ANNUAL REPORT
2022

HOSPITALITY INVEST AS

Contents

Board of Directors

Kristian A. Adolfsen

FOUNDER AND CHAIRMAN OF THE BOARD OF DIRECTORS
Kristian has an MBA from the University of Wisconsin from 1989 and a Master of Science in Business Administration from the Norwegian Business School, BI (siviløkonom) from 1986. He has more than 30 years of experience in business and real estate development and has founded a number of companies within the Adolfsen Group.
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Roger Adolfsen

FOUNDER AND MEMBER OF THE BOARD OF DIRECTORS
Roger has an MBA from the University of Wisconsin in from 1990 and a Master of Science in Business Administration from the Norwegian Business School, BI (siviløkonom) from 1987. He has more than 30 years of experience in business and real estate development and has founded a number of companies within the Adolfsen Group.

Johnny Sundal

MEMBER OF THE BOARD OF DIRECTORS
Johnny has a bachelor from Norwegian Business School, BI. He has more than 30 years of experience from various positions within economics, finance and management, including CFO in hotel operations and real estate during the period 2000-2016.
From October 2016 he holds the position as CEO in Norlandia Eiendom AS (within the Adolfsen Group).

The board of directors' report 2022

Company

Hospitality Invest AS is a private investment company with a diversified portfolio within four main segments: Care, Staffing, Hotel Operations and Other. The Company's main investments are Norlandia Hotel Group AS, Otiga Group AS and Norlandia Health & Care Group AS which includes Norlandia Care Group AS, Hero Group AS, Aberia AS and Kidsa Drift AS. The Company invests across a variety of sectors and geographies, mainly in the Nordic region.

As a family-owned investment company, Hospitality Invest is targeting companies that can help realize the Company's vision of creating sustainable and lasting values. Hospitality Invest seeks companies where it can contribute as a value-creating partner for management and co-owners. The Group employs about 27 000 people per year end 2022, equivalent to 13,963 FTE (full time equivalent).

Operations

Care

(Norlandia Health & Care Group AS)

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

The Preschools operation includes the preschool activities within Norlandia Preschools AS and Kidsa Barnehager AS ("Kidsa"). As of year-end 2022, Norlandia Preschools operated 416 preschool units in Norway, Sweden, Finland, Netherlands, Poland and Germany, an increase of 23 units year-on-year. Of these, 29 units are owned 50% and operated by Wekita (Germany), which is not consolidated in NHC's accounts.

2022 was a challenging year for Preschool Norway. The increased costs in 2022 related to high sick leave and significantly increased electricity prices are not reflected in the 2022 grants as these are based on municipal costs in 2020. These costs are also borne by the municipalities and will thus be reflected in future preschool grants. Additionally, municipal costs in 2020 were affected by Covid support and preschools being closed for parts of the year, hence reducing the 2022 grants further. The Preschool operations continued its track record of profitable growth through acquisitions and new establishments, acquiring Swedish preschool chain Kunskapsförskolan, consisting of 9 units in operation and 18 units under construction or to be constructed, with a presence in many of the country's regions. Kunnskapsförskolan is considered a significant addition to the Swedish operations. The international operations are, in line with the overall market, experiencing challenges related to cost inflation and staff shortage, which impacts the current profitability level. Adjusted for these temporary effects, the international operations are developing well, and will continue to target effective and sticky growth in all international markets.

The Care operations provides services within institutional elderly care, patient hotels and home care services in Norway, Sweden and Finland. As of year-end 2022, 56 elderly care homes were operated by NHC, of which 48 in Sweden, 3 in Norway and 5 in Finland. 9 of the homes were own-management projects, including a Generation Concept (preschool and elderly care). Norlandia also operates 2 patient hotels in Norway, and 1 in Finland. Several challenges have faced the Care segment in 2022. First, the current cost inflation materially reduces profitability within all markets, as these costs are not accounted for in the income level. Over time, most of these cost increases are expected to be reflected in future agreements through index clauses and intensified discussions with municipalities regarding renegotiations of prices. Second, the high sick leave experienced in the wake of the pandemic combined with staff shortage increases personnel costs and makes operations more challenging. Third, although receiving less public attention, the Covid pandemic is still affecting operations, primarily through lower occupancy levels than pre-Covid.

The Integration Services operations is offered through Hero Group AS ("Hero"). 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 7 reception centres in Germany. The group has extensive competence and experience acquired through 30 years of operations. The service offering includes reception centres for asylum seekers and interpretation services. Following the outbreak of the war in Ukraine, Hero in Norway opened more than 40 acute refugee centres with capacity to house 10,000 refugees. Although a majority of the acute reception centres opened in 2022 have been closed and replaced by long-term ordinary reception centres, continued high activity in the short-term is expected. Hero currently operates 15 ordinary reception centres in Norway and is the only company with frame-agreements in all regions. Further, there are multiple ongoing and planned tenders by UDI (The Norwegian Directorate of Immigration) to prepare for a continued high number of refugees expected to arrive in Norway in 2023, both from Ukraine and other countries. UDI estimates a total number of 40,000 refugees in 2023, which is in line with the 2022 figures.

The Individual & Family operations is provided through Aberia AS (“Aberia”) – a Nordic provider of health, welfare and care services for children and young, as well as people with physical and mental disabilities. The group was established in 2010 and has grown to become a significant player in the Nordic market. The services are divided in three main areas: services related to child-care 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. Aberia's strong growth has been achieved through investments across a wide range of concepts and services within its core operations. Further, the segment has been through a major re-structuring to streamline operations and focus its portfolio, implying that loss-making operations have been terminated or divested. The core operations are strong on quality and reputation, profitable and growing, and the segment is clearly moving in the right direction and should be generating healthy profitability going forward. From 2023, following the acquisition of Frösunda after the balance sheet date, Frösunda Personal Assistance and Frösunda Disability will be consolidated into NHC’s Individual & Family segment, significantly increasing the segment’s turnover and providing more stability in terms of profitability. The consolidation is regarded as a strong fit combining highly complementary competencies across the organizations in Norway and Sweden, with unrealized synergy potential and great expectations going forward.

The Real Estate operations, provided through Care Properties AS is a real estate developer for NHC. As part of NHC’s business model, Care Properties develops or acquires care related real estate, for use in NHC operations. Normally, the various properties will subsequently be divested based on a long-term lease contract with NHC. Several properties were built and acquired in 2022, some of which have been sold. NHC is currently engaged in several longer lead time projects, intended to strengthen operations and build a pipeline for future divestments. The acquisition of Frösunda, after the balance sheet date, materially increases NHC's operational footprint going forward, and it is expected that this will lead to more opportunities and enable further growth within the Real Estate segment. Although in-creased yields and interest costs impact the segment, many of the negative effects are mitigated as the group is acquiring and selling in the same market, and the group believes it is well-positioned to maintain a healthy profitability level going forward.

Full year 2022 revenues for the Care segment increased from NOK 5,975.6 million in 2021 to NOK 7,966.4 million in 2022 primarily due to growth within the Integration Services operations. Profit from operations was NOK 476.6 million in 2022, up from NOK 239.8 million in 2021.

As of 31.12.2022, NHC had a cash balance of NOK 271.7 million, down from NOK 301.2 million last year. In addition, NHC has a revolving credit facility of NOK 350 million with DNB. NHC had total assets of NOK 9,766.5 million per year-end.
2022, compared to NOK 8,317.6 million in 2021.

Staffing
(Otiga Group AS)
Otiga Group (“Otiga”) is a Nordic group consisting of 13 specialized brands. The Group offers a complete range of staffing services within most major sectors in the Nordics, including temporary and permanent staffing, search & selection, out-placement and consulting. The Group is present in four countries; Norway, Sweden, Denmark and Finland, and is head-quartered in Oslo. The Group employs approximately 14,000 unique temporary workers and performs over 2,000 permanent placements for customers yearly. Otiga has more than 350 full-time employees in the administration.

Otiga started the year by refinancing its outstanding senior secured bonds through a new bank facility at favourable terms. In Q1 22 revenue and EBITA increased compared to the previous quarter. March 2022 was characterized by increasingly stronger demand, as January and February were still impacted by Covid restrictions. The Norwegian operations de-livered a close to all-time high revenue level in a seasonally weaker quarter, reflecting strong performance and solid market momentum. The demand remained strong across all services during the quarter, and especially for recruitment services.

The strong momentum from Q1 22 continued into Q2 22 for both recruitment and temporary staffing services in the Nordic countries. Otiga managed to increase revenue on existing customers, in addition to attracting new ones. In general, Otiga experienced a high demand for staffing services, specifically in the areas that were mostly affected by Covid-19. The workforce in many of these areas moved to other positions and consequently created a shortage of employees.

The Norwegian business area increased its revenue compared to 2021. The demand for staffing services was high in Norway during 2022, but the demand levelled out during the last two quarters of the year. The margin decreased slightly from 2021 levels due to increased cost for internal personnel to handle the increase in operations.

The Swedish business area also increased its revenue compared to 2021 but experienced a slightly lower margin during the year. The market situation in Sweden was good throughout 2022 and the segment took advantage of this situation. The negative margin development compared to 2021 was due to increased cost as the organizations adapted to higher volumes. The cost for internal personnel also in-creased in Sweden to be able to grow further and gain market shares.

The Finnish business area decreased both revenue and profits from operations compared to 2021. The Finnish segment faced challenges with gaining market shares in the construction business area and the increase in other business areas were not able to make up for this loss. This segment was particularly affected due to travel restrictions and limited access to candidates cross border.

In total, revenues reached NOK 3,001.9 million in 2022, up from NOK 2,807.7 million in 2021, representing an increase of 6.9 %. Profit from operations ended the year at NOK 63.3 million, representing an 16.6 % decrease from the previous year.

Hotel Operations (Norlandia Hotel Group incl. Tanumstrand and Up North Hospitality)

Norlandia Hotel Group ("NHG") is a company with long-term experience in hotel operations in Norway and Sweden. The group currently operates 35 hotels in Norway and Sweden. Norlandia Hotel Group operates with a multi-brand strategy, enabling the company to choose the best suited brand for each location. The hotels are operated under strong and well-established brands, including Radisson, Best Western, Thon Hotels, First Hotels, Choice, Scandic and Park Inn.

The lockdown in December 2021 impacted the hotels across all segments significantly – however all markets picked up considerably during Q1 2022 and into the summer months as all restrictions were increasingly lifted and phased out. The growth during Q1 22 was present across all business areas in the hotel group, however also driven by the addition of three new hotels in the portfolio compared to last year.

In January 2022, Forum Hotel in Stavanger was rebranded to Thon Partnerhotell. The rebranding is expected to give an organic growth in revenue due to the new brand and the distribution possibilities it gives. In addition, Raddison Red with 204 rooms, conference facilities, restaurant and a sky bar, opened 15 July 2022. NHG's focus on cost measures during 2022 resulted in both short-term and more long-term cost reduction effects and the addition of new hotels resulted in a solid positioning for the market recovery.

During Q2 22 Norlandia Health and Care and Up North Hospitality entered into a lease agreement for a 220-room hotel with Drammen Helsepark (DHP), a health park in connection with the new hospital in Drammen. Norlandia Hotel Group will be responsible for operating the hotel when it opens in 2025. Furthermore, renovations of several existing hotels in the portfolio are underway. At the end of the year, there are 220 rooms in the pipeline.

In 2022, there was a significant increase in energy costs, which had a negative impact on the results despite efforts to reduce consumption. In Norway, during lockdown at the beginning of the year, a decision was made not to lay off employees as there was a satisfactory compensation scheme outlined by the authorities to keep all employees working during the "lock-down." The scheme was largely implemented as outlined, and support was received for the hotels that met the criteria for turnover loss.

The Hotel Operations segment delivered total revenues of NOK 1,028.7 million in 2022 compared to NOK 677.4 million in 2021. While showing strong growth rates, the revenue in 2021 was hit significantly by the Covid-19 pandemic. Profit from operations increased to NOK 72.6 million in 2022, compared to NOK 11.1 million in 2021, explained by increased average price per room sold, opening of national borders, and the return of international traffic with increased use of conferences and other large events.

At the same time, profits from operations were negatively affected by the high energy costs that incurred during 2022 and especially in December. This resulted in an increase in the proportion of the cost base that went towards energy compared to previous years. Compensation to businesses for increased electricity prices was low, and only a few hotels were in a position to apply for these schemes.

Other Operations

The Other segment includes investments across several sectors, and which are not included elsewhere, most of which are within HI Capital AS, a fully owned subsidiary.

Hospitality Invest acquired ~52% of Haneseth Gruppen AS in February 2022. Haneseth Gruppen is a leading provider of multidisciplinary technical services across Central and Northern Norway. In 2022, the group delivered strong growth and solid profit margins and has a strong cash position. It is expected it will remain a solid contributor to group Profit from operations in coming years.

Ifront Karriere AS, of which Hospitality Invest acquired 53% of in 2020, is another significant contributor to the segment. Continuing its trend of securing several contract wins in 2021, Ifront Karriere won a five-year contract worth NOK 190 million in Q1 22.

In total, revenues for the Other segment reached NOK 955.9 million in 2022, up from NOK 353.7 million in 2021, representing an increase of 170.3%. Profits from operations ended the year at NOK 38.4 million, a decline from NOK 110.9 million mainly due to higher share of post-tax profits from associates in 2021.

In Q4 22, HI Capital AS entered into an agreement with SpareBank1 Helgeland regarding a new secured bank facility. The principal of the loan equals NOK 200 million with a five-year tenor.

The Real Estate segment is no longer reported separately as the remaining real estate was sold during 2022.

Comments to the consolidated financial statements

The Group's consolidated revenues increased from NOK 9,847.3 million in 2021 to NOK 12,952.9 million in 2022, representing an increase of 31.5 %. All segments delivered strong revenue growth in 2022 compared to 2021 due to the Covid-19 pandemic. Net profit increased from NOK 257.1 million in 2021 to NOK 334.5 million in 2022.

Staff costs increased from NOK 7,136.9 million in 2021 to NOK 8,371.1 million in 2022, implying a 17.3 % percentage point increase in staff cost. Share of associates was mainly affected by the profits in Pioneer Property Group and gain on disposal of shares in associates in 2021. The full year profit from operations for 2022 ended at NOK 655.9 million compared to NOK 451.8 million in 2021.

Cash flow from operating activities increased from NOK 967.5 million in 2021 to NOK 1,650.6 million in 2022. Net cash used in investing activities increased from NOK (94.4) million in 2021 to NOK (508.5) million in 2022. Net cash received from financing activities amounted to NOK (1,111.0) million in 2022, an increase from NOK (807.2) million in 2021, as long-term loan has been paid by NOK (53.4) million and proceeds from borrowings offset part of the interest payments made.

The Group's financial position is sound and adequate to settle short-term obligations with the Group's liquid assets. The liquidity reserve as of 31.12.2022 amounted to NOK 786.1 million, an increase from NOK 762.3 million last year. The Group also has a revolving credit facility of NOK 350 million.

