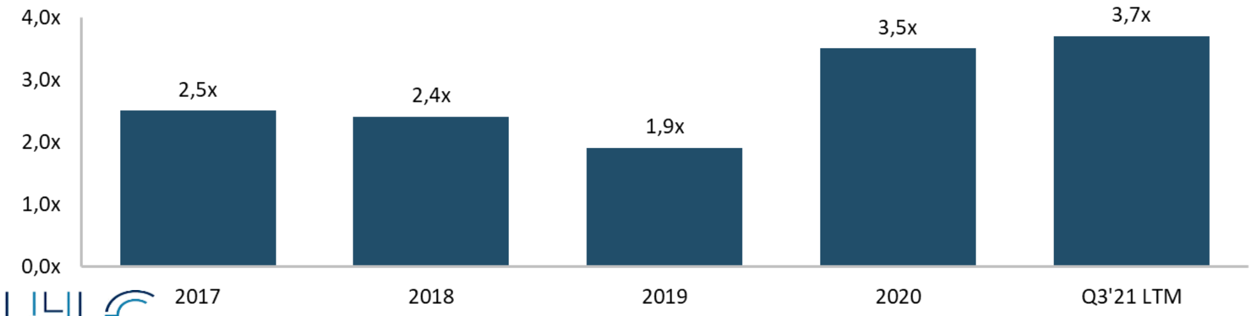
EBITDA development (NOKm)



Leverage overview (excluding property debt)



Interest coverage ratio



Comments

- Both leverage and ICR has improved significantly from 2019, driven by:
  - Divestments of loss-making units
  - Completion of #NHC19 cost cutting program
  - Strong and stable contributions from Real Estate and
  - Slow-down of growth cost
- Based on LTM Q3’21 figures:
  - Net Debt/EBITDA of 4.0x (excluding property debt)
  - ICR of 3.7x

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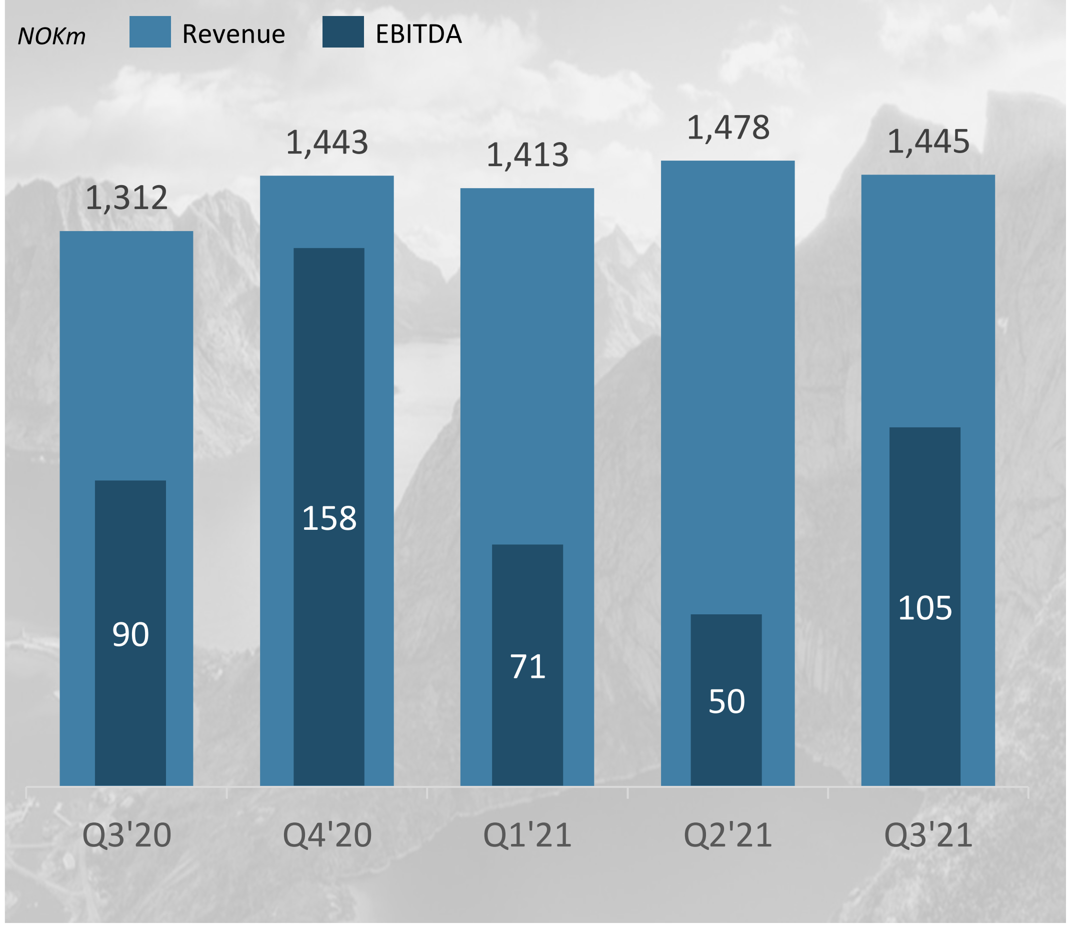
NHC – Q3’21 Financial highlights

