



ANNUAL REPORT 2021

HOSPITALITY INVEST AS

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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.

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 2021

Company

Hospitality Invest AS is a private investment company with a diversified portfolio within five main segments: Care, Staffing, Hotel Operations, Real Estate 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 23 000 people per year end 2021, equivalent to 11,980 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"). Per year-end 2021, Norlandia Preschools and Kidsa Barnehager operated 393 preschool units in Norway, Sweden, Finland, Netherlands, Poland and Germany, an increase of 28 units year-on-year. 32 of the units are owned 50% and operated by Wekita (Germany). Wekita and not consolidated in NHCs accounts.

Preschools delivered a solid year in 2021, in line with 2020, despite being negatively affected by materially increased electricity costs and sick leave. The Preschool operations demonstrated track-record of profitable growth through acquisitions and establishment of new preschools. NHC has added more than 180 new units to its portfolio since 2016, which contributed with more than NOK 1 billion in revenues. In October 2021, NHC acquired Gnist, a preschool chain with 17 large operational units and 5 owned new and modern properties. Strategic fit, synergy potential and expected property gains indicated a healthy value accretion. Overall, the Preschools operation is progressing well and is likely to 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 2021, 45 elderly care homes were operated by Norlandia, of which 42 in Sweden, 2 in Norway and 1 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. While Covid-19 is receiving less public attention, it remains an uncertainty and risk going forward. The pandemic had a negative financial impact in 2021 and is still affecting operations, primarily through continued low occupancy within Elderly care, increased costs related to personnel and procurement and fatigue among personnel.

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 5 reception centers in Germany. The group has extensive competence and experience acquired through 30 years of operations. The service offering includes reception centers for asylum seekers and interpretation services. There are clear indications that Hero is likely to play a significant role as operator of acute refugee centers, as the humanitarian crisis in Ukraine continues to unfold. Hero is working closely with UDI, the immigration authorities, to address the current crisis.

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 childcare institutions and foster homes; care services for people within all age groups with physical and mental disabilities; and respite care and personal assistance. Most of the contracts in the group are with the government, municipalities, or city district authorities. Aberia has been through an extensive restructuring to stream-line operations. Loss-making and non-core operations have been terminated or divested, while the core operations have a continued strong focus on quality and reputation, profitability and growth. The business area is moving in the right direction and is expected to generate healthy profitability 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 be subsequently divested based on a long-

term lease contract with NHC. 2021 was another solid year for the Real Estate operations. The Real Estate operations are well positioned to maintain the profitability level seen in the recent years and expect to complete several property divestments during 1H'22.

Full year 2021 revenues for the Care segment revenues increased from NOK 5,313.8 million in 2020 to NOK 5,933.7 million in 2021 primarily due to growth within the Preschools operations. Profit from operations was NOK 239.8 million in 2021, down from NOK 268.8 million in 2020.

As of 31.12.2021, NHC had a cash balance of NOK 301.2 million, up from NOK 285.4 million last year. In addition, NHC has a revolving credit facility of NOK 350 million with DNB. NHC had total assets of NOK 8,307.6 million per year-end 2021, compared to NOK 7,462.8 million in 2020.

Staffing (Otiga Group AS)

Otiga is a Nordic group of companies, consisting of 10 specialized brands. The Group offers a complete range of HR services, ranging from blue-collar staffing to executive search, selection, management for hire and consulting services. The Group is present in four countries; Norway, Sweden, Denmark and Finland, and is headquartered in Oslo. Otiga Group serves a wide set of market sectors across the Nordic region with a multi-brand strategy, making the Groups operations well-diversified and reduces cyclicity. The Group employs 14,000 unique temporary workers, serves more than 2500 clients and has ~375 full time employees in the administration.

After an extraordinary 2020 with Covid-19 and decline in all markets where the group is present, 2021 started with a satisfactory

Q1 where both revenue and Profit from operations improved compared to 2020. The improved momentum continued throughout 2021 with exceptional results in Q2 and Q3, as well as a solid Q4. The experience from lockdowns and restrictions during 2020, gave the group a solid foundation for the growth experienced during 2021. Although some areas were still affected by Covid-19 restrictions and increased sick leave during the year, the Group managed to deliver a solid result.