The Group's long-term debt amounted to NOK 3,558 million, of which NOK 1,658.9 million relates to the bond loan in Norlandia Health & Care Group, NOK 285.0 million relates to the bank loan in Otiga Group and NOK 700.0 million relates to the bond loan in Hospitality Invest AS, all due in 2025.

Total assets of the Group increased from NOK 12,302.4 million in 2021 to NOK 14,592.0 million in 2022, mainly due to non-current assets. The equity ratio is 11.8 % in 2022 equal to 2021.

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

2022 has been a year with both challenges and opportunities. The investment environment in general has been characterized by great changes and movements, creating exiting opportunities. Hospitality Invest has been fairly active during 2022, doing several acquisitions, some new platform investments as well as some minority investments.

Operating profit for the parent company amounted to NOK (25.4) million in 2022, reduced from NOK (9.7) million in 2021. Net financials decreased from NOK 252.1 million in 2021, to NOK 172.5 million in 2022, on the back of dividend from Pioneer Property Group. Profit from the year amounted to NOK 125.9 million, down from NOK 253.7 million in 2021.

Total assets per 31.12.2022 were NOK 2,067.5 million.

Total long-term debt per 31.12.2022 was NOK 703.9 million consisting of the new bond issue due late 2025 which will be listed in May 2023 while short-term debt was NOK 185.9 million.

Total equity amounted to NOK 1,177.7 million in 2022, up from NOK 1,155.3 million in 2021, resulting in an equity ratio of 57.0 %.

Going concern

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

Future challenges and market outlook

Although some challenges from 2021 remained in 2022 and continued to test Hospitality Invest's ability to adjust, the Group left the year with all-time high full-year revenues and continued strong profitability. In particular, the Care and Hotel Operations segment delivered strong revenue growth, supported by recent acquisitions within the Other segment.

Covid-19 is receiving less public attention but remains an uncertainty and risk going forward. Although its previously negative impact on hotel bookings is rebounding, occupancy levels within elderly care are still lower than pre-Covid.

The Russian invasion of Ukraine continues to be a tragic humanitarian crisis. Hero, as Norway’s largest operator of immigration and refugee centers, has been central in the government’s effort to establish accommodation for Ukrainian refugees. This work is continuing with intense focus, and activity levels are expected to normalize at significantly higher levels than prior to the war in Ukraine.

Rising inflation and increasing interest rates across relevant operating geographies may have a negative effect on the future profitability. Increased salaries, electricity prices and general costs had a negative effect on this year’s financial results, as the current price levels in most contracts do not take the current cost levels into account. However, the Group has so far managed to deliver solid margins despite increased costs. It is further expected that most of the cost increases experienced in 2022 will be reflected in future agreements through renegotiations or index clauses. In line with the overall market, the Group is experiencing challenges related to staff shortages. This is being addressed through revision of recruiting and retention practices.

Within the Care segment the regulatory framework has a significant influence on NHC and its ability to deliver services with high quality. In Norway, the Government has stated that a public inquiry has been appointed, to investigate non-profit operating models within private welfare. While we expect the initiating political party's desired outcome of the inquiry to be rejected by a majority in parliament, the Group continues to address this and other such initiatives in the future through the various channels available. The new Swedish government, presented in October 2022, has expressed more positive views towards private providers of welfare services com-pared to the previous government. To limit exposure towards unfavorable political and market shifts, the Group continue to diversify its operations.

The Staffing segment is considered well-positioned to continue the favorable development in the coming quarters, further capitalizing on expected strong market conditions. With regards to the political discussions in Norway, the proposed law to significantly reduce the possibility to hire temporary workers is approved and will have effect from 1 April 2023, with transition period until 1 July 2023. The effect this will have on the Norwegian operations is uncertain as there are some exceptions in the proposed law that will be applicable for many of the customers in the segment. There are also ongoing initiatives to investigate the potential impact on the different business areas and solutions to help the customers.

The Hotel Operations segment had a positive development throughout 2022. General restraint and reduced purchasing power are reflected in somewhat lower bookings for the first quarter of 2023 than was normal before the pandemic. But after a long period of very short lead-time on bookings, more people are booking rooms with a longer time horizon. There is still good demand within the conferences and business area, but the holiday and leisure markets have a declining trend. However, it could have a positive effect that China reopened after a long lockdown, as Chinese tourism provides a significant number of overnight stays to the Scandinavian hotel market. It is possible that the new legislation regarding hired labor will create additional costs in the form of more administration as well as possible lost income if it proves too challenging to staff up re-quested events.

Financial risk

Overall view on objectives and strategy

The Group is exposed to financial risk in different areas, including operational risk, market risk, exchange rate risk and credit risk. The goal is to reduce the financial risk as much as possible. In general, the Group seeks to mitigate risk through operational- and geographical diversification. The Group has operations across a wide range of segments and operates in several countries, reducing cyclicality. The Group’s current strategy does not include active use of hedging instruments to reduce financial risk, however, each company in the Group is continuously assessing this.

Market risk

The Group’s investments, results of operations and financial conditions depend on conditions prevailing for e.g. hospitality services, staffing, childcare and care services in the Nordic region. A significant part of the Group is affected by public policies and the political climate. The demand for the Group’s services will be 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 affect the number of immigrants and asylum seekers. Demand for private care services may decrease depending on a number of demographic and economic factors. Demand for hotel stays in the Nordics are dependent on the general economic development in the region and the relative attractiveness compared to other destinations. The activity level within the staffing market is closely linked to the general macroeconomic and political environment.

Exchange rate risk
The Group has operations in i.a Norway, Sweden, Denmark, Finland, Netherlands, Poland and Germany. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK/NOK exchange rate as the financial statements are presented in NOK and around 30% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK, whereas approximately 31.8% of its bond debt is denominated in SEK, both representing natural hedges to the operations. The Group has a relatively small but growing exposure to the EUR/NOK exchange rate as operations in the Netherlands, Poland, Germany and Finland are growing. The Group is monitoring the exposure and will 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 are 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 remains healthy at year end 2022. The bond loan issued by Hospitality Invest AS matures in October 2025 and represents a large refinancing in the group for 2022 in addition to the refinancing of the bond loan in Norlandia Health and Care AS.

Regulatory risk
The Group's operations are subject to legal framework which may change in the future. Changes in the framework legislation and conditions of operating pre-schools, nursing homes, reception centres or other parts of the Group's business and operations, such as profit restrictions, dividend restrictions or restrictions on private ownership, may significantly and adversely impair the Group`s liquidity and business model, which could have a material adverse effect on the Group. The Group's operations within the Care segment are subsidized by public authorities.

Changes in the political climate or framework legislation for such subsidies may have a materially adverse effect on the subsidiaries', and eventually, the Company's business model, operations, and financial condition.

The Norwegian Ministry of Education and Research (Kunnskapsdepartementet) announced 8th April 2022 that they are in the process of researching and preparing new proposed legislation in an effort to limit the expansion of large commercial operators and to improve the commercial framework for small privately-owned and non-profit kindergartens. The rules will, inter alia, seek to give each municipality greater autonomy for financing, and to place additional conditions for the operation of, private kindergartens.

There may also be further restrictions imposed on acquisitions and disposals of kindergartens, e.g. by granting a right of first refusal to the municipality, and stricter overview to ensure that public subsidies and private kindergarten fees are employed towards the operations of the kindergarten. As a result of this initiative, stricter regulations on kindergarten operations may be adopted in the future.

The Group operates in a regulated market and is therefore affected by changes in laws, regulations and governmental interpretations and practices. The Group must comply with, and is affected by, extensive and complex laws and regulations at a national, regional, and local level. These laws and regulations relate, among other things, to access of services, the quality of such services, qualifications and obligations of co-workers and employees,
pricing and operating guidelines.

Corporate governance
Hospitality Invest 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 and to ensure control.
Corporate policies, as exercised by the Board of Directors of Hospitality Invest and its portfolio companies, include high ethical standards, a conviction that all employees are the most valuable resource, regulatory and contractual compliance, and a non-tolerance for corruption.

The Company has a board with three directors, including the two largest shareholders and a director from one of Hospitality Invest Groups associated companies. 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.

Hospitality Invest publishes quarterly 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. 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 analysed and addressed against set budgets.

In connection with closing of accounts for the various subsidiaries, 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 in connection with the financial reporting.

The Board of Directors of Hospitality Invest has decided to act as Audit Committee. The board has established routines and instructions for their work, including an annual plan for audit committee matters, with recurring topics to ensure continuous improvement and control. The Company's Audit Committee met seven times during 2022.

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

Total number of employees in the Group amounted to around 13,963 the end of 2022. Hospitality Invest's largest investment, NHC reaches around 70,000 people including clients, users, parents and relatives throughout the various businesses and operations. With this broad reach comes both responsibilities and opportunities.

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 dis-crimination in all aspects of the operations. Leave of absence is an important performance indicator and is measured through-out the Group's operational entities, but not on a consolidated basis. There has been no significant leave of absence in the parent company during 2022.

Corporate Social Responsibility

Sustainability is a natural part of Hospitality Invest's vision and characterize how the Company acts as an owner, investor, and social contributor. The role as an active owner gives the Company influence to create sustainable change. Before an investment decision, sustainability risks are initially assessed alongside other types of risk as part of a due diligence process.

In addition to being owner of a group of smaller entities, Hospitality Invest AS is a sole owner of Norlandia Hotel Group AS and a majority owner of Norlandia Health & Care Group AS and Otiga Group AS. All operating groups have a significant size and a visible position in the market. NHC, in addition to Hospitality Invest, have issued bond loans which are listed on the Oslo Stock Exchange. Hospitality Invest exercises active ownership through board participation and continuous participation in critical processes in all operating groups.

Hospitality Invest aspires to be an honest and trustworthy company and owner. As a major provider of social services, the Company is conscious of its role in the society and the importance of always being a provider of high-quality services. The Company's reputation depends upon understanding the principles of corporate responsibility, and continuously demonstrating integrity and honesty. Corporate policies, as exercised by the Board of Directors of Hospitality Invest and its portfolio companies, include high ethical standards, a conviction that all employees are the most valuable resource, regulatory and contractual compliance, and a non-tolerance for corruption.

The Company's largest investment, NHC adapted a Sustainability Linked Finance Framework during 2021. The Framework covers the issuance of Sustainability-Linked Bonds and Loans and is aligned with the ICMA Sustainability-Linked Bond Principles and the LMA Sustainability-Linked Loan Principles.

A set of overall principles and guidelines applies to all of Hospitality Invest's investments. Each operating group's board of directors further adopts their own governing documents adapted to the specific business of the company. The stakeholders, relevant or important themes and specific challenges will vary from company to company, depending on its sector.

Hospitality Invest intends to be a driving force for sustainable value creation through long-term investments and active ownership. During 2022, Hospitality Invest initiated a larger ESG project with several portfolio companies to ensure that all meet the requirements of The Transparency Act ("Åpenhetsloven") in an effective and reliable manner, and Hospitality Invest AS will publish the Statement on its website before 1 July 2023

Hospitality Invest ended the year by initiating a Double Materiality Assessment based on ESG impacts, risks and opportunities for Hospitality Invest and our portfolio companies. The findings from the materiality analysis provide the basis for where Hospitality Invest will focus its reporting and are the foundation for the Company's ESG efforts going forward.

Environmental report

The Group's operations are not harmful to the environment and are not regulated by any licenses related to waste handling. Nevertheless, Hospitality Invest is committed to manage its environmental responsibilities and initiated a process of certifying our portfolio companies according to the ISO 14001 standard more than three years ago. The first company was certified in 2015, and this work continues going into 2023.

Allocation of income in the parent company

Hospitality Invest AS result for 2022 ended at NOK 125.9 million. The Board of Directors has proposed the net profit of Hospitality Invest AS to be allocated as follows:

To other equity: NOK 125.9 million

Events after balance sheet date

On 18 November 2022, NHC announced a potential business combination between NHC and Brado AB. NHC has for a long period been considering a potential business combination with Frösunda and its parent company Brado AB. Such a transaction would be in line with NHC's previously communicated plan to combine the two groups to create a leading Nordic private health and care provider.
To finance such transaction, NHC arranged a series of fixed income investor meetings commencing 13 January 2023 to explore the possibility of issuing a SEK and/or NOK bond issue equivalent to NOK 522 million under NHC's existing senior secured bond framework with ISINs NO0010997927 or NO0010997943. On 19 January 2023, NHC successfully placed the bond issue split between a subsequent issue of NOK 180 million in the NOK-tranche of the bond and a subsequent issue of SEK 352 million in the SEK-tranche of the bond. The net proceeds from the subsequent bond issue were utilized to partly finance the acquisition of Frösunda, including its parent company Brado AB.
The acquisition of Brado AB was in addition financed through a seller's credit and an earn-out. The seller's credit from Abros Invest AB was transferred to Hospitality Invest, of which NOK 291 million was converted to equity through a contribution in kind and NOK 97 million was settled through a sale of assets. As a result of the abovementioned transaction Abros Invest AB has become a shareholder of Hospitality Invest and the equity is strengthened correspondingly. The acquisition closed on 27 January 2023.

On 22 February 2023 Otiga Group AS entered into agreements with the owners in Aktiebolaget Söder & Co Forvaltning regarding purchase of shares. As consideration for the shares, Otiga Group shall provide a total consideration of SEK 63.9 million. When converted to NOK at a rate of 0.9599 as of 6 January 2023, this amounts to NOK 61.3 million, divided between a cash amount of NOK 44.9 million and 78.0 million B shares in Otiga Group AS. The cash payments will be paid in three instalments for the next three years. The share purchase will give Otiga Group AS an ownership of 52.14% in Aktiebolaget Söder & Co Forvaltning.

Oslo, 26 April 2023

Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen Chairman of the Board	Roger Adolfsen Chief Executive Officer	Johnny Sundal Member of the Board

Statement from the Board of Directors

Hospitality Invest AS' consolidated financial statements have been prepared and presented in accordance with IFRSs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, that should be used as of 31.12.2022. The separate financial statements for Hospitality Invest AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31.12.2022. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard, as of 31.12.2022.

To the best of our knowledge:

The consolidated and separate annual financial statements for 2022 have been prepared in accordance with applicable accounting standards.

The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of 31.12.2022, for the Group and the Parent company.