Comments

- Q3’21 revenues of NOK 1,445 million and IFRS 16 adj. EBITDA of NOK 105 million, taking the YTD total EBITDA to NOK 226 million, 12% up on 2020
- Solid performance in Q3’21 from Preschools, with NOK 55 million in adj. EBITDA, still down on recent record-high quarters
- Significant improvement for the Care segment, with an adj. EBITDA of NOK 10 million, on the back of increased occupancy combined with Q3 being seasonally strong
- Individual & Family delivers an adj. EBITDA of NOK 13 million, which is the highest ever recorded when adjusting the Q3’20 figures for gain from the sale of the LSS operations
- Integration Services reports a positive adj. EBITDA for the sixth consecutive quarter in Q3’21 with an adj. EBITDA of NOK 1 million
- Three properties sold during Q3’21, generating an adj. EBITDA of NOK 34 million for the Real Estate segment

Revenues & adj. EBITDA



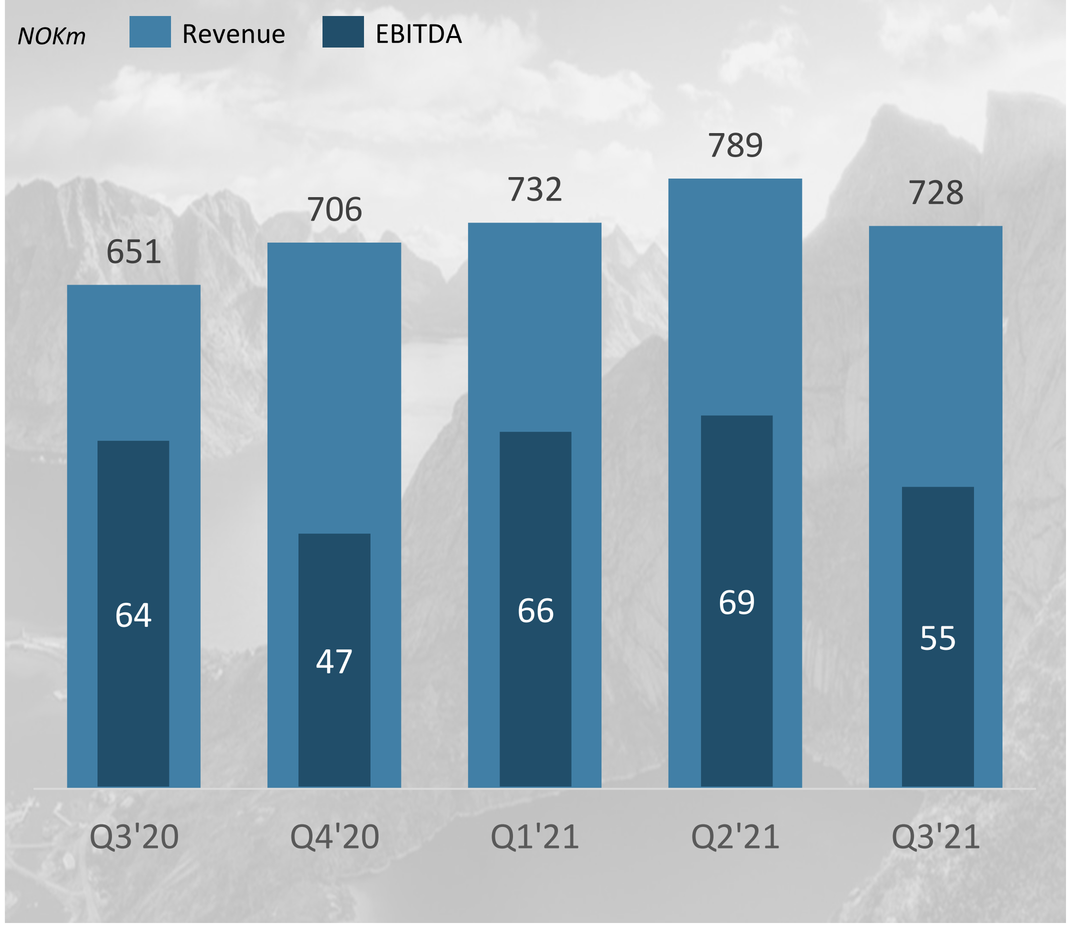
NHC

Preschools: Q3’21

Comments

- Continued strong growth in revenues in all countries, up 12% YoY on the back of the consolidation of NH Europe as of April 2021. 5% revenue growth adjusted for the consolidation of NH Europe
- An adj. EBITDA of NOK 55 million for the quarter is solid, but down YOY, reflecting primarily high sick leave and increased electricity costs. YTD, adj. EBITDA amounts to NOK 190 million, up 7% on 2020
- The recent strong profitability reflects stable performance in all markets, and further maturing of units, following a reduced growth pace since late 2019
- Demonstrated track record of profitable growth through acquisitions and construction of new preschools
  - Fragmented sector with economies of scale yielding substantial synergies
  - Strong growth in revenues and profitability financed through real estate transactions

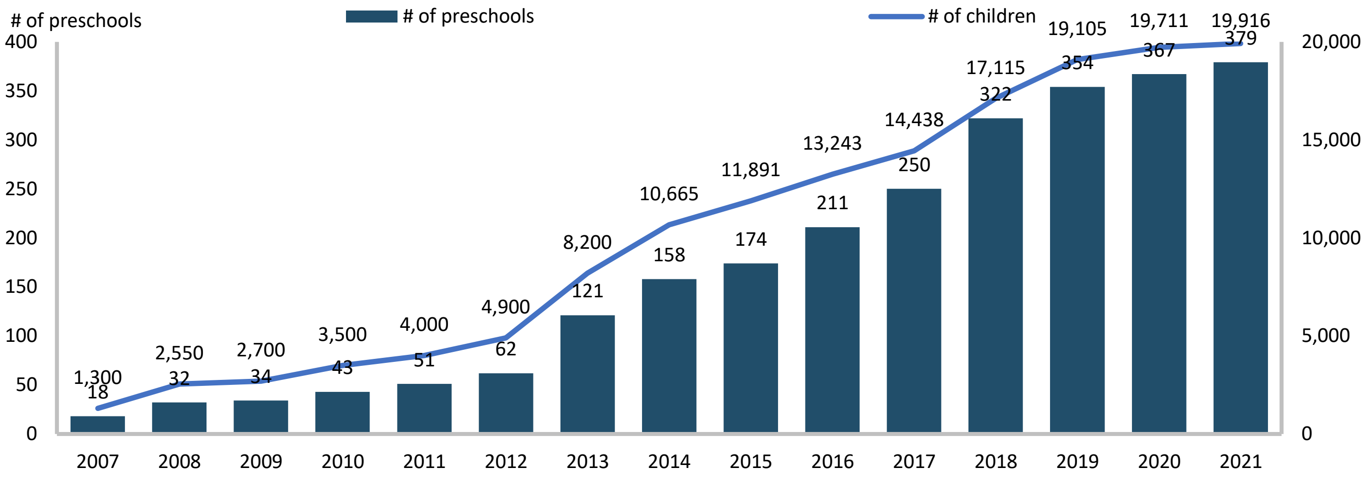
Revenues & adj. EBITDA



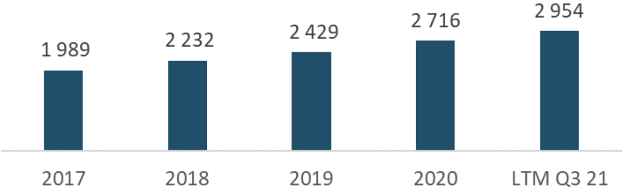
Preschools

- LTM EBITDA of NOK 236 million, up from NOK 224 million in 2020, and significantly up on recent years
- Challenging political landscape in Norway – recent pension grant cut is clearly negative and potentially violates several laws. The negative financial effects will be reduced by other cost-reducing measures
- Norway still an interesting market. While the private sector is clearly under-compensated relative to public preschools, Norlandia will continue to generate positive profit margins
- In October 2021, we acquired Gnist, a preschool chain with 17 operational units and 5 owned properties. Strategic fit, synergy potential and expected property gains indicate healthy value accretion
- Still, our international operations show stronger growth and profit margins, and will continue to gain importance in terms of EBITDA contribution

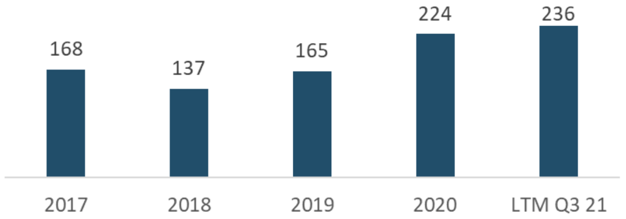
Development in units and users



Revenue development (NOKm)



EBITDA development (NOKm)



Capacity

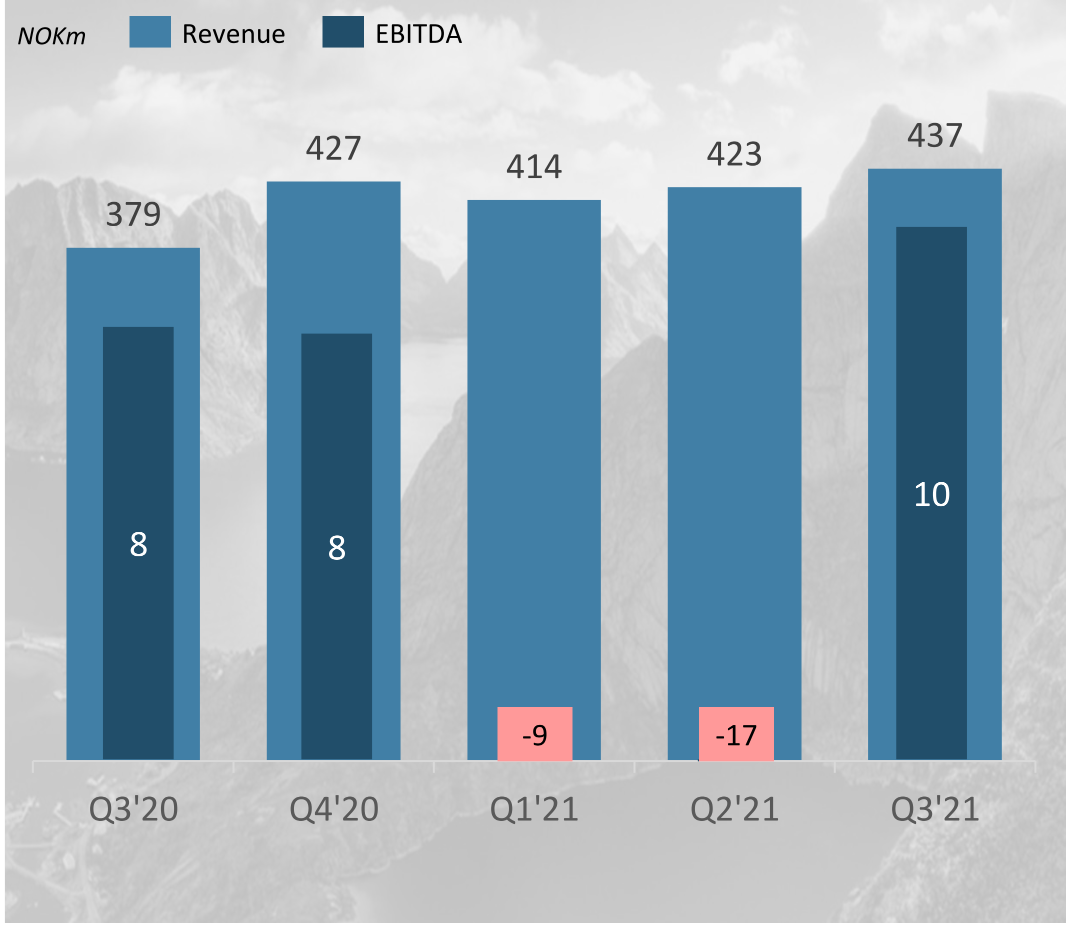
95	8,151
77	5,792
82	5,451
73	4,479
20	1,839
32	276