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

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

Oslo, 26 April 2023

Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Chief Executive Officer

Johnny Sundal
Member of the Board

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in NOK 1,000)

	Note	2022	2021
OPERATING REVENUE AND OTHER INCOME			
Operating revenue	4	12,919,168	9,805,533
Other income	4	33,743	41,718
OPERATING REVENUE AND OTHER INCOME		**12,952,912**	**9,847,251**
OPERATING EXPENSES			
Raw materials and consumables used		868,817	493,503
Staff costs	5	8,371,095	7,136,900
Depreciation and amortisation expense	8,9,17	838,680	759,737
Other operating expenses	5	2,228,372	1,122,067
TOTAL OPERATING EXPENSES		**12,306,964**	**9,512,207**
Share of post-tax profits of associates	11	9,945	116,733
PROFIT FROM OPERATIONS		**655,893**	**451,778**
FINANCE			
Finance income	6	298,695	205,392
Finance expense	6.17	515,027	397,731
NET FINANCE		**-216,333**	**-192,338**
PROFIT BEFORE TAX		**439,560**	**259,439**
Tax expense	7	105,065	2,324
PROFIT		**334,496**	**257,116**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	18	-10,042	5,802
Deferred tax on remeasurement of post-employment benefit obligation	15	2,209	-1,276
		-7,833	4,526
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		23,027	-40,211
		23,027	-40,211
TOTAL OTHER COMPREHENSIVE INCOME		**15,194**	**-35,685**
TOTAL COMPREHENSIVE INCOME		**349,689**	**221,431**
Profit shareholders of the company		287,256	226,599
Profit non-controlling interests	11	47,239	30,517
		334,496	**257,116**
Total comprehensive income attributable to shareholders of the company		301,895	200,390
Total comprehensive income non-controlling interests		47,795	21,040
		349,689	**221,431**

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1,000)

	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	15	180,862	214,620
Property, plant and equipment	8	1,036,251	855,222
Right-of-use assets	17	6,278,323	4,828,259
Goodwill	9, 10	2,431,041	2,327,280
Intangible assets	9, 10	840,356	894,379
Investment in associated companies	11	720,372	768,726
Loan to associated companies	12	95,832	6,911
Other investments	3	220,169	181,296
Other receivables	12, 20	302,665	199,840
TOTAL NON-CURRENT ASSETS		**12,105,870**	**10,276,532**
CURRENT ASSETS			
Inventories		73,894	32,728
Trade and other receivables	12, 20	1,463,138	1,164,315
Market based investments	3	163,039	66,443
Cash and cash equivalents	21	786,098	762,341
TOTAL CURRENT ASSETS		**2,486,169**	**2,025,826**
TOTAL ASSETS		**14,592,039**	**12,302,358**

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1,000)

	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	20,408	20,408
Own shares		-52	-52
Share premium reserve		171,915	171,915
Other equity		1,306,893	1,075,015
Total equity attributable to owners of the parent		**1,499,164**	**1,267,286**
Non-controlling interest	11	224,531	185,911
TOTAL EQUITY		**1,723,695**	**1,453,198**
LIABILITIES			
NON-CURRENT LIABILITIES			
Pension liabilities	18	6,279	101,404
Loans and borrowings	14	3,558,098	2,341,608
Deferred tax liability	15	212,423	220,119
Lease Liability	17	5,992,128	4,589,148
TOTAL NON-CURRENT LIABILITIES		**9,768,928**	**7,252,280**
CURRENT LIABILITIES			
Trade and other payables	16	2,243,526	1,826,760
Loans and borrowings	14	138,743	1,216,389
Lease liability	17	673,562	535,666
Taxes payable		43,585	17,991
TOTAL CURRENT LIABILITIES		**3,099,416**	**3,596,806**
TOTAL LIABILITIES		**12,868,344**	**10,849,085**
TOTAL EQUITY AND LIABILITIES		**14,592,039**	**12,302,283**

Oslo, 26 April 2023

Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Chief Executive Officer

Johnny R. Sundal
Member of the Board

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

(all amounts in NOK 1,000)

	Share capital	Own Shares	Share premium	Retained earnings	Translation differences	Non-controlling interests	Total equity
31 DECEMBER 2020	20,408	-52	171,915	765,542	73,873	160,285	1,191,971
Comprehensive Income for the year							
Profit	-	-	-	226,599	-	30,517	257,116
Other comprehensive Income	-	- -	-	14,002	-40,211	-9,477	-35,685
Total comprehensive Income for the year	**-**	**-**	**-**	**240,601**	**-40,211**	**21,040**	**221,431**
Contributions by and distributions to owners							
Increased non-controlling interest from business combinations	-	-	-	-	-	23,410	23,410
Contribution-in kind	-	-	-	23,535	-	-	23,535
Distribution to non-controlling interest	-	-	-	-	-	-15,684	-15,684
Effect from acquisition and sale of subsidiary	-	-	-	11,675	-	-3,140	8,535
Total contributions by and distributions to owners	**-**	**-**	**-**	**35,210**	**-**	**4,586**	**39,796**
31 DECEMBER 2021	**20,408**	**-52**	**171,915**	**1,041,353**	**33,663**	**185,911**	**1,453,198**
Comprehensive Income for the year							
Profit	-	-	-	287,256	-	41,008	328,265
Other comprehensive Income	-	-	-	-8,388	23,027	6,786	21,425
Total comprehensive Income for the year	**-**	**-**	**-**	**278,868**	**23,027**	**47,795**	**349,689**
Contributions by and distributions to owners							
Distribution to non-controlling interest *	-	-	-	-	-	-40,053	-40,053
Effect from acquisition and sale of subsidiary*	-	-	-	-25,981	-44,036	30,878	-39,140
Total contributions by and distributions to owners	**-**	**-**	**-**	**-25,981**	**-44,036**	**-9,175**	**-79,193**
31 DECEMBER 2022	**20,408**	**-52**	**171,915**	**1,294,239**	**12,653**	**224,531**	**1,723,695**

*) Note 11 Subsidiaries and associates for further details

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF CASH FLOWS

(all amounts in NOK 1,000)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		334,496	257,116
Adjustments for:			
Depreciation of property, plant and equipment	8	95,737	166,033
Net gain/loss on sale of assets		-33,743	-52,291
Amortization of intangible fixed assets	9	66,257	79,487
Share of post-tax profits of associates	11	-9,945	-116,733
Right of use assets - depreciation	17	676,686	514,217
Changes in fair value of market-based investments	6	-90,556	-13,192
Interest income/interest expense	6	306,889	226,721
Income tax expense	7	105,065	2,324
Changes in working capital			
Changes in trade and other receivables and other current assets		-265,445	-155,496
Increase in inventories		-41,166	-22,446
Increase in trade and other payables and other current liabilities		462,266	128,101
Increase in provisions and employee benefits		18,541	-47,812
CASH GENERATED FROM OPERATIONS		**1,625,080**	**966,027**
Income taxes paid		25,519	1,482
NET CASH FLOW FROM OPERATING ACTIVITIES		**1,650,600**	**967,510**
INVESTING ACTIVITIES			
Proceeds from sale of assets		339,511	339,407
Purchases of property, plant and equipment	8	-293,287	-165,198
Investment in shares in associates	11	-185,446	-187,916
Loans to associated companies		-225,125	29,485
Investment in shares in subsidiaries, net of cash acquired		-171,301	-126,130
Interest received	6	27,184	15,920
NET CASH USED IN INVESTING ACTIVITIES		**-508,463**	**-94,432**
FINANCING ACTIVITIES			
Payments of long-term loan to finance institutions	14, 22	-53,372	-29,433
Changes in short-term loan to finance institutions	14	-1,133,307	-2,865
Proceeds from long-term borrowings from finance institutions	14	1,228,867	19,448
Capital increase related to non-controlling interests		-	23,410
Payments of lease liability - amortization	6.17	-644,367	-438,621
Interest paid	6	-468,779	-363,445
Distribution to non-controlling interests		-40,053	-15,684
NET CASH (USED IN) / FROM FINANCING ACTIVITES		**-1,111,011**	**-807,191**
Net increase in cash and cash equivalents		31,126	65,887
Cash and cash equivalents at beginning of year	21	762,341	704,073
Exchange (losses)/gains on cash and cash equivalents		-7,369	-7,620
CASH AND CASH EQUIVALENTS AT END OF YEAR		**786,098**	**762,341**

NOTES TO THE CONOLIDATED STATEMENT

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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.

These financial statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“IFRSs”).

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.

1.2 Changes in accounting policies

There are no changes in, or new accounting standards that have had material effect for the Group’s financial statement 2022.

Other amendments to standards

Other amendments to standards, issued but not yet effective, are either not expected to impact Hospitality Invest Consolidated financial statements materially or are not expected to be relevant to the Consolidated financial statements upon adoption.

1.3 Revenue recognition

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

Contracts with customers are analysed using the five-step model and include:

- identify the contract with a customer.
- identify the performance obligations in the contract.
- determine the transaction price.
- allocate the transaction price to performance obligations.
- recognise revenue when performance obligations are satisfied.

As described below, the group has multiple revenue streams in accordance with the segment it operates in.

Care

The segment Care's revenue from contracts with customers mainly comprise of services delivered. The segment has assessed the following performance obligations to exist for the contract with customers:

Preschools

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 payments from the municipalities and payment from parents. Both municipality and parental payments are based on regulations where grant 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 delivery 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 recognized 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. The company mainly receives grants from the municipalities in advance in the beginning of the quarter four times each year, which also implies that there are no contract balances of significance at year-end. 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 hotel have a duration of 5-7 years. For the home care services, the contract duration is 3-5 years.

For the operation of nursing homes, fixed monthly operating grants are given based on the number of places for which the nursing home is dimensioned, regardless of whether the places are in use or not. There are different types of places, short-term and dementia. When entering into the contract, the number of places the nursing home is dimensioned for the different types, and this can be changed along the way. 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 payments for nursing homes.

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

For nursing homes, the company stands ready every day to deliver according to the agreed capacity. Although the actual number of seats used may vary slightly from day to day, a place does not stand empty for long, and it is considered that the legal requirement is met for each day that passes and revenue is recognized 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 recognized. In practice, for patient hotels and home care, revenue is recognized 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 operating grants are given, 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 recognized each day on a straight-line basis. In addition, there is variable consideration 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 recognized according to the hours performed or the number of words executed. In practice, revenue is recognized by an amount equal to the transaction price we are entitled to invoice (IFRS 15.B16). Consideration for courses is recognized 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. As a general rule, 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 segments' total activities, this does not provide any contract balances of significance at year-end.

Individual & Family

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

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

What is promised to the customer is to operate the service offering in accordance with applicable law and regulations. The performance obligation is satisfied through the 24-hour operation of care, as well as child welfare institutions. For BPA, the promise is satisfied through the delivery of actual requested hours. The customer receives and consumes the benefits as the company satisfies the performance obligation. For all services within the segment, the company stands ready to provide requested places or services every day, against variable consideration. The segment is 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 recognized by an amount equal to the amount the segment is 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.

Staffing

The Staffing segments revenue mainly comprises of services delivered. Management has assessed the following performance obligations to exist for the contract with customers: sales of temporary staffing, permanent placements, training and consulting & outplacement services.

Temporary staffing

Revenues from temporary staffing are generally negotiated and invoiced on an hourly basis. The candidates record the hours they have worked and these hours at the rate agreed with the customer are accumulated and billed according to agreement with the customer. The rate includes the salary and salary-related employment cost for the candidate. Temporary staffing contracts can have a duration from less than one month to several years but can generally be terminated earlier by the customer according to an agreed notice period. The revenue from temporary staffing contracts is recognized over time upon rendering the service and in line with the segments right to invoice the customer.

Permanent placement

Revenue from permanent placements includes the fee received. This fee is generally a percentage of the candidate's remuneration. The revenues of these permanent placements are recognized on the completion of the service when the performance obligations are fulfilled, being, in principle, the signing date of the candidate. For "retained assignments", revenue is recognized on the completion of certain pre-agreed stages of the service, for which the fee is non-refundable.

Consulting and outplacement

Revenue from training and consulting and outplacement is recognized over time upon rendering the service. This can either be projects invoiced on an hourly basis or fixed price projects. Fees invoiced prior to providing services are deferred and recorded in Prepaid revenue until the services are rendered. Additionally, certain contracts may contain multiple performance obligations in which case the segment allocates revenue to each performance obligation based on the standalone selling prices generally determined based on the prices it would charge to other customers in similar circumstances.

Other operating revenue relates to revenue from activities outside the segments main business.

Hotel Operations

Revenues related to hotel operations corresponds to all revenues received from guests. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

1.4 Principles of Consolidation and equity accounting

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests

Non-controlling interests are recognized as their proportional share of net assets. Transactions with non-controlling interests are recognized in equity, that is, between the Parent Company shareholders and non-controlling interests. For acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized as a transaction within equity. Hence, no goodwill arises in these transactions. Gains and losses on disposals of non-controlling interests are also recognized in equity. Losses attributable to non-controlling interests are apportioned even in cases where non-controlling interests will be negative.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below), after initially being recognized at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates is recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary and significant enough, to ensure consistency with the Group policies.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognized within equity attributable to owners of Hospitality Invest AS.

When the group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

1.5 Segment reporting

Operating segments are defined and reported according to the group's internal reporting structure. The Company's ultimate decision maker is the board of directors, including the CEO. The board is responsible for allocating resources to each segment as well as monitor the performance within each segment. The principles used in the segment reporting is consistent with the principles used when preparing the financial statements. Transactions between segments are conducted on market terms.

1.6 Intangible assets

Goodwill

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

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

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

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

Trademarks, licenses and customer contracts

Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Amortization methods and periods

Refer to note 9 for details about amortization methods and periods used by the group for intangible assets.

Externally acquired intangible assets

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

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

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold.
- adequate resources are available to complete the development.
- there is an intention to complete and sell the product.
- the Group is able to sell the product.
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the depreciation and amortisation expense line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

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

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

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

1.8 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 Hospitality Invest AS functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets are recognized in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each statement of profit or loss and statement of other comprehensive income are translated at average exchange rates
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.9 Financial assets

IFRS 9 Financial Instruments is used for the financial assets classified in the balance sheet.
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) 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 other operating 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.

1.10 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.

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, are using the effective interest method.

1.11 IFRS 13 fair value measurement hierarchy

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

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels. The inputs used to measure fair value in Hospitality Invest are according to Level 3 in the fair value hierarchy.

1.12 Share capital

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

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

1.13 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.

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.

1.14 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.

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 to extend the lease when the Group is reasonably certain to exercise this option. Many of the Group's lease contracts includes an option to prolong the lease. The Group has not included any such prolonging due to the uncertainty related to the long remaining lease. The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

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

Sale and leaseback transactions

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

1.15 Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing" of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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.

1.16 Dividend and Group contribution

Proposed dividend and group contribution is 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.

1.17 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 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:

Buildings	10-40 years
Furniture, fixtures and equipment	3-30 years

1.18 Provisions

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements and estimates

(a) Impairment of goodwill

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

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

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

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.

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

Recognition of both ROU and lease liability require judgement and estimation for the length of the lease term, discount rate and the expected useful life.

(d) Income taxes

Significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

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

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

3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

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

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

Principal financial instruments

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

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

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

Financial assets		Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	Note	**2022**	**2021**	**2022**	**2021**
Cash and cash equivalents	21	-	-	786,098	762,341
Trade and other receivables	12	-	-	1,463,138	1,164,315
Market-based investments *)		163,039	66,443	-	-
Other long term investments		220,169	181,296	-	-
Other long term receivables	12,20	-	-	302,665	199,840
Total financial assets		**383,208**	**247,740**	**2,551,901**	**2,126,495**

*) This is mainly shares listed on Oslo stock Exchange and New York Stock Exchange. For fair value adjustment see note 6.