Care: Q3’21

Comments

- Revenues of NOK 437 million in Q3’21, up from NOK 379 million in Q3’20, a YoY increase of 15% explained by new contract commencements and currency effects
- The Care segment generated an adj. EBITDA of NOK 10 million, a material improvement on previous quarters, on the back of increased occupancy combined with Q3 being seasonally strong
- Strong performance from the Finnish operation due to increased occupancy, solid operations and seasonal effect
- In general, tough political climate in Norway and margin pressure and own-management start-up costs in Sweden and Finland
- Still, strong expectations for future growth and profitability, through own-management contracts and new service offerings and concepts

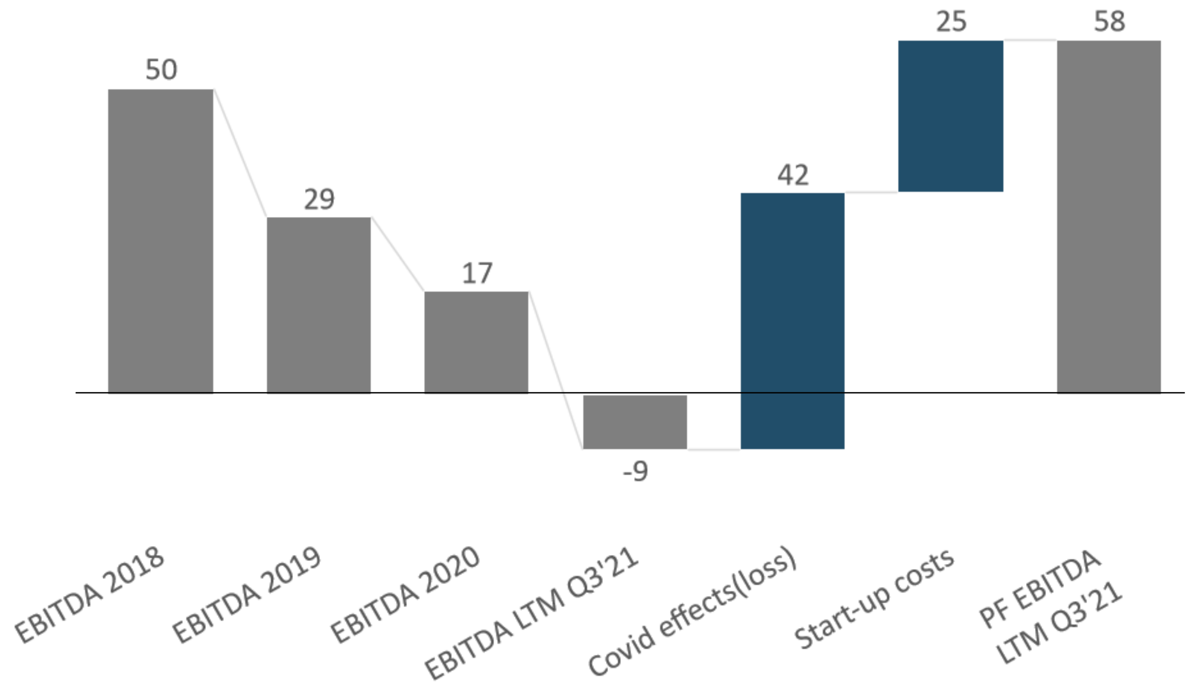
Revenues & adj. EBITDA



Care

- The Care segment has seen EBITDA decline since 2018, reflecting:
  - 2019: Own management start-up costs in Sweden
  - 2020 and YTD 2021: Start-up costs on new units in Sweden and Finland and Covid-19 related occupancy drop
- LTM EBITDA per Q3’21 of NOK -9 million reflects Covid effects of NOK 42 million (lower occupancy), and own management start-up costs of NOK 25 million. Going forward:
  - Occupancy: margins are thin and sensitive to minor drops in occupancy. Although Q3 showed improvement, occupancy level is still well below pre-Covid
  - Own-management start-ups: Continued operating losses while ramping up occupancy at several units opened during 2019 – 2021, all negatively affected by Covid. New openings also planned for 2022
  - Once matured and normalized, we expect Care segment to deliver profitability above 2018 level

Pro-Forma LTM EBITDA Q3’21 vs. 18-21 (NOKm)

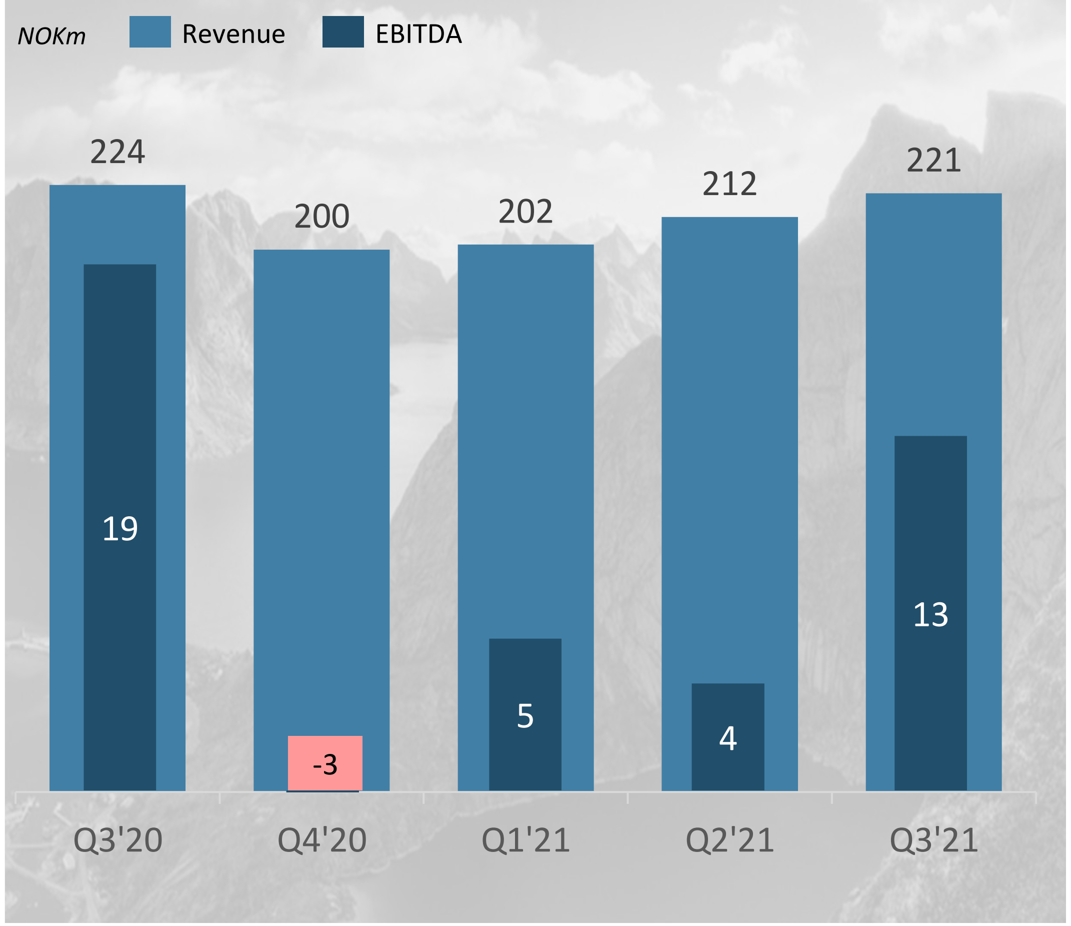


Individual & family: Q3’21

Comments

- Individual & Family generated revenues of NOK 221 million for the quarter, down 1% YoY, driven by the sale of the LSS business in Q3’20
- Adj. EBITDA of NOK 13 million in Q3’21, which is the highest ever recorded when adjusting the Q3’20 figures for gain from the sale of the LSS operations
- The strong performance reflects solid operations in Norway
- Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and delivers both solid revenue growth and improved profitability compared to previous quarters
- Major restructuring completed with the sale/termination of several loss-making non-core operations. Assistance Sweden negatively affected following an internal re-organization during 2021, while the Norwegian operations are performing well ahead of expectations

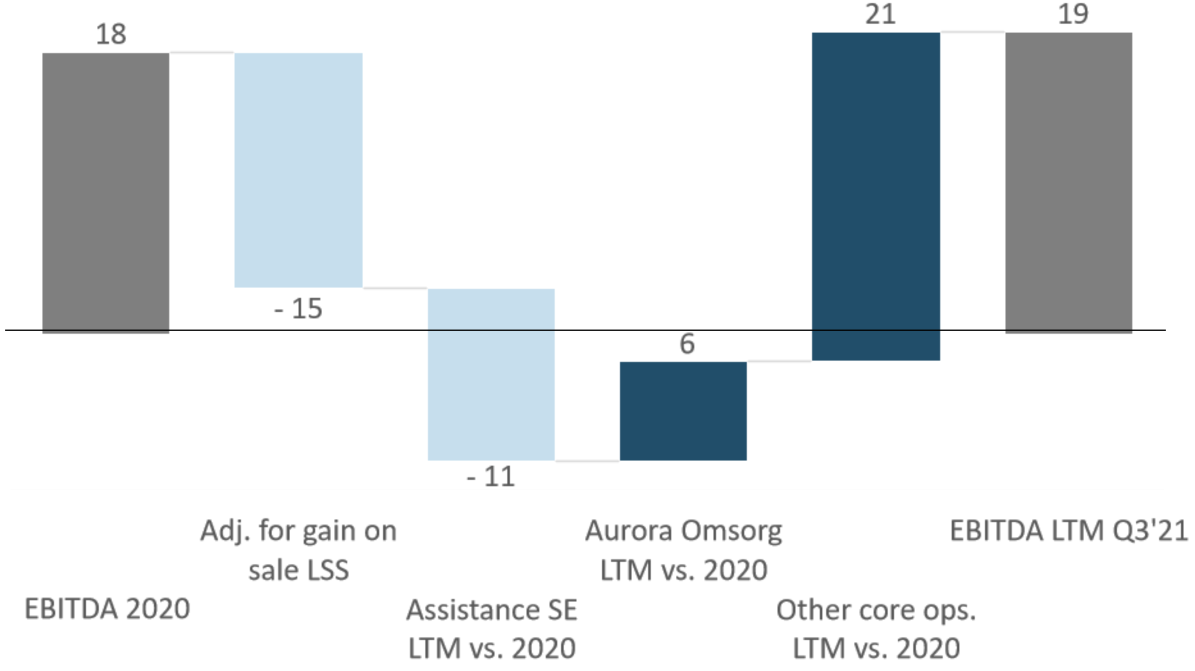
Revenues & adj. EBITDA



Individual & Family

- Aberia reported an adj. EBITDA of NOK 18 million in 2020, helped by a gain on sale of the LSS operations, of NOK 15 million, giving an underlying EBITDA of NOK 3 million
- As of Q3’21, LTM EBITDA amounts to NOK 19 million, reflecting:
  - Assistance in Sweden down NOK 11 million on 2020, following an internal re-organization that is still on-going. We target a full recovery to 2020 level, to be evident towards late 2022
  - Aurora now delivering profitability, representing an EBITDA improvement of NOK 6 million on 2020
  - Other core operations, that are performing well above expectations, with an improvement on 2020 of NOK 21 million