Financial liabilities		Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	Note	**2022**	**2021**	**2022**	**2021**
Trade and other payables	16	-	-	2,243,526	1,826,760
Loans and borrowings	14	-	-	3,696,841	3,557,997
Total financial liabilities		**-**	**-**	**5,940,367**	**5,384,757**

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 Board receives monthly reports from the Group

Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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

Credit risk

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

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

Credit risk is deemed to be part of the Group's overall commercial risk and is followed up as a part of its day-to-day operations. The Group has established procedures for credit assessment of both customers and suppliers. Historically, losses due to bad debts have been insignificant and today's level of credit risk is considered acceptable. Trade and other receivables are recognized at the original invoiced amount, less impairment losses. Impairment losses are evaluated on a "customer to customer" basis. Factoring is applied for a portion of the trade receivables. For trade receivables where the risk of non-payment is transferred to the factor, the trade receivables are derecognized when payment is received by the Group. For trade receivables where the Group still bears the risk non-payment the trade receivables are not derecognized until payment is received from the customer.

Credit risk also arises from 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 12.

Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

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 without Group management consent. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

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

Based on the various scenarios the Group has the possibility to manage its cash-flow interest rate risk by using floating-to-fixed interest rate swaps (quantitative disclosures are given in note 12). 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.

The effect on interest payments for a 0.5% change is presented below.

	Interest expense	Effect on P&L	Effect on Equity
Effect of a 0.5% increase	18,484	-14,418	-14,418
Effect of a 0.5% decrease	-18,484	14,418	14,418

Foreign exchange risk

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

	Fx-effect	Effect on P&L	Effect on Equity
Effect of SEK weakens of 1.0% toward NOK	7,500	5,850	5,850
Effect of SEK strenghten of 1.0% toward NOK	-7,500	-5,850	-5,850

Other market price risk

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

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

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 an ongoing basis, when needed the necessary adjustments are put into place.

Hospitality Invest has refinanced its outstanding bond loan that matured in October 2022. During first quarter 2022 Otiga's bond loan was refinanced into a bank loan which matures in March 2025.

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

	Total	Between 1 and 12 mth	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2022						
Loans and borrowings non-current	3,558,098	71,716	491,936	1,888,040	757,907	348,500
Interest payment years 1 to 5 (current NIBOR)	1,143,511	365,061	357,703	307,230	113,517	-
Lease liability	7,761,344	836,639	656,991	592,199	1,570,316	4,105,199
Trade and other payables	2,243,526	2,243,526	-	-	-	-
Loans and borrowings	138,743	138,743	-	-	-	-
Total	**14,845,223**	**3,655,685**	**1,506,630**	**2,787,469**	**2,441,740**	**4,453,699**

	Total	Between 1 and 12 mth	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2021						
Loans and borrowings non-current	2,341,608	154,317	243,206	136,573	1,477,542	329,971
Interest payment years 1 to 5 (current NIBOR)	567,214	160,400	149,829	133,170	123,815	-
Lease liability	6,084,995	674,450	493,355	542,397	1,182,891	3,191,903
Trade and other payables	1,826,760	1,826,760	-	-	-	-
Loans and borrowings	1,216,389	1,216,389	-	-	-	-
Total	**12,036,967**	**4,032,316**	**886,390**	**812,140**	**2,784,248**	**3,521,873**

Capital Disclosures

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 amounts 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 adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

Due to market uncertainty, the Group’s strategy is to preserve a strong cash base and achieve a sound and healthy equity to total capital ratio. The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating.

The debt-to-equity ratios at 31 December 2021 and at 31 December 2022 were as follows:

	2022	**2021**
Loans and borrowings	3,696,841	3,557,997
Less: cash and cash equivalents	786,098	762,341
Net interest bearing debt	**2,910,744**	**2,795,657**
Total equity	**1,723,695**	**1,453,198**
Total capital	14,592,039	12,302,358
Debt to equity ratio	1.7	1.9
Equity ratio (%)	11.8 %	11.8 %

4. SEGMENT INFORMATION, OPERATING REVENUE AND OTHER INCOME

The group's operations are divided into operating segments based on components of the business that are reviewed by the BoD and CEO, who are the company's chief operating decision makers. This is referred to as the management approach. The group's operations are organised in such a way that the BoD and CEO review the results of each business area within each segment.

Based on the reporting requirements in IFRS 8 the group has 4 reportable segments:

- **Care;** Norlandia Health & Care Group is a leading Nordic care service provider, active in the following operations; Preschool, Care, Integration Services and Individual & Family.

- **Staffing;** Otiga Group is a group of companies offering a complete range of staffing services within most major sectors in the Nordics.

- **Hotel Operations**; Norlandia Hotel Group is a company with long-term experience in hotel operations in Norway and Sweden that currently manages 24 hotels, of which 14 hotels in Norway and 10 in Sweden. Also includes Tanumstrand.

- **Real Estate** included properties rented by the Care segment within both Preschools and Individual & Family. and hotels rented by the Hotel Operations. The Real Estate segment is no longer reported separately as the remaining real estate was sold during 2022.

- **Other** consists of the Parent company Hospitality Invest and the majority of HI Capital's investments across several sectors and which are not included elsewhere, including several diversified investments.

2022	Care	Staffing	Hotel Operations	Real Estate	Other	Total
Operating revenue	7,934,106	3,001,373	1,028,646	-	955,043	12,919,168
Other income	32,276	563	63	-	842	33,743
Total operating revenue and other income	**7,966,382**	**3,001,936**	**1,028,709**	**-**	**955,885**	**12,952,912**
Raw materials and consumables used	353,244	161,485	115,032	-	239,056	868,817
Staff costs	4,985,897	2,540,344	381,240	-	463,613	8,371,095
Depreciation and amortisation expense	634,712	49,251	127,887	-	26,830	838,680
Other operating expenses	1,515,888	187,579	331,969	-	192,936	2,228,372
Total operating expenses	**7,489,741**	**2,938,659**	**956,128**	**-**	**922,435**	**12,306,964**
Share of post-tax profits from associates	1,266	-	-	-	8,679	9,945
Profit from operations	**477,907**	**63,277**	**72,581**	**-**	**42,129**	**655,893**
Finance income	37,832	4,855	2,117	-	239,402	284,206
Finance expense	-310,936	-75,942	-25,327	-	-88,334	-500,539
Net finance	**-273,104**	**-71,087**	**-23,210**	**-**	**151,068**	**-216,333**
Profit before tax	**204,803**	**-7,810**	**49,370**	**-**	**193,197**	**439,560**

2022	Care	Staffing	Hotel Operations	Real Estate	Other	Total
ASSETS						
NON-CURRENT ASSETS						
TOTAL NON-CURRENT ASSETS	**8,689,186**	**1,069,180**	**1,133,819**	**-**	**1,209,953**	**12,102,138**
CURRENT ASSETS						
TOTAL CURRENT ASSETS	**1,077,309**	**580,158**	**310,499**	**-**	**518,203**	**2,486,169**
TOTAL ASSETS	**9,766,495**	**1,649,338**	**1,444,318**	**-**	**1,728,156**	**14,588,307**
EQUITY AND LIABILITIES						
EQUITY						
TOTAL EQUITY	**119,251**	**-1,215**	**-89,796**	**-**	**1,691,724**	**1,719,963**
LIABILITIES						
NON-CURRENT LIABILITIES						
TOTAL NON-CURRENT LIABILITIES	**7,294,548**	**409,763**	**1,026,831**	**11,987**	**1,023,186**	**9,766,315**
TOTAL CURRENT LIABILITIES	**1,870,775**	**737,973**	**355,701**	**5,824**	**131,757**	**3,102,029**
TOTAL LIABILITIES	**9,165,323**	**1,147,735**	**1,382,532**	**17,811**	**1,154,943**	**12,868,344**
TOTAL EQUITY AND LIABILITIES	**9,284,573**	**1,146,520**	**1,292,735**	**17,811**	**2,846,667**	**14,588,307**

2021	Care	Staffing	Hotel Operations	Real Estate	Other	Total
Operating revenue	5,933,763	2,807,362	676,563	31,066	356,779	9,805,533
Other income	41,788	337	883	1,820	-3,109	41,718
Total operating revenue and other income	**5,975,550**	**2,807,699**	**677,446**	**32,886**	**353,670**	**9,847,251**
Raw materials and consumables used	175,101	138,787	66,684	-	112,930	493,503
Staff costs	4,303,147	2,381,448	264,879	152	187,274	7,136,900
Depreciation and amortisation expense	554,212	53,881	130,209	7,399	14,036	759,737
Other operating expenses	704,637	157,716	204,596	8,570	46,548	1,122,067
Total operating expenses	**5,737,097**	**2,731,832**	**666,369**	**16,121**	**360,788**	**9,512,207**
Share of post-tax profits from associates	-1,290	-	-	-	118,023	116,733
Profit from operations	**237,163**	**75,867**	**11,077**	**16,766**	**110,905**	**451,778**
Finance income	68,884	4,012	1,730	226	111,745	186,598
Finance expense	-257,826	-68,556	-23,932	-4,591	-24,031	-378,936
Net finance	**-188,942**	**-64,544**	**-22,201**	**-4,365**	**87,714**	**-192,338**
Profit before tax	**48,221**	**11,323**	**-11,124**	**12,401**	**198,619**	**259,439**

2021	Care	Staffing	Hotel Operations	Real Estate	Other	Total
ASSETS						
NON-CURRENT ASSETS						
TOTAL NON-CURRENT ASSETS	**7,525,245**	**1,066,928**	**680,444**	**95,310**	**908,550**	**10,276,476**
CURRENT ASSETS						
TOTAL CURRENT ASSETS	**792,360**	**610,012**	**213,417**	**45,924**	**364,112**	**2,025,826**
TOTAL ASSETS	**8,317,605**	**1,676,940**	**893,861**	**141,234**	**1,272,662**	**12,302,302**
EQUITY AND LIABILITIES						
EQUITY						
TOTAL EQUITY	**-9,947**	**-82,262**	**-93,962**	**-15,460**	**1,654,829**	**1,453,198**
LIABILITIES						
NON-CURRENT LIABILITIES						
TOTAL NON-CURRENT LIABILITIES	**6,427,324**	**217,972**	**582,338**	**98,180**	**-73,460**	**7,252,355**
TOTAL CURRENT LIABILITIES	**1,418,307**	**1,030,937**	**260,952**	**8,599**	**878,011**	**3,596,806**
TOTAL LIABILITIES	**7,845,631**	**1,248,910**	**843,290**	**106,779**	**804,551**	**10,849,160**
TOTAL EQUITY AND LIABILITIES	**7,835,684**	**1,166,647**	**749,328**	**91,320**	**2,459,380**	**12,302,358**

Operating revenues by geography	2022	2021
Norway	6,739,870	4,575,075
Sweden	3,893,224	3,627,579
International	1,328,344	1,221,524
Other	957,731	381,356
Total operating revenues by geography	**12,919,16**	**9,805,533**

Other Income	2022	2021
Gain on sale of assets	64,058	102,805
Not recognised gain from sale leaseback and booked as reduced ROU	-30,604	-64,982
Gain on sale of business	-	3,641
Other	289	254
Total other income	**33,743**	**41,718**

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

5. STAFF COSTS AND OPERATING EXPENSES

	2022	2021
Staff costs (including directors) comprise:		
Wages and salaries	6,688,214	5,609,721
Defined contribution pension cost	402,287	320,302
Defined benefit pension cost (note 18)	-63,634	37,707
Other benefits	147,601	96,181
Social security contributions and similar taxes	1,196,626	1,072,989
Total payroll and related costs	**8,371,095**	**7,136,900**

Number of employees full time equivalent (FTE)	13,963	11,980

Remuneration to senior management

2022	Wages	Pension	Other	Total
Kristian Adolfsen, Chairman of the Board	2,133	24	282	2,440
Roger Adolfsen, Chief Executive Officer	2,126	24	272	2,422
Total compensation	**4,259**	**48**	**554**	**4,861**

Fee to board members 150

2021	Wages	Pension	Other	Total
Kristian Adolfsen, Chairman of the Board	2,100	23	546	2,669
Roger Adolfsen, Chief Executive Officer	2,100	23	297	2,421
Total compensation	**4,200**	**47**	**843**	**5,090**

Fee to board members 150

Operating expenses

The following amounts have been recognized as other operating expenses during the period

	2022	2021
Audit	24,592	21,970
Rent premises	1,220,420	421,570
External services	109,156	102,643
Office and communication cost	122,457	81,411
Travel cost	133,599	80,445
Other operating cost	618,148	414,029
Total other operating expense	**2,228,372**	**1,122,067**

Audit fees

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

	2022	2021
Audit	21,786	17,348
Tax services	214	304
Attestation services	1,391	1,349
Other services	1,201	2,969
Total audit fees	**24,592**	**21,970**

6. FINANCE INCOME AND EXPENSE

Recognized in profit or loss	**2022**	**2021**
Finance income		
Interest received on bank deposits and receivables	27,184	15,920
Dividend from non-controlling interests	60,402	22,947
Gain on disposal of shares	41,645	34,383
Other finance income	15,488	44,282
Changes in fair value of market-based investments	118,888	13,192
Foreign exchange gain	35,088	74,669
Total finance income	**298,695**	**205,392**
Finance expense		
Loss on market-based investments	28,332	777
Interest expense on financial liabilities measured at amortized cost	281,542	223,084
Lease liability - interest	187,237	140,361
Foreign exchange losses	17,916	33,508
Total finance expense	**515,027**	**397,731**
Net finance income recognized in profit or loss	**-216,333**	**-192,338**

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

	2022	**2021**
Total interest income on financial assets	27,184	15,920
Total interest expense on financial liabilities	468,779	363,445

7. TAX EXPENSE

	2022	2021
Current tax expense		
Current tax on profits for the year	-94,834	-36,508
Total current tax expense	**-94,834**	**-36,508**
Deferred tax expense		
Origination and reversal of temporary differences (Note 15)	-7,462	38,831
Total deferred tax expense	**-7,462**	**38,831**
Income tax expense	**105,065**	**2,324**

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

	2022	2021
Profit for the year	334,496	257,116
Income tax expense	105,065	2,324
Profit before income taxes	**439,560**	**259,439**
Expected tax charge based on the standard rate of Norwegian corporation tax at the domestic rate of 22/22 %	96,703	57,077
Tax effect of share of post-tax profits of associated companies	-2,188	-25,681
Change in unrecognized deferred tax assets	-3,064	22,436
Permanent differences *)	13,613	-51,508
Total tax expense	**105,065**	**2,324**

*) Permanent differences relates to fair value adjustment of market-based shares, dividend received and gain on disposal of shares.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Work in progress	Furniture, fixtures and equipment	Total
At 1 January 2021				
Cost or fair value	1,059,566	113,687	718,168	1,891,421
Accumulated depreciation	-213,240	-	-436,998	-650,238
Net book amount	**846,326**	**113,687**	**281,170**	**1,241,183**
Year ended 31 December 2021				
Opening book amount	846,326	113,687	281,170	1,241,183
Exchange differences	-961	-2,285	5,540	2,293
Acquisition of subsidiary	338,617	-	9,542	348,159
Additions	85,131	2,201	67,158	154,490
Disposals	-796,507	-2,023	-5,827	-804,356
Depreciation	-25,199	-	-61,032	-86,232
Reclassification	56,741	-75,321	18,265	-315
Closing net book amount	504,148	36,259	314,814	855,222
At 31 December 2021				
Cost or fair value	742,588	36,259	812,845	1,591,691
Accumulated depreciation	-238,439	-	-498,030	-736,470
Net book amount	**504,148**	**36,259**	**314,814**	**855,222**
Year ended 31 December 2022				
Opening book amount	504,148	36,259	314,814	855,222
Exchange differences	-264	27	325	88
Acquisition of subsidiary	184,521	4,048	17,301	205,870
Additions	145,904	24,618	122,765	293,287
Disposals	-194,271	-18,925	-9,242	-222,438
Depreciation	-22,025	-	-73,752	-95,777
Reclassification	-	-	-	-
Closing net book amount	618,014	46,027	372,210	1,036,251
At 31 December 2022				
Cost or fair value	878,478	46,027	943,992	1,868,497
Accumulated depreciation	-260,464	-	-571,783	-832,247
Net book amount	**618,014**	**46,027**	**372,210**	**1,036,251**
Useful life	10-40 years		3-30 years	
Depreciation method	Linear		Linear	

Property, plant and equipment pledged as security for liabilities.