EBITDA 2020 vs. 2021 (NOKm)



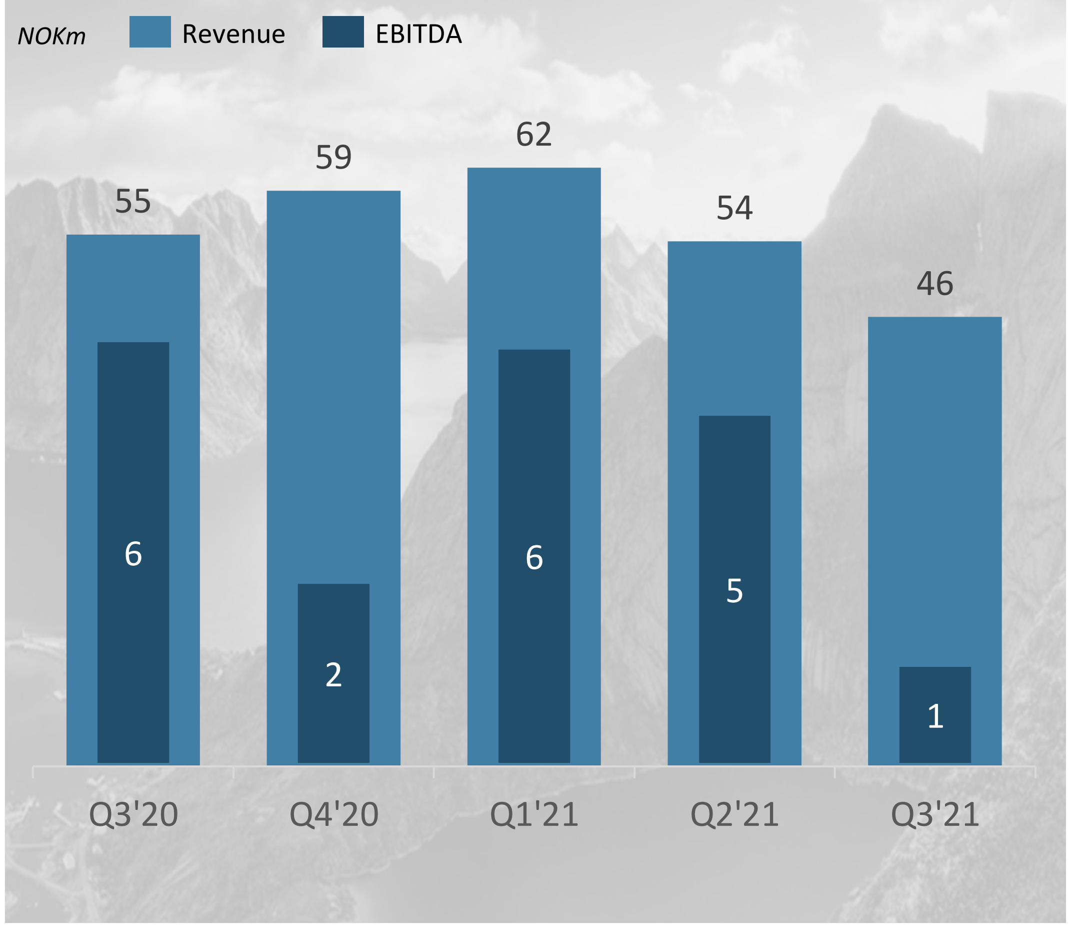
1) BPA: User controlled personal assistance

Integration services: Q3’21

Comments

- Integration Services delivered revenues of NOK 46 million, down YoY, mainly reflecting the sale of the Education division
- Adj. EBITDA of NOK 1 million in Q’321 – the sixth consecutive quarter delivering positive adj. EBITDA
- YTD adj. EBITDA of NOK 12 million, up from NOK 6 million YTD 2020
- Revenue growth and improved profitability in the Interpretation segment compared to 2020
- In December, a new 10-year contract commenced for a reception center in Finmark, the most northern reception center in the world
- Following a thorough restructuring since 2019, we are encouraged by the strong performance in 2020 and YTD per Q3’21, and believe that we are well positioned when the macro environment improves

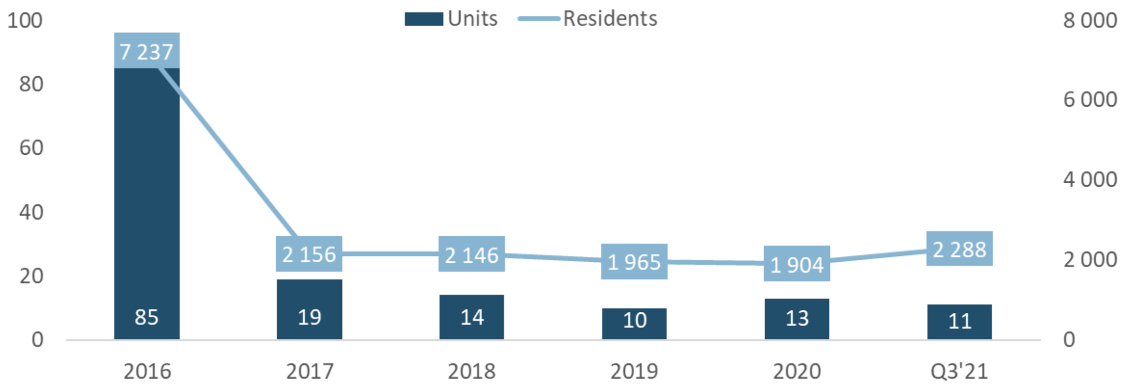
Revenues & adj. EBITDA



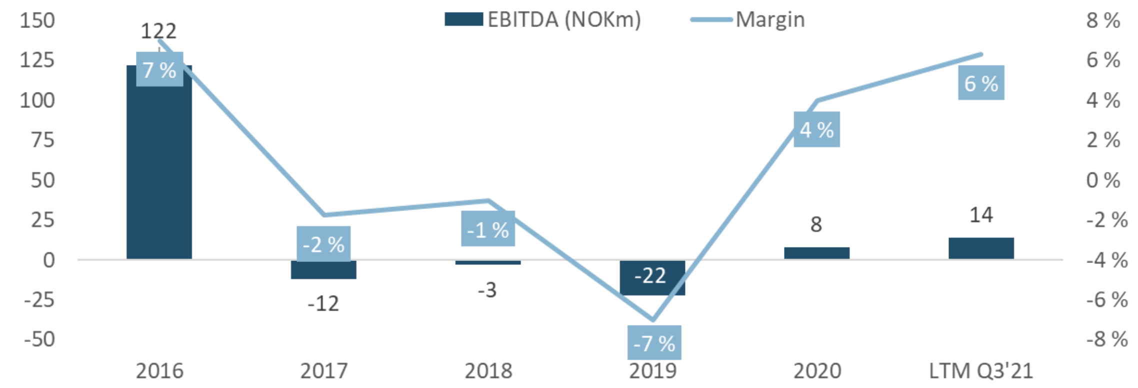
Integration Services

- The demand for integration services in Norway collapsed in late 2016, with both number of units and revenues declining by appr. 85% from 2016 to 2020
- After massive cost cuts in recent years, a full restructuring of the Integration Services segment was completed in early 2020
- As a result, positive EBITDA last six quarters and an LTM Q3’21 EBITDA of NOK 14 million
- Hero has emerged as a much stronger company:
  - Interpretation division is profitable and on upward trend
  - >30% market share and decent profitability within reception centers in Norway
  - 5 reception centers in Germany
- Overall objective remains – to operate profitably and retain key system value, and to be well positioned when the macro environment improves