	2022	2021
Land and buildings, including work in progress	664,041	540,407

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets*	Total
At 1 January 2021			
Cost or fair value	2,185,433	1,339,849	3,525,282
Accumulated amortization	-	-376,771	-376,771
Net book amount	**2,185,433**	**963,078**	**3,148,511**
Year ended 31 December 2021			
Opening book amount	2,185,433	963,078	3,148,511
Additions	-	5,370	5,370
Disposal	-107,343	-	-107,343
Business combinations	274,321	28,804	303,125
Exchange differences	-20,633	-27,884	-48,517
Amortization	-	-71,330	-71,330
Impairment loss	-4,498	-3,659	-8,157
Closing net book amount	2,327,280	894,379	3,221,659
At 31 December 2021			
Cost or fair value	2,331,778	1,342,480	3,674,258
Accumulated amortization and impairment loss	-4,498	-448,101	-452,599
Net book amount	**2,327,280**	**894,379**	**3,221,659**
Year ended 31 December 2022			
Opening book amount	2,327,280	894,379	3,221,659
Additions	-	9,352	9,352
Disposal	-374	-1,514	-1,888
Business combinations	102,623	1,240	103,863
Exchange differences	4,552	117	4,668
Amortization	-	-63,217	-63,217
Impairment loss	-3,040	-	-3,040
Closing net book amount	2,431,041	840,356	3,271,397
At 31 December 2022			
Cost or fair value	2,438,578	1,351,674	3,790,253
Accumulated amortization and impairment loss	-7,538	-511,318	-518,856
Net book amount	**2,431,041**	**840,356**	**3,271,397**

* Other intangible assets include trade marks, customer contracts, software and licenses, and development.

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

Goodwill	Indefinite
Other intangible assets	5 -20 years

10. GOODWILL AND IMPAIRMENT

Goodwill result from business combinations and mainly relates to strategic investments in order to strengthen the platform for the provided services within the Group. Such investments provide synergies both between segments and countries as it enables developing new services and to seek business opportunities between countries.

Impairment testing for reporting segments containing goodwill is reported on an aggregate level while testing is performed on a lower level.

Impairment testing for reporting segments containing goodwill
The material amount of goodwill and other intangibles is allocated as follows between four segments:

	2022	2021
Care	1,994,598	1,906,183
Staffing	417,789	419,162
Hotel	122	126
Other	18,531	1,809
Total goodwill	**2,431,041**	**2,327,280**

IMPAIRMENT TEST FOR THE CARE SEGMENT

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 with a terminal growth rate of 2.0% (2021: 2.0%). 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.

Discount rate assumptions
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 WACC was calculated to 6.9 % after tax (2021: 6.9%).

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

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

The following sensitivity analysis were carried out to test whether changes in relevant parameters would influence the conclusion:

1. Changes in cash flows:

The analysis showed that a decline in free cash flow in excess of 50.0%-points (2021: 55.0%-points) for Preschool operations, 13.0%-points (2021: 38.0%-points) for Care operations, 80.0%-points (2021: 50.0%-points) for Integration Services and 66.0%-points (2021:72.0%) for Individual and Family each year was necessary to change conclusion.

2. Changes in discount rates:
The analysis showed that an increase in discount rates in excess of 5.1%-points (2021: 4.9%-points) for Preschool operations, 0.7%-points (2021: 0.8%-points) for Care operations, 22.1%-points (2021: 3.8%-points) for Integration Services and 10.1-points (2021:9.9%) for Individual and Family each year was necessary to change conclusion. The result indicated that the test was robust in terms of the level of discount rate.

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

IMPAIRMENT TEST FOR THE STAFFING SEGMENT

Cash flow projections and assumptions
For the Staffing segment the impairment model was based on a 5-year forecast of discounted cash flow based on the long-term business plan plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated after tax. Estimated cash flow projections beyond the period covered by the most recent long-term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0% (2021: 2.0%) for subsequent years. Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets for which separate cash in-flows are identifiable. Goodwill is allocated on initial recognition to each of the Group's cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Discount rate assumptions
The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 13.6 % (2021: 10.5%) after tax.

Sensitivity analysis
The following sensitivity analysis were carried out to test whether changes in relevant parameters would influence the conclusion:

1. Changes in operating margin:
The analysis showed that a decline in operating margin of 0.89%-points (2021: 3.84%-points) in Norway, 3.02%-points (2021: 4.92%-points) in Sweden and 2.83%-points (2021: 1.67%-points) in Finland each year was necessary to change conclusion.

2. Changes in discount rates:
The analysis showed that an increase in discount rate with 4.14%-points (2021: 43.95%-points) in Norway, 22.33%-points (2021: 49.57%-points) in Sweden and 84.93%-points (2021: 27.80%-points) in Finland was needed to change the conclusion. The result indicated that the test was robust in terms of the level of discount rate.

Impairment - test result and conclusion
The impairment test performed identified needs for impairment for a minor CGU in the Danish segment as the value in use for the CGU's did not exceed carrying amount. The amount is considered to be immaterial and no write down is performed. Sensitivity information is not relevant for the Danish segment as the impairment test shows indication of impairment.

11. SUBSIDIARIES AND ASSOCIATES

List of subsidiaries

The subsidiaries of Hospitality Invest AS, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Place of office	Ownership interest 2022	2021
Norlandia Hotel Group AS	Norge	Oslo	100.0 %	100.0 %
HI Capital AS	Norge	Oslo	100.0 %	100.0 %
Norlandia Drift AB	Sverige	Tanum	100.0 %	100.0 %
Skottet Fastighets AB	Sverige	Malmö	100.0 %	100.0 %
Norlandia Health & Care Group AS	Norge	Oslo	97.0 %	97.0 %
Otiga Group AS	Norge	Oslo	71.4 %	65.6 %
Tjuvholmen Eiendom AS	Norge	Oslo	0.0 %	100.0 %
Subsidiaries of Subsidiaries - Norlandia Health & Care Group AS 100 % interest				
NHC Eiendom AS (2021: NHC Management AS)	Norway	Oslo	100.0 %	100.0 %
Norlandia Care Group AS	Norway	Bodø	100.0 %	100.0 %
Kidsa Drift AS	Norway	Bergen	100.0 %	100.0 %
Hero Group AS	Norway	Stavanger	100.0 %	100.0 %
Aberia AS	Norway	Oslo	100.0 %	100.0 %
NHC Eiendom AS	Norway	Oslo	100.0 %	100.0 %
Care Properties AS	Norway	Oslo	100.0 %	100.0 %
NHC Services AS	Norway	Oslo	100.0 %	100.0 %
NH Europe Holding AS	Norway	Oslo	100.0 %	100.0 %
Material operating companies within Norlandia Health & Care Group				
Norlandia Barnehagene AS	Norway	Gardermoen	100.0 %	100.0 %
Norlandia Barnehagene II AS	Norway	Oslo	100.0 %	100.0 %
Kidsa Barnehager AS	Norway	Bergen	100.0 %	100.0 %
Norlandia Barnehagedrift AS	Norway	Oslo	100.0 %	100.0 %
Kids2Home AB	Sweden	Stockholm	100.0 %	100.0 %
Norlandia Förskolor AB	Sweden	Stockholm	100.0 %	100.0 %
Norlandia Päiväkodit Oy	Finland	Helsinki	100.0 %	100.0 %
Preschools Netherlands Holding B.V (2021: NH Netherlands BV Holding)	Netherlands	Utrecht	100.0 %	100.0 %
Norlandia Nederland B.V. (2021: Norlandia Kinderopvang BV)	Netherlands	Utrecht	100.0 %	100.0 %
Norlandia Care Norge AS	Norway	Oslo	100.0 %	100.0 %
Norlandia Hjemmeomsorg AS	Norway	Oslo	100.0 %	100.0 %
Norlandia Care OY	Finland	Tampere	100.0 %	100.0 %
Norlandia Care AB	Sweden	Stockholm	100.0 %	100.0 %
Kosmo AB	Sweden	Stockholm	100.0 %	100.0 %
Hero Norge AS	Norway	Stavanger	100.0 %	100.0 %
Aberia Ung AS	Norway	Moss	100.0 %	100.0 %
Aberia Omsorg AS	Norway	Moss	100.0 %	100.0 %
Aberia Personlig Assistans SB (2021: Marcus Assistans AB)	Sweden	Örebro	100.0 %	76.0 %

Subsidiaries of Subsidiaries - Otiga Group AS 71.4 % interest				
Personalhuset Staffing Group AS	Norway	Oslo	100.0 %	100.0 %
Otiga Sverige AB	Sweden	Stockholm	100.0 %	100.0 %
Personalhuset Staffing Group OY	Finland	Helsinki	100.0 %	100.0 %
Otiga Group Management AS	Norway	Oslo	100.0 %	100.0 %
Personalhuset Service Management AS	Norway	Oslo	100.0 %	100.0 %
Aaltovoima OY	Finland	Espoo	100.0 %	100.0 %
Aaltovoima Logistiikka OY	Finland	Espoo	100.0 %	100.0 %
Active Search 1998 A/S	Denmark	Copenhagen	100.0 %	100.0 %
Agito E-Helse AS	Norway	Kristiansand	100.0 %	100.0 %
Vinde Tilkomstteknikk AS	Norway	Trondheim	100.0 %	100.0 %
Mojob AS	Norway	Trondheim	59.5 %	59.5 %
Assessit Holding AS	Norway	Oslo	51.0 %	51.0 %
On Off Bemanning AS	Norway	Bergen	51.0 %	51.0 %
Otiga Invest AS	Norway	Oslo	100.0 %	100.0 %
Agito Nordic AB	Sweden	Stockholm	100.0 %	100.0 %
Otiga Digital AS	Norway	Oslo	100.0 %	100.0 %
Agile Interim AS	Norway	Oslo	0.0 %	100.0 %
Aktiebolaget Söder & Co Förvaltning AB **	Sweden	Borås	25.6 %	28.0 %

*** 68.5 % of the voting rights*

Subsidiaries of Subsidiaries - Norlandia Hotel Group AS 100.0 % interest				
Airport Hotelldrift AS	Norway	Ullensaker	100.0 %	100.0 %
Horten Hotelldrift AS	Norway	Borre	100.0 %	100.0 %
Karl Johan Hotellinvest AS	Norway	Oslo	100.0 %	96.7 %
Kristiansand Hotelldrift AS	Norway	Kristiansand	100.0 %	100.0 %
Levanger Hotelldrift AS	Norway	Levanger	100.0 %	100.0 %
Lofoten Hotelldrift AS	Norway	Leknes	100.0 %	100.0 %
Måløy Hotelldrift AS	Norway	Måløy	100.0 %	100.0 %
Narvik Hotelldrift AS	Norway	Narvik	100.0 %	100.0 %
Otta Hotelldrift AS	Norway	Sel	100.0 %	100.0 %
Spjelkavik Hotelldrift AS	Norway	Ålesund	100.0 %	100.0 %
Viking Hotelldrift AS	Norway	Oslo	100.0 %	100.0 %
NHG Management AS	Norway	Oslo	100.0 %	100.0 %
NHG Development AS	Norway	Oslo	100.0 %	100.0 %
Norlandia Drift AS	Norway	Oslo	100.0 %	100.0 %
Avesta Hotelldrift AB	Sweden	Avesta	100.0 %	100.0 %
Kalmarsund Hotell AB	Sweden	Kalmarsund	100.0 %	100.0 %
Köping Hotelldrift AB	Sweden	Köping	100.0 %	100.0 %
Ronneby Hotell AB	Sweden	Ronneby	100.0 %	100.0 %
Strand Hotell Borgholm AB	Sweden	Borgholm	100.0 %	100.0 %
Jönköping Hotelldrift AB	Sweden	Jönköping	100.0 %	100.0 %
Sverigeråd i Eskilstuna AB	Sweden	Eskilstuna	100.0 %	100.0 %
Klosterkungen Hotel och Restaurang AB	Sweden	Jönköping	100.0 %	100.0 %
Restaurant Entré AB	Sweden	Helsingborg	100.0 %	100.0 %

Subsidiaries of Subsidiaries - HI Capital AS 100.0 % interest				
Voksentoppen ICE AS	Norway	Oslo	100.0 %	100.0 %
Kidprop AS	Norway	Oslo	100.0 %	100.0 %
Scandia Healthcare AS	Norway	Oslo	100.0 %	100.0 %
Carafin AS	Norway	Oslo	100.0 %	100.0 %
Scandinavian Care Support AB	Sweden	Tanumshede	100.0 %	100.0 %
Ifront Kompetanse AS	Norge	Oslo	55.6 %	55.6 %
B-G Entreprenør AS	Norway	Mo i Rana	70.2 %	70.2 %
Up North Hospitality AS	Norway	Oslo	90.1 %	90.1 %
Studio City Norway AS	Norway	Oslo	90.1 %	90.1 %
Advisory Group AS	Norway	Oslo	66.7 %	66.7 %
Trådstølsheisen AS	Norway	Voss	100.0 %	0.0 %
Campr AS	Norway	Oslo	66.3 %	0.0 %
Haneseth AS	Norway	Bodø	51.9 %	0.0 %

Subsidiaries of Subsidiaries - Skottet Fastighets AB 100.0 % interest				
Älvbäck Fastighets AB	Sweden	Malmö	100.0 %	100.0 %

Restrictions on dividends

Norlandia Health & Care Group AS
Subject to Incurrence Tests of net debt to EBITDA (<3.25x1)

Otiga Group AS
No dividend allowed without acceptance from the lending bank (Collector Bank)

Associated companies

Voss Resort AS	30.6 %	30.6 %
Pioneer Property Group ASA *	32.6 %	32.6 %
Miliarium Bolig AS	24.2 %	24.2 %
Vossevangen Utvikling AS	45.3 %	43.8 %
Hotell Stormen AS	33.3 %	33.0 %
Norlandia Holding AS	0.0 %	23.6 %