Units and residents



EBITDA development

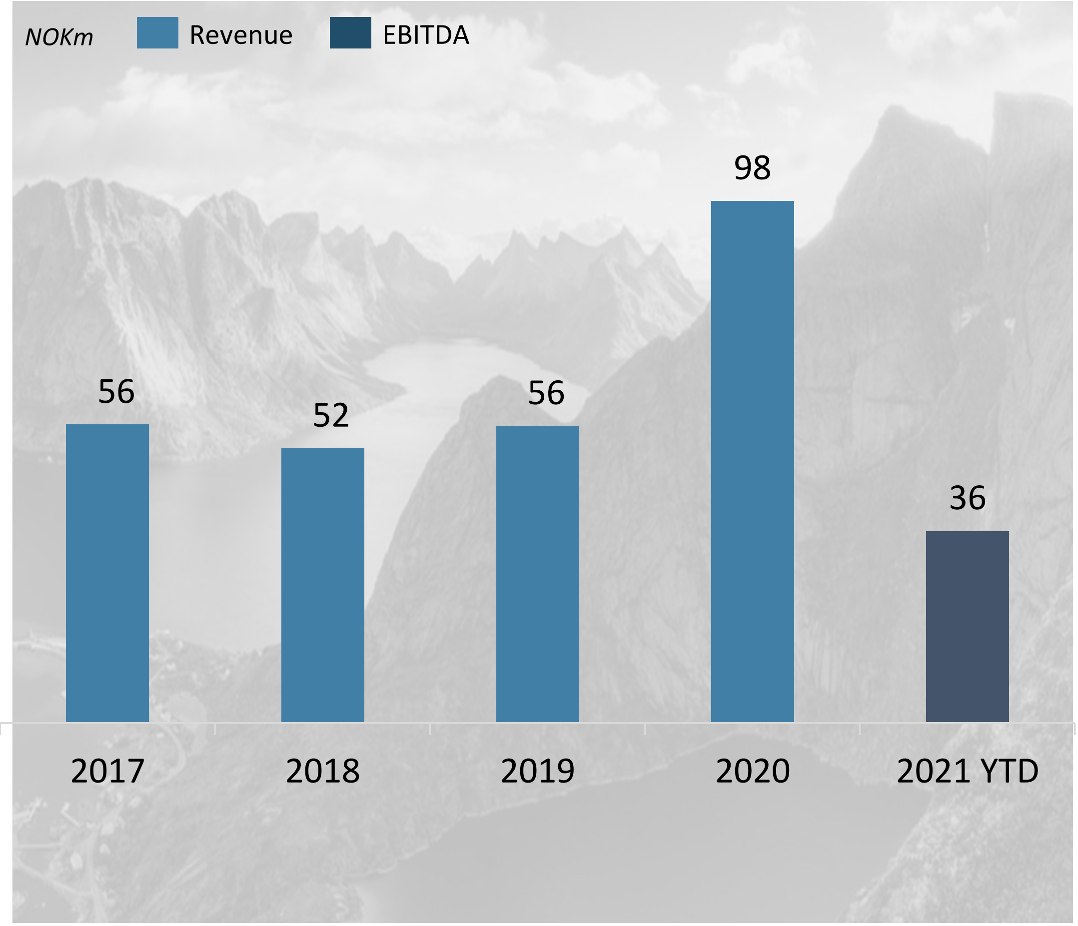


Real Estate

Comments

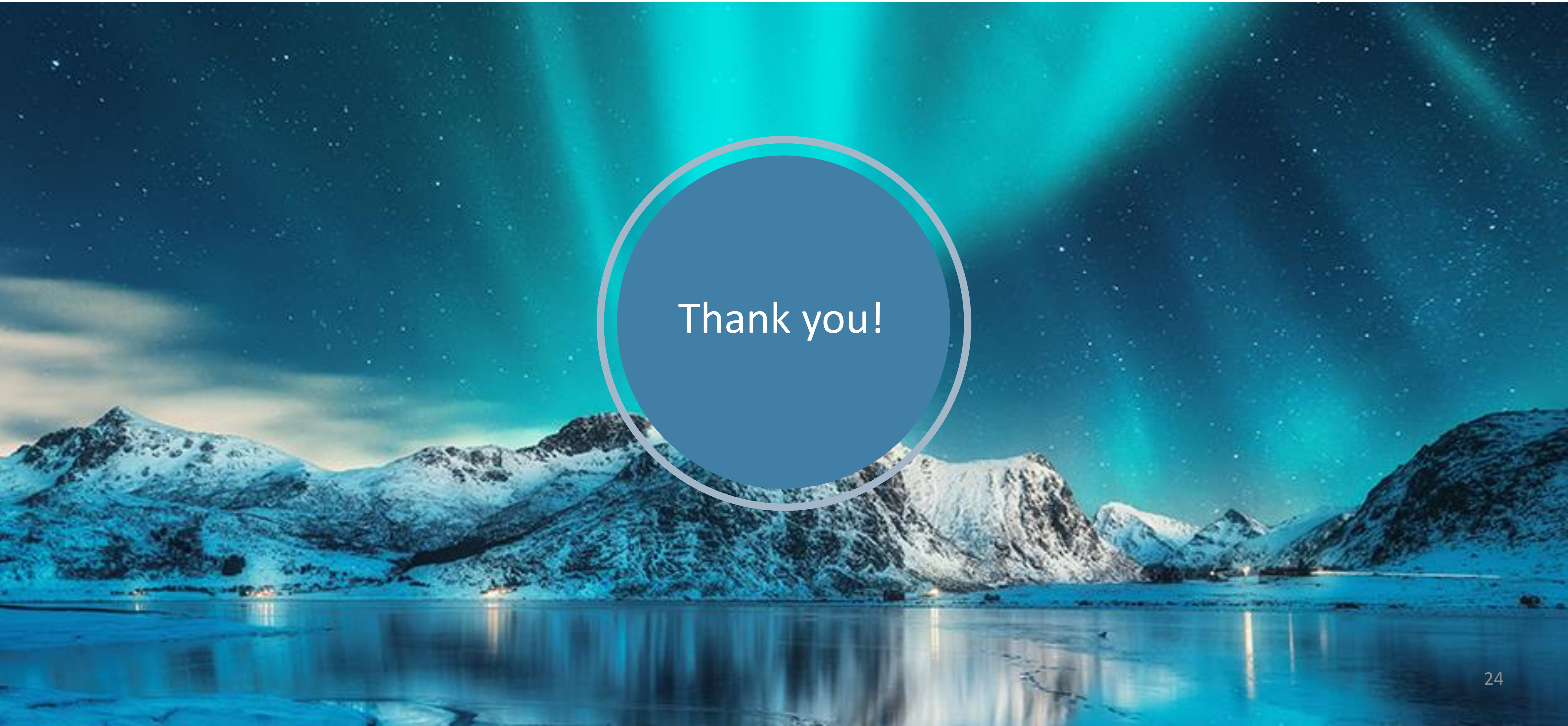
- The Real Estate segment recorded an adj. EBITDA of NOK 34 million in Q3’21, reflecting the sale of three properties during the quarter, taking the YTD adj. EBITDA to NOK 36 million
- In addition, during the quarter, we further developed the pipeline of properties that will be made available for sale and expect to complete several property transactions in Q4’21 and 1H’22
- NHC will continue to gain property positions and several new property development initiatives have been committed during the recent quarters
- Besides cash flow and profitability, we expect these and future transactions to support our operating companies through access to good properties and solid long-term operations

Adj. EBITDA (NOK million)



NHC – Outlook

Operations	Investments	Capital structure
▪ Preschools performing well. Current under-compensation and ideologically-driven policies in Norway represent upside ▪ Care materially negatively affected by Covid and start-up costs. Will likely continue in 2022. Once normalized, profitability should exceed 2018-level ▪ Aberia, Hero and Real Estate performing well and with solid prospects	▪ Utilize our brand and recognition to target sticky and organic growth based on existing scale, operations and know-how ▪ Selectively pursue attractive and accretive M&A opportunities, ideally involving real estate and synergy potential ▪ Continue to diversify our operations	▪ Leverage ratio at 4.0x as of Q3’21 ▪ Select growth initiatives and timing of real estate transactions will likely cause periodic fluctuations to the leverage ratio going forward ▪ Targeting to gradually reduce leverage to below today’s level



Thank you!