** 34.97 % including HI Capital AS share of ordinary shares*

Associates in HI Capital (Subgroup):

	2022	**2021**
TK Scandinavia AS	49.0 %	49.0 %
BKN AS	0.0 %	45.5 %
A&B Invest AS	18.2 %	16.8 %
Caracap AS	41.1 %	34.0 %
Kvitfjell Prosjektutvikling AS	31.0 %	31.0 %
Caravan Eiendom Ålgård AS	50.0 %	50.0 %
GHT Eiendom AS (fusjonert med Granshøyden AS , tidl Mestringshusene AS)	33.0 %	33.0 %
Pioneer Investment AB	26.6 %	26.6 %
Norefjell Prosjektutvikling AS	16.8 %	16.8 %
Hellerudsletta Drift AS	50.0 %	50.0 %
Winn Hotel Group AB	34.4 %	34.4 %
Explore Andøy AS	33.2 %	33.2 %
AAP Group AS	50.0 %	50.0 %
Elywhere AS	24.3 %	26.9 %
Pioneer Investor DX AS	27.3 %	27.3 %
Bavallen Eiendom AS	50.0 %	0.0 %

Material associated companies 2022	**Miliarium Bolig AS**	**PPG ASA**
Revenue	11,169	77,264
Profit and loss from continuing operations	**52,575**	**64,775**
Other comprehensive income		-4,186
Total comprehensive income	**52,575**	**60,589**
Non-current assets	581,002	2,046,399
Current assets	276,540	413,204
Total assets	**857,541**	**2,459,603**
Equity	596,401	1,360,639
Non-current liabilities	210,802	894,984
Current liabilities	50,339	203,980
Total liabilities	**857,541**	**2,459,603**

Material associated companies 2021	**Miliarium Bolig AS**	**PPG ASA**
Revenue	37,158	45,517
Profit and loss from continuing operations	**4,475**	**228,301**
Other comprehensive income		-257
Total comprehensive income	**4,475**	**228,044**
Non-current assets	588,304	1,902,835
Current assets	272,987	283,779
Total assets	**861,290**	**2,186,614**
Equity	553,300	1,377,369
Non-current liabilities	210,952	574,701
Current liabilities	97,039	234,544
Total liabilities	**861,290**	**2,186,614**

Investment in associated companies	**2022**	**2021**
Investment in associates as of 01.01	768,726	488,969
Share of post-tax profits of associates	35,797	88,889
Gain / Loss on disposal of shares in associates	-25,852	18,297
Transfers to subsidiaries		
Dividends received		-12,510
Disposal of investments in Associates	-243,744	
New investments in associates	185,445	185,081
Investment in associates as of 31.12	**720,372**	**768,726**

Investment in non-controlling interests	**2022**	**2021**
Profit non-controlling interests Care segment	5,223	-1,916
Profit non-controlling interests Staffing segment	15,249	29,193
Profit non-controlling interests Other segment	26,768	3,239
Profit non-controlling interests as of 31.12	**47,239**	**30,517**
Non-controlling interests Care segment	18,150	24,830
Non-controlling interests Staffing segment	176,905	151,897
Non-controlling interests Other segment	29,475	9,184
Non-controlling interests as of 31.12	**224,531**	**185,911**

12. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade receivables	1,027,428	783,997
Less: provision for impairment of trade receivables	-49,705	-34,267
Trade receivables - net	977,723	749,730
Prepaid expenses	230,990	178,577
Other receivables	652,923	442,758
Total financial receivables classified as loans and receivables	**1,861,635**	**1,371,065**

	2022	2021
Total trade and other receivables	1,861,635	1,371,065
Less: non-current portion - Loan to associates	-95,832	-6,911
Less: non-current portion - Loan to related parties	-217,424	-81,221
Less: non-current portion - Loan to others	-85,241	-199,840
Current portion	**1,463,138**	**1,164,315**

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:

	2022	2021
At 1 January	-34,267	-27,237
Provided during the year	-23,386	-7,030
Receivable written off during the year as uncollectible	-559	-
Reversal of provisions prior years	8,506	-
At 31 December	**-49,705**	**-34,267**

Other classes of financial assets included within trade and other receivables.

Aging analysis on trade receivables

	2022	2021
Not due (less than 30 days)	958,309	737,612
30-60 days	45,108	22,457
60-90 days	5,472	3,631
More than 90 days	18,539	20,297
	1,027,428	**783,997**

13. SHARE CAPITAL, SHAREHOLDERS, DIVIDENDS AND RESERVES

Share capital

	2022	**2021**
Ordinary shares	291,548,539	291,548,539
Own shares	740,741	740,741
Total Share capital (NOK)	20,408,398	20,408,398
Own shares (NOK)	-51,852	-51,852

Shareholders - 31 December 2022:	**Number of shares**	**Interest**	**Face value**	**Share capital**
Klevenstern AS	134,911,225	46.27%	0.07	9,443,786
Mecca Invest AS	134,897,225	46.27%	0.07	9,442,806
Kronhjorten AS	4,000,000	1.37%	0.07	280,000
Pioneer Property Group AS	2,513,727	0.86%	0.07	175,961
J J K Invest Norge AS	2,228,769	0.76%	0.07	156,014
Norlandia Holding AS	1,571,651	0.54%	0.07	110,016
Athos AS	1,336,734	0.46%	0.07	93,571
Adolfsen Consult AS	1,333,335	0.46%	0.07	93,333
Kenco Invest AS	816,512	0.28%	0.07	57,156
Kasco Invest AS	814,512	0.28%	0.07	57,016
Berrykate AS	814,512	0.28%	0.07	57,016
Maggieberry AS	814,512	0.28%	0.07	57,016
Krico Invest AS	814,512	0.28%	0.07	57,016
Own shares	740,741	0.25%	0.07	51,852
Other shareholders	3,940,572	1.35%	0.07	275,840
	291,548,539	**100.00%**		**20,408,398**

Board members control the following number of shares (RL § 7-26)

		Number of shares	**Interest**
Kristian A. Adolfsen (Klevenstern AS)	Chairman of the board	134,911,225	46.27%
Roger Adolfsen (Mecca Invest AS)	Board member/CEO	134,897,225	46.27%
Johnny R. Sundal (Sundal Invest AS)	Board member	354,672	0.12%
		270,163,122	**92.66%**

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 not recognized elsewhere.

14. LOANS AND BORROWINGS

The book value and fair value of loans and borrowings are as follows:	Book value 2022	Fair value 2022	Book value 2021	Fair value 2021
Non-current				
Bond loans	2,344,386	2,344,386	1,659,207	1,659,207
Bank loans	1,198,539	1,198,539	647,771	647,771
Other non-current liabilities	15,173	15,173	34,630	34,630
Total non-current	**3,558,098**	**3,558,098**	**2,341,608**	**2,341,608**

Current				
Bond loans	-	-	1,133,307	1,133,307
Bank loans	40,056	40,056	39,623	39,623
Other current liabilities	98,688	98,688	43,459	43,459
Total current	**138,743**	**138,743**	**1,216,389**	**1,216,389**

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

(Currency in NOK)

	2022	2021
NOK	2,952,596	2,817,081
SEK	744,245	740,916
EUR	-	-
Total	**3,696,841**	**3,557,997**

Borrowings as of 31.12.2022	Interest	Due date	Amount
Bond Norlandia Health & Care Group 22/25	NIBOR/STIBOR +5.75%	05/2025	1,658,975
Bond Hospitality Invest AS 22/25	3 mnd NIBOR + 7.0%	10/2025	700,000
Debt to Husbanken	2.42%-5.76%	2050	395,315
Personalhuset (Otiga) Collector Bank	3 months NIBOR +6.5%	03/2025	285,000
HI Capital Helgeland Sparebank	3 months NIBOR +5.5%	11/2027	200,000
Haneseth AS DNB	3 months NIBOR +3.5%	01/2025	71,000
Non-current debt to banks			247,224
Other long-term debt			15,173
Amortized cost of issuing debt			-14,589
Total non-current debt			**3,558,098**
Current portion of debt to banks			138,743
Total current debt			**138,743**

In May 2022 Norlandia Health & Care Group AS successfully refinanced its bond and secured long term financing until 2025. The settlement and new bond was in a single transaction and several investors rolled over their investment into the new bond. From a cashflow perspective the Group did only incur directly related transaction costs included as part of the financing activities. As part of the refinancing Hospitality Invest AS converted an equal of NOK 150 million in bond debt to equity, lowering the external financing. The new bond is a senior secured sustainability-linked bond due in May 2025. The bond consists of a 950 million NOK tranche and a 750 million SEK tranche. Subsidiaries are pledged as collateral together with a majority of material operating companies.

The bond loans in the group have certain financial covanants. Hospitality Invest AS comply with their financial covenants related to their bond loan as the cash and cash equivalents are above NOK 30 million and the book value of equity exceeds NOK 550 million. All group companies are in compliance with their respective covenants. Reference is made to the Annual reports of Otiga (note 14) and Norlandia Health & Care Group (note 23) for detailed calulation and confirmaton of compliance hereto.

Otiga Group's bond loan was refinanced in February 2022. The new loan of NOK 285 million is granted by Collector Bank AB and has maturity date March 31st, 2025. The interest is NIBOR plus 6.50%.

The unsecured bond loan in Hospitality Invest AS with ISIN NO 0010808835 due on 31 October 2022, was called 21 September 2022 according with the HOIN02 bond agreement and settled 6 October 2022. All outstanding bonds were called at a price equal to 100.00% of the nominal amount plus accrued and unpaid interest of the redeemed amount pursuant the Clause 10.2 (Voluntary early redemption – Call Option) in the bond agreement. In relation to exercise of the call option under the HOIN02 bond, Hospitality Invest AS successfully placed a new unsecured bond of NOK 700 million, with three years tenor and with ISIN NO 0012708165. An application will be made for the bonds to be listed on the Oslo Stock Exchange during Q2 2023.

15. 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:

	2022	2021
At 1 January	5,574	101,557
Recognized in profit and loss		
Change in temporary differences	10,851	-61,710
Change in unrecognized deferred tax assets	-1,055	22,879
Recognized in other comprehensive income	-2,209	1,276
	13,161	**64,002**
Derecognition due to sale of subsidiaries	4,555	-69,153
Arising on business combination	13,845	10,725
At 31 December	**31,561**	**5,574**

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

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

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

	Asset	Liability	Net	(Charged)/ credited to profit or loss	(Charged)/ credited to equity
	2022	**2022**	**2022**	**2022**	**2022**
Fixed assets	85,872	-192,790	-106,918	36,428	-13,845
Accounts receivable	6,214	-	6,214	3,568	-
Inventory	97	-	97	97	-
Pensions	831	966	1,797	-19,507	2,209
Financial instruments	-	-	-	-	-
Profit and loss account	-	-2,445	-2,445	456	-
Provisions	134,783	-12,847	121,936	11,122	-
Tax loss carried forward	53,355	-	53,355	-40,805	-
Tax asset/(liabilities)	**281,152**	**-207,115**	**74,038**	**-8,642**	**-11,636**
Unrecognized deferred tax asset	-100,291	-5,308	-105,598	1,055	-6,764
Net tax assets/(liabilities)	**180,862**	**-212,422**	**-31,561**	**-7,587**	**-18,400**

	2021	**2021**	**2021**	**2021**	**2021**
Fixed assets	70,948	-200,448	-129,500	42,162	60,387
Accounts receivable	2,663	-17	2,646	-2,023	-
Inventory	-	-	-	-	-
Pensions	23,742	-4,647	19,096	-4,479	-1,276
Financial instruments	-	-	-	-	-
Profit and loss account	-	-2,900	-2,900	481	-222
Provisions	113,030	-2,216	110,814	22,824	-
Tax loss carried forward	94,161	-	94,161	1,469	-905
Tax asset/(liabilities)	**304,543**	**-210,228**	**94,316**	**60,434**	**57,985**
Unrecognized deferred tax asset	-89,923	-9,967	-99,890	-22,879	443
Net tax assets/(liabilities)	**214,620**	**-220,194**	**-5,574**	**37,555**	**58,428**

The unused tax losses and deductible temporary differences can be carried forward indefinitely and relates to Hospitality Invest, HI Capital, Norlandia Hotel Group, Otiga Group and Norlandia Health & Care Group all incl. subsidiaries.

16. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	397,777	265,682
Tax and social security payments	615,082	596,647
Unpaid wages and holiday pay	797,622	676,819
Other short-term debt	433,045	287,612
Total financial liabilities, excluding loans and borrowings, Classified as financial liabilities measured at amortized cost	**2,243,526**	**1,826,760**

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

17. LEASES

Lease contracts

The Group leases the majority of its offices, hotels, preschools, nursing homes and houses. Lease agreements typically run for 10+ years within preschools and less for the other segments. 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. Interest rate is estimated per country and vary between 4.9-5.8%. Contracts with less than 12 months obligation or payments related to revenue is not capitalized. Lease payments are subject to annual KPI adjustment at year-end.

Please refer to Note 1 regarding additional information of accounting principle for Leases (IFRS 16).

	Land and buildings	Furniture, fixtures and equipment	Total Right-of-use assets
Right of use asset			
Balance at 1 January 2022	4,803,529	24,730	4,828,259
Depreciation	-664,407	-12,226	-676,632
Additions	1,420,363	7,595	1,427,958
Acquisition of subsidiary	319,096	-	319,096
Remeasurements or amendments	334,895	-	334,895
Disposals	-	-	-
Exchange differences	34,582	-430	34,152
Year ended 31 December 2022	**6,248,058**	**19,669**	**6,267,727**

Lease liabilities	
Maturity analysis - undiscounted cash flows	
Less than one year	837,238
One to five years	2,820,006
More than five years	4,105,200
Total undiscounted lease liabilities 31 December 2022	**7,762,443**
Lease liabilities incl. in the statement of financial position 31 December 2022	**6,665,690**
Current	**673,562**
Non-current	**5,992,128**

Amounts recognized in statement of comprehensive income

Interest on lease liabilities	187,237
Depreciation of right-of-use asset	676,686
Expense relating to short-term leases (included in other operating expenses)	687,988
Expense relating to low-value assets (included in other operating expenses)	81,060
Total recognized in statement 31 December 2022	**1,632,970**

	Land and buildings	Furniture, fixtures and equipment	Total Right-of-use assets
Right of use asset			
Balance at 1 January 2021	4,324,055	34,974	4,359,030
Depreciation	-578,413	-15,291	-593,704
Additions	792,165	4,709	796,874
Acquisition of subsidiary	396,619	-	396,619
Disposals	-2,706	-	-2,706
Exchange differences	-128,191	337	-127,854
Year ended 31 December 2021	**4,803,529**	**24,730**	**4,828,259**

Lease liabilities	
Maturity analysis - undiscounted cash flows	
Less than one year	683,349
One to five years	2,227,297
More than five years	3,191,903
Total undiscounted lease liabilities 31 December 2021	**6,102,549**
Lease liabilities incl. in the statement of financial position 31 December 2021	**5,124,813**
Current	**535,666**
Non-current	**4,589,148**

Amounts recognized in statement of comprehensive income

Interest on lease liabilities	140,361
Depreciation of right-of-use asset	593,704
Expense relating to short-term leases (included in other operating expenses) *	12,966
Expense relating to low-value assets (included in other operating expenses) *	39,255
Total recognized in statement 31 December 2021	**786,285**

*) Presentation of expenses relating to short-term leases and low-value assets have been changed for 2021 to be comparable to 2022.

18. RETIREMENT BENEFITS

At 31.12.2022, a total of 12,435 employees in the Group are included in a defined contribution plan. The plan is in accordance with the laws and regulations concerning obligatory pension plans. The costs in connection with the plan are recognized in accordance with premiums paid.

The Group's defined benefit plan through 2022 includes 65 employees. The plan involves lifelong pension from 67 years. The pension plans are accounted for in accordance with IAS 19 Employee benefits. Defined benefit plans give rise to defined future payments. These are mainly dependent on number of years of service, salary level at retirement and the level of payments received from Social Security. The obligations are covered through an insurance company. In 2023 the defined benefit plans for the Group 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 that qualify.

	2022	2021
Pension costs for defined contribution schemes	402,287	299,589

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

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

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

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

	2022	2021
Actuarial gains and losses recognised in OCI	**-10,042**	**5,802**

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

Principal actuarial assumptions	**31.12.2022**	**31.12.2021**
Discount rate on plan liabilities	3.2 %	1.9 %
Expected increase in pensionable salary	3.8 %	2.8 %
Future G-increase	3.5 %	2.5 %
Future pension increase	1.7 %	0.0 %
Turnover	9.0 %	8.7 %
Social security tax	14.1 %	14.1 %

19. ACQUISITIONS DURING THE PERIOD AND COMPLETED PRIOR PERIODS

During 2022 the following companies were acquired in the Staffing segment:

Company	Location and country of incorporation	Aquired % of shares	Voting rights	Aquistion date
Evolutio AS	Norway	33%	33%	7/8/2022

On 6 September 2022 Otiga Group acquired 33,4% of the shares in Evolutio AS. In connection with the share purchase Otiga Group has agreed to purchase the remaining shares divided into 3 tranches with 22,2% in each tranche. The purchase price is based on the performance in Evolutio AS going forward. The shares must be transferred at the latest 12, 24 and 36 months after the acquisition date.

During 2021 the following companies were acquired in the Staffing segment:

No major acquisitions were made during 2021. A reorganization in the ownership structure in the Söder group changed the minority interests in that group. The change in minority interest changed the minority interest's share of the equity as shown in the table of Changes in equity. The minorities are after the reorganization mainly in the holding company, with minorities only in Acconia Resultatskap AB, Premier Services Sverige AB and Reshift AB. Söder CO Sverige sold a 20% share of their ownership in Premier Service Sweden AB, decreasing the ownership to 70% at 31.12.2021.

The ClockWork Group established two new companies in 2021; Clockwork Inhouse Services AB and Clockwork Entreprenad AB

During 2022 the Care segment had the following acquisitions:

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

During 2021 the Care segment had the following acquisitions:

Acquisitions during 2021 have been made primarily in the preschool segment and total consideration was MNOK 126, which has been paid during 2021. Gnist Barnehager AS has been consolidated from 1.10.2021. All business combinations during 2021, including NH Europe Holding AS resulting in an addition to goodwill of MNOK 270, intangible assets of MNOK 28, Right-of-use assets of MNOK 397, Lease liability of MNOK 424, fixed assets of MNOK 330, Deferred tax liabilities of MNOK 11 and interest-bearing debt of MNOK 278. Cash in acquired companies has primarily been prepayments from municipalities, where corresponding unsatisfied performance obligations were recognized as liabilities. No amount of goodwill is expected to be deductible for tax purposes. No transactions costs have been booked as part of these transactions.

During 2022 the Other segment had the following acquisitions:
HI capital acquired ~52% of Haneseth Gruppen AS in February 2022 through its subsidiary Haneseth AS. Haneseth Gruppen is leading provider of multidisciplinary technical services across Northern Norway. The brand Haneseth Gruppen AS was established in 2005, however the company has its origins from K. Haneseth AS, founded in 1959 Haneseth Gruppen AS currently has ~410 employees. Haneseth Group AS is included in the consolidated group accounts of Hospitality Invest as per 4 February 2022. The total book value of the 52% shares were MNOK 149 and of which MNOK 102.1 were transferred in cash, MNOK 30.9 were converted to equity in Haneseth AS held by previous owners and the remaining MNOK 16 is sellers' credit. The net effect of this common control transaction at book values was an increase in equity of MNOK 124.3, added value of assets of MNOK 11.4, deferred tax assets of MNOK 2.5 and goodwill of MNOK 15.8. Transactions costs of MNOK 1.5 have been booked as part of these transactions. Additionally, the business combination of Haneseth Gruppen AS include Right-of-use assets of MNOK 26.4 and lease liability of MNOK 26.

20. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties are as follows:

Related party	Relation to the group
Even Carlsen	Owner of Grafo AS
Kristian Adolfsen	Shareholder in Hospitality Invest AS, Chairman of the board
Roger Adolfsen	Shareholder in Hospitality Invest AS, board member in the group
Klevenstern AS	Major shareholder
Mecca Invest AS	Major shareholder
Kara Invest AS	Major shareholder
Voss Resort AS	Associated company
Winn Hotel Group AS	Associated company
Kvitfjell Prosjektutvikling AS	Associated company
Miliarium Bolig AS	Associated company
Hotell Stormen AS	Associated company
Explore Andøy AS	Associated company
AAP Aviation AS	Associated company
Hellerudsletta Drift AS	Associated company
Pioneer Property Group ASA	Associated company
Vossevangen Utvikling AS	Associated company
Caracap AS	Associated company
A&B Invest AS	Partly owned by the same shareholders
Norefjell Prosjektutvikling AS	Partly owned by the same shareholders
Acea Properties AS	Partly owned by the same shareholders
RABG AS (tidl Bolt Group)	Controlled by the same shareholders
Pioneer Capital Partners AS	Controlled by the same shareholders
Norlandia Holding AS	Controlled by the same shareholders
Bearsons AB	Controlled by the same shareholders
Oslo Corporate Holding AS	Controlled by the same shareholders

Receivables from associates and related parties

Company	2022	2021
Voss Resort AS incl. subsidiaries	23,737	16,103
AAP Group AS incl. subsidiaries	38,112	0
Miliarium Bolig AS	-	139
Staffing Invest AS	24,634	15,936
Kvitfjell Prosjektutvikling AS	2,470	2,470
Vestfjorden AS	6,601	6,601
Oslo Corporate Holding AS	137	119
Pioneer Investor Management AS	174	0
Frösunda Omsorg AB	108	0
Pioneer Property Group ASA	3,051	0
Tanumstrand Fastighet AB	30,669	28,886
Ferda Gruppen AS	146	0
Caracap AS	1,500	1,500
A&B Invest AS	10,491	7,097
Pioneer Investor AS	27,247	0
LNS Mining AS	29,659	0
Granshøyden AS	17,284	0
Total receivable related parties	**216,021**	**78,852**

Interest received from associates and related parties

Company	2022	2021
Voss Resort AS incl. subsidiaries	588	319
Norlandia Fastigheter AB	-	1,029
Tanumstrand Fastighet AB	-	1,722
Caravan Eiendom Grimstad AS	285	-
Ferda Gruppen AS	-	140
RABG AS	-	600
Pioneer Investment AB	526	613
Pioneer Investor AS	1,370	-
Staffing Invest AS	1,261	935
A&B invest AS	476	113
BKN AS	-	794
LNS Mining AS	1,887	289
Granshøyden AS	368	0
Interest received from related parties	**6,761**	**6,552**

Rent of properties from associates and related parties

Company	2022	2021
Tanum Hotel & Konferensanläggning AB	20,437	20,272
Norlandia Holding AS inclusive subsidiaries	53,770	59,314
Total rent of properties from related parties	**74,207**	**79,586**

Transaction with related parties in Norlandia Health & Care Group AS (subgroup)

Transactions with related parties in Norlandia Health & Care Group AS (subgroup) are as follows:

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

Receivables from associates and related parties

Company	2022	2021
Älvbäck Fastighets AB	3,598	3,452
Total receivable related parties	**3,598**	**3,452**

Liabilities to associates and related parties

Company	2022	2021
Hospitality Invest AS	28,959	24,680
Total receivable related parties	**28,959**	**24,680**

Sale of assets to associates and related parties

Company	2022	2021
Sale of property to Pioneer Public Preschools AS		14,610
Total sale of properties from related parties	**-**	**14,610**

Rent of properties from associates and related parties

Company	2022	2021
Rent of properties from Pioneer Property Group ASA	2,333	1,350
Total rent of properties from related parties	**2,333**	**1,350**

Purchase of personell services from related parties

Company	2022	2021
Purchase of personell services from Personalhuset Staffing Group AS	28,498	13,050
Total purchase of personell services from related parties	**28,498**	**13,050**

21. CASH AND CASH EQUIVALENTS

	2022	2021
Cash related to payroll tax withholdings	61,521	56,007
Unrestricted cash	724,577	706,334
Total cash and cash equivalents	**786,098**	**762,341**

22. SUPPORT TO STATEMENT OF CASH FLOWS

	Non-current loans and borrowings	Current loans and borrowings	Non-current and current lease liability	Total
At 1 January 2022	**2,341,608**	**1,216,389**	**5,124,813**	**8,682,810**
Cash flows	1,175,496	-1,133,307	-644,367	-602,179
Net amounts recognized from purchase and sale of companies	64,872	39,876	29,255	134,003
Additions	0	0	2,122,643	2,122,643
Effects of foreign exchange	-21,427	5,680	32,667	16,920
Reclassification	-2,450	2,451	0	0
Interest accrued in the period	0	7,655	680	8,335
At 31 December 2022	**3,558,098**	**138,743**	**6,665,690**	**10,362,531**

	Non-current loans and borrowings	Current loans and borrowings	Non-current and current lease liability	Total
At 1 January 2021	**1,735,400**	**1,940,177**	**4,564,340**	**8,239,917**
Cash flows	-1,118,737	825,641	-354,213	-647,309
Net amounts recognized from purchase and sale of companies	177,729	14,478	424,899	617,106
Amortized cost changes	-2,962	0	0	-2,962
Additions	10,000	0	637,565	647,565
Capital increase	150,000	0	0	150,000
Effects of foreign exchange	-19,127	-478	-148,538	-168,143
Reclassification	-277,384	277,384	251	251
Interest accrued in the period	8,356	9,188	509	18,053
Re-financed bond	1,678,332	-1,850,000	0	-171,668
At 31 December 2021	**2,341,608**	**1,216,389**	**5,124,813**	**8,682,810**

23. EVENTS AFTER THE REPORTING DATE

On 18 November 2022, NHC announced a potential business combination between NHC and Brado AB. NHC has for a long period been considering a potential business combination with Frösunda and its parent company Brado AB. Such a transaction would be in line with NHC's previously communicated plan to combine the two groups to create a leading Nordic private health and care provider.
To finance such transaction, NHC arranged a series of fixed income investor meetings commencing 13 January 2023 to explore the possibility of issuing a SEK and/or NOK bond issue equivalent to NOK 522 million under NHC's existing senior secured bond framework with ISINs NO0010997927 or NO0010997943. On 19 January 2023, NHC successfully placed the bond issue split between a subsequent issue of NOK 180 million in the NOK-tranche of the bond and a subsequent issue of SEK 352 million in the SEK-tranche of the bond. The net proceeds from the subsequent bond issue were utilized to partly finance the acquisition of Frösunda, including its parent company Brado AB. The acquisition of Brado AB was in addition financed through a seller's credit and an earn-out. The seller's credit from Abros Invest AB was transferred to Hospitality Invest, of which NOK 291 million was converted to equity through a contribution in kind and NOK 97 million was settled through a sale of assets. As a result of the abovementioned transaction Abros Invest AB has become a shareholder of Hospitality Invest and the equity is strengthened correspondingly. The acquisition closed on 27 January 2023. The purchase price allocation for the acquisition of Brado AB was not completed as of 26 April 2023 and further notes disclosures in relation to this is therefore not provided.

On 22 February 2023 Otiga Group AS entered into agreements with the owners in Aktiebolaget Söder & Co Forvaltning regarding purchase of shares. As consideration for the shares, the Company shall provide a total consideration of SEK 63.9 million. When converted to NOK at a rate of 0.9599 as of 6 January 2023, this amounts to NOK 61.3 million, divided between a cash amount of NOK 44,9 million and 78,0 million B shares in Otiga Group AS. The cash payments will be paid in three instalments for the next three years. The share purchase will give Otiga Group AS an ownership of 52.14% in Aktiebolaget Söder & Co Forvaltning. The purchase price allocation for the acquisition of Aktiebolaget Söder & Co Forvaltning was not completed as of 26 April 2023 and further notes disclosures in relation to this is therefore not provided.

ANNUAL REPORT (PARENT COMPANY) 2022

HOSPITALITY INVEST AS

HOSPITALITY INVEST AS

STATEMENT OF INCOME

(all amounts in NOK 1,000)

	Note	2022	2021
OPERATING INCOME AND OPERATING EXPENSE			
Revenue	3	14,510	15,101
OPERATING REVENUE		**14,510**	**15,101**
Personnel expenses	2	14,060	13,651
Depreciation and amortization expense	8	777	950
Other operating expenses		25,080	10,165
TOTAL OPERATING EXPENSES		**39,918**	**24,765**
PROFIT FROM OPERATIONS		**-25,408**	**-9,665**
FINANCIAL INCOME AND EXPENSE			
Other financial income	4	236,226	308,538
Other financial expenses	4	63,749	56,404
NET FINANCE		**172,477**	**252,134**
PROFIT BEFORE TAX		**147,069**	**242,469**
Tax on ordinary result	5	21,219	-11,268
PROFIT		**125,850**	**253,737**
ALLOCATED TO			
Other equity		125,850	253,737
Net Allocated to Equity		**125,850**	**253,737**

HOSPITALITY INVEST AS

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1,000)

	Note	2022	2021
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax asset	5	46,607	67,612
Total intangible assets		**46,607**	**67,612**
Tangible assets			
Machinery and equipment	8.13	3,130	3,742
Total tangible assets		**3,130**	**3,742**
Financial fixed assets			
Investments in subsidiaries	9.13	1,533,073	1,467,775
Investments in associated companies	10.13	177,746	243,682
Investments in shares	13	20,490	17,315
Other receivables	11	31,726	52,381
Total financial fixed assets		**1,763,035**	**1,781,153**
TOTAL FIXED ASSETS		**1,812,772**	**1,852,507**
CURRENT ASSETS			
Debtors			
Accounts receivables			
Accounts receivables		6,078	8,484
Market based investments		3,073	-
Other receivables	11	166,987	45,519
Total receivables		**176,139**	**54,004**
Cash and bank deposits	12	78,624	115,605
TOTAL CURRENT ASSETS		**254,763**	**169,609**
TOTAL ASSETS		**2,067,536**	**2,022,116**

HOSPITALITY INVEST AS

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1,000)

	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	7	20,408	20,408
Own shares		-52	-52
Share premium reserve		171,915	171,915
Total restricted equity		**192,271**	**192,271**
Other equity		985,475	963,055
TOTAL EQUITY	**6**	**1,177,746**	**1,155,327**
Liabilities			
Other long-term liabilities			
Bonds	13	700,000	-
Liabilities to financial institutions	13	3,863	4,507
TOTAL LONG-TERM LIABILITIES		**703,863**	**4,507**
Current liabilities			
Trade creditors		1,843	385
Public duties payable		1,606	1,877
Bonds	13	17,325	848,673
Other short-term liabilities	11	165,153	11,348
TOTAL SHOR-TERM LIABILTIES		**185,927**	**862,283**
TOTAL LIABILITIES		**889,790**	**866,789**
TOTAL EQUITY AND LIABILITIES		**2,067,536**	**2,022,116**

Oslo, 26 April 2023

Board of Directors of Hospitality Invest AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Johnny R. Sundal
Member of the Board

HOSPITALITY INVEST AS

STATEMENT OF CASH FLOW

(all amounts in NOK 1,000)

	Note	2022	2021
Cash flow from operations			
Profit after income taxes		125,850	253,737
Tax expenses	5	21,219	-11,268
Net finance	4	-150,423	452
Gain/loss from sale of shares	4	-22,055	-252,586
Depreciation	8	777	950
Changes in working capital			
Change in account receivables and other receivables		54,640	11,107
Change in trade and other payables		1,187	-748
Change in other accrual items		45,698	482
Net cash flow from operations activities		**76,895**	**2,126**
Cash flow from investments			
Payments to buy tangible assets	8	-796	-807
Investment in other group companies		-	79,794
Sale of other group companies	9.13	14,600	-
Investment in associated companies		-	-78,062
Sale of associated companies	10.13	87,783	-
Payments to buy other investments		-3,406	-
Interest received	4	1,665	4,022
Net cash flow from investments activities		**99,846**	**4,947**
Cash flow from financing			
Changes in short-term loan to finance institutions	13	-850,000	-
Proceeds from long-term borrowings from finance institutions	13	700,000	-
Interest paid	4	-63,722	-55,593
Net cash flow from financing activities		**-213,722**	**-55,593**
Exchange gains / (losses) on cash and cash equivalents			
Net change in cash and cash equivalents		-36,981	-48,520
Cash and cash equivalents at the beginning of the period		115,605	164,125
Cash and cash equivalents at the end of the period		**78,624**	**115,605**

Notes to the financial statements 2022

1. ACCOUNTING POLICIES

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

Operating income
Revenues from sale of services are recognised in the income statement once the delivery has taken place. Hospitality Invest provides management services to the operating holding companies in the Group and to some of the associated companies. It is more efficient and economic to centralise these activities. The management services provided by HI are:

- Group management services.
- Financial services and investment services.
- Accounting and IFRS. For example, gathering and reviewing information for use in financial statements, maintenance of accounting records, preparation of financial statements.
- Legal services. For example, general legal services performed by in-house legal counsel such as drafting and reviewing contracts, agreements and other legal documents.

Hospitality invest facilitates the purchase of third-party IT services and ERP services on behalf of itself and certain subsidiaries in the Group. Hospitality Invest performs functions, assets and risks in relation to these third-party services and the costs related to these third-party services are allocated to the relevant subsidiaries with adding a mark-up.

Operating expenses
Costs are generally recognised in the same period as associated income. In cases where there is no clear correlation between expenses and income, expenses are charged as incurred.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at the tax rate of 22 % on the basis of tax-reducing and tax-increasing temporary differences which exist between accounting and tax values of assets and liabilities, and the tax loss carried forward at the end of the accounting year. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset and reported net. The net deferred tax receivables is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets
Fixed assets consist of assets intended for long term ownership or use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are recognized at the nominal amount at the time of the transaction.

Classification and valuation of current assets
Current assets and short-term 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 acquisition cost and fair value. Short-term liabilities are recognized at the nominal amount at the time of the transaction.

Subsidiaries and associated companies
Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment Is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are recognized in income in the same year as provided for the distributor's accounts. To the extent the dividends /group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of investment capital, and distributions are deductible from the investment's value in the balance sheet of the parent company.

Associated companies are defined as companies with significant influence normally assumed when ownership interest is between 20% - 50% and where the investments are classified as long-term investments. Ownership in associated companies is recognized at cost price.

Receivables
Receivables from customers and other receivables are recognised in the balance sheet at par value after provision for expected losses. The bad debts provision is made on basis of an individual assessment of each debtor.

Foreign Currencies
Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to NOK using the exchange rate on the measurement date. Exchange rate fluctuations are posted to the profit and loss account as they arise under the financial items.

Cash Flow statement
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Cash and cash equivalents
The carrying amount approximates to fair value due to the short-term nature of these instruments. Cash and cash equivalents are comprised of restricted cash, unrestricted cash and short-term investments.

2. STAFF COSTS

	2022	2021
Personnel expenses		
Wages and salaries	11,719	11,385
Employee taxes	1,753	1,751
Pension costs	147	100
Other benefits	441	416
Total payroll and related costs	**14,060**	**13,651**
Number of employees (FTE)	7	8

	CEO	Chairman	Board
Remuneration to leading personnel			
Wages and salaries	2126	2133	150
Pension costs	24	24	0
Other benefits	272	282	0
Total remuneration to leading personell	**2,422**	**2,439**	**150**

Pension liabilities: The company is liable to maintain an occupational pension scheme under the Mandatory Occopational Pensions Act. The company's pension scheme satisfies the requirements of this act.

Loans to employees: There is not given any loans to employees in the company other than insignificant prepayments etc.

	2022	2021
Auditor fee		
Statutory audit	1,667	757
Other services	12	325
Total	**1,679**	**1,082**

3. REVENUE

Revenue for 2022 consists of management fees invoiced to other group companies in addition to common costs.

	2022	2021
Operating income by business area		
Norway	12,013	12,516
Sweden	2,496	2,585
Finland	-	-
Total	**14,510**	**15,101**

4. FINANCE INCOME AND EXPENSE

	2022	2021
Finance income		
Interest income from group companies	588	1,797
Financial income from investments*	234,561	304,516
Other interest income	1,077	2,226
Other financial income	0	-
Total finance income	**236,226**	**308,538**
Finance expense		
Other interest expenses	63,722	55,597
Other financial expenses	27	807
Total finance expense	**63,749**	**56,404**
Net finance income recognized in profit or loss	**172,477**	**252,134**

*Financial income of investments in 2022 include received group contribution of NOK 183.5 million, gain on disposal of shares in Tjuvholmen Eiendom of NOK 22.1 million and dividends from associates and subsidiaries of NOK 29.0 million. In 2021 gain on disposal of shares in Park Inn by Radisson Oslo Airport Hotell, Best Western Hotel Scheele and Strand Hotell Borgholm of NOK 252.5 million, dividends from associates of NOK 11.7 million and received group contribution of NOK 9.5 million in addition to contribution-in-kind of NOK 29.8 million related to the transfer of NH Europe AS to Norlandia Health and Care Group AS are included in financial income of investments.

5. TAX

	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	-	-
Changes in deferred tax assets	21,005	-11,268
Tax expense on ordinary profit/loss	**21,005**	**-11,268**
Taxable income:		
Ordinary profit/loss before tax	147,069	242,469
Permanent differences *)	-50,619	-293,685
Limitation on interest deduction brought forward	-	51,405
Changes to reported tax prior year	-803	-
Changes temporary differences	12,586	-189
Taxable income before losses carried forward	**108,233**	**-1**
Utilized losses carried forward	-108,233	-
Taxable income:	**-**	**-1**

*) Permanent differences relates to dividend received, group contribution and gain on disposal of shares.

	2022	2021
Calculation of effective tax rate:		
Profit/loss before tax	147,069	242,469
Calculated tax on profit/loss before tax (22%)	32,355	53,343
Tax effect of permanent differences	-11,136	-64,611
Other Items	-214	-
Taxable income before losses carried forward	**21,005**	**-11,268**
Effective tax rate	14.3 %	-4.6 %

Specification of tax effect of temporary differences and loss to be carried forward has formed the basis for deferred tax liabilities and deferred tax assets, specified below on type of temporary differences:

	2022	2021	Difference
Tangible fixed assets	600	739	139
Other differences	-12,447	-	-
Total	**-11,846**	**739**	**139**
Accumulated loss to be brought forward	-31,759	-139,992	-108,233
Limitation on interest deduction brought forward *)	-168,246	-168,077	169
Tax-increasing differences on tangible assets	-11,846	739	12,586
Not included in the deferred tax calculation	-	-	-
Basis for calculation of deferred tax	**-211,852**	**-307,329**	**-95,478**
Deferred tax (22 % / 22 %)	**-46,607**	**-67,612**	**-21,005**

*) Limitation on interest deduction brought forward is expected to be utilized due to expected group contribution from subsidiaries the coming years.

6. EQUITY

	Share capital	Own Shares	Share premium	Retained earnings	Total equity
Pr 01.01.2022	20,408	-52	171,915	963,055	1,155,327
Income for the year	0	0	0	125,850	125,850
Pr 31.12.2022	**20,408**	**-52**	**171,915**	**985,475**	**1,177,746**

7. SHARE CAPITAL AND SHAREHOLDERS

Share capital	Number	Nominal Value	In balance
Ordinary shares	291,548,539	0.07	20,408
Own shares	741,740	0.07	-52

Shareholders	Number of shares	Ownership	Votes
Klevenstern AS	134,911,225	46.27%	46.27%
Mecca Invest AS	134,897,225	46.27%	46.27%
Kronhjorten AS	4,000,000	1.37%	1.37%
Pioneer Property Group ASA	2,513,727	0.86%	0.86%
Others < 1%	15,226,362	5.22%	5.22%
Total	**291,548,539**	**100%**	**100%**

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	Chairman of the Board	134,911,225	46.27%
Roger Adolfsen	Board member/CEO	134,897,225	46.27%
Johnny R. Sundal	Board member	354 672	0.12%

8. FIXED ASSETS

	Machinery and equipment
Acquisition cost as at 01.01.2022	7,621
Addition of fixed assets	796
Disposal of fixed assets	-630
Acquisition cost as at 31.12.2022	**7,787**
Deprecation and write-downs as at 01.01.2022	3,879
Ordinary deprecation for the year	777
Deprecation and write-downs as at 31.12.2022	**4,656**
Book value 31.12.2022	**3,130**
Economic lifetime	3-10 years
Deprecation schedule	Straight line

9. SUBSIDIARIES

Investments in subsidiaries are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Balance sheet value
Norlandia Drift AB	Tanum, Sweden	100%	40,771
Skottet Fastighets AB	Malmô, Sweden	100%	783
Norlandia Hotel Group AS	Oslo, Norway	100%	115,548
Hi Capital AS	Oslo, Norway	100%	696,340
Norlandia Health & Care Group AS	Oslo, Norway	97%	481,921
Otiga Group AS	Oslo, Norway	71%	197,711
Balance sheet value 31.12.22			**1,533,073**

Tjuvholmen Eiendom AS was sold to Pioneer Property Group AS in 2022 at a price of NOK 14.6 million.

10. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies and joint ventures are booked according to the cost method.

Associates	**Location**	**Ownership**	**Voting rights**	**Result (100%)**	**Equity (100%)**	**Balance sheet value**
Voss Resort AS	Skulestadmo	30.60%	30.60%	-4,905	27,500	28,605
PPG ASA ordinary shares	Oslo	32.60%	32.60%	51,323	1,347,186	5,487
Miliarium Bolig AS	Oslo	24.20%	24.20%	53,766	607,066	126,270
Hotel Stormen AS	Bodø	33.00%	33.00%	2,570	29,769	13,333
Vossevangen Utvikling AS	Voss	45.30%	45.30%	-1,509	4,703	4,050
Balance sheet value 31.12.22						**177,746**

Norlandia Holding AS was sold to Pioneer Property Group AS in 2022 at a price of NOK 87.8 million and is no longer an associated company.

11. TRANSACTIONS WITH RELATED PARTIES

	2022	**2021**
Receivables		
Group contributions	163,523	10,475
Other short-term receivables	-	35,742
Loans to group companies	-	8,357
Total receivables	**163,523**	**54,575**
Liabilities		
Group contributions	102,673	-
Other short-term liabilities	61,498	47
Total liabilities	**164,171**	**47**

Short term liabilities are mainly related to group companies of NOK 61.027 million.

12. CASH AND CASH EQUIVALENTS

	2022	2021
Cash related to payroll tax witholdings	648	876
Unrestricted cash	77,976	114,730
Total cash and cash equivalents	**78,624**	**115,605**

13. LIABILITIES, MORTGAGES AND WARRANTIES

	2022	2021
Liabilities with maturity beyond 1 years		
Liabilities secured by mortgage		
Liabilities to financial institutions (long term)	3,863	4,507
Bonds	700,000	-
Total	**703,863**	**4,507**
Liabilities with maturity less than 1 years		
Liabilities secured by mortgage		
Bonds	-	850,000
Accrued interest bond	17,325	-1,327
Total	**17,325**	**848,673**
Bond interest	3 month NIBOR + 7 %	
Bond due date	10/3/2025	
Carrying amount of mortgage assets		
Machinery and equipment	3,130	3,742
Investments in shares and units	20,490	17,315
Investments in associated companies	177,746	243,682
Investments in subsidiries	1,533,073	1,467,775
Total	**1,734,439**	**1,732,514**

Hospitality Invest AS comply with their financial covenants related to their bond loan as the cash and cash equivalents are above NOK 30 million and the book value of equity exceeds NOK 550 million.

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To the General Meeting of Hospitality Invest AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Hospitality Invest AS, which comprise:

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

In our opinion

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

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.

Offices in:

Oslo, Alta, Arendal, Bergen, Bodø, Drammen, Elverum, Finnsnes, Hamar, Haugesund, Knarvik, Kristiansand, Mo i Rana, Molde, Sandefjord, Stavanger, Stord, Straume, Tromsø, Trondheim, Tynset, Ulsteinvik, Ålesund

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

KPMG

- 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.

Oslo, 27 April 2023
KPMG AS

Roland Fredriksen
State Authorised Public Accountant

GROUP WEB PAGES

PARENT & SUBSIDIARIES

Hospitality Invest AS
www.hospitalityinvest.no

Otiga Group AS
www.otigagroup.com

Norlandia Care Group AS
www.norlandia.com

Norlandia Hotel Group AS
www.norlandiahotelgroup.no

Hero Group AS
www.hero.no

Aberia Healthcare AS
www.aberia.no

Kidsa Drift AS
www.kidsabarnehager.no

Norlandia Health & Care Group AS
www.nhcgroup.no

ASSOCIATED COMPANIES

Pioneer Property Group ASA
www.pioneerproperty.no

Miliarium Bolig AS
www.miliarium.no

Voss Resort AS
www.vossresort.no

Norefjell Ski & Spa AS
www.norefjellskiogspa.no

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