The Norwegian business area increased its revenue related to both staffing and recruitment in 2021 compared to 2020. The business area experienced strong demand for staffing across all services during the year. Especially for the areas where covid-19 restrictions impacted the markets during 2020, there has been an increased demand during second half of 2021. The increase is mainly derived from existing customers, but also new customers are added to the portfolio as the demand for staffing increase. The demand for permanent recruitment increased significantly during the year, adding to the uplift in revenue. The Swedish business area outperformed its peers with growth in revenue during the year. The staffing market performed very well, and demand in all areas have picked up to pre-covid levels. Especially the export industries contributed to the uplift during the second half of 2021. In the Finnish market some business areas were still impacted by Covid-19 restrictions during 2021. Especially the construction business area was impacted due to travel restrictions and limited access to candidates cross border. However, this was partly offset by increased sales in other sectors.

In the Norwegian business area, the margin improvement compared to 2020 is

mainly driven by higher activity levels and increased sales. The cost reductions and efficiency measures performed in 2020 to handle the business impacts of Covid-19 continued into 2021 and contributed to the margin improvement. On the other hand, increased sick leave rates and increased cost related to staffing of candidates cross border impacted the margin negatively. The Swedish business area also benefitted from the cost discipline and healthy cost base achieved during the pandemic when the activity improved during 2021. Further the reduction of social security tax for young workers and reorganization of the less profitable units had a positive impact on the margin. The Finnish business area was significantly impacted by the pandemic during 2020 and this continued into 2021. The challenging market conditions within construction lasted throughout the year. The margin was also negatively impacted by several organizational restructuring initiatives, however the Group expects to benefit from these initiatives going forward.

Total revenues reached NOK 2,807.7 million in 2021, up from NOK 2,250.4 million in 2020, representing an increase of 24.7%. Profit from operations increased from 0.7% in 2020 to 2.7% in 2021, with corresponding Profit from operations amounting to NOK 75.8 million in 2021, up from NOK 15.6 million in 2020.

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

Norlandia Hotel Group is a company with long-term experience in hotel operations in Norway and Sweden. The group currently operates 30 hotels, of which 20 in Norway and 10 in 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 Hotel Operations segment delivered total revenues of NOK 692.1 million in 2021 compared to NOK 490.0 million in 2020. While showing strong growth rates, the revenue in 2020 was hit significantly by the Covid-19 pandemic,

Although 2021 revenues are compared to low levels, the revenues showed steady growth throughout the year. The increase in revenues was driven by organic growth and the acquisition of three additional hotels.

The start of 2021 was challenging and significantly impacted by pandemic related restrictions, which led to several hotels being temporary closed. The start of the year was challenging in the Eastern part of Norway as the most significant Covid-19 measures were introduced in this region. However, most of NHG's hotels reopened during Q2 2021 due to increasing vaccination rates in the population and increasingly positive signals with regards to phasing out restrictions. During the summer, the Hotel Operations segment experienced the same tendency as in 2020. While international travel restrictions reduced travel activity and bookings from the international customer group, domestic travel offset the reduction in international bookings. Hence, the Hotel Operations segment achieved occupancy rates in line with pre-pandemic levels.

During the autumn, the hotel segment experienced continued strong growth compared to 2020. November and December showed strong bookings, however December was heavily impacted

by new restriction due to the Omikron outbreak.

The segment achieved NOK 11.1 million in full year Profit from operations, representing a margin of 1.6%. This represents a significant improvement compared to 2020, where Profit from operations ended at NOK -58.2 million (-12.4%). The improvement is driven by increased revenues to cover the fixed costs, however also positively impacted by reduced cost levels due to several management measures. Governmental support has also in 2021 been awarded, however far below the support levels in 2020.

The newly acquired hotels contributed negatively to Profit from operations in total, however mainly driven by start-up costs. The new hotels are expected to contribute positively going forward.

For 2022, the construction of the Radisson RED-hotel at Økern, Oslo which NHG will operate is progressing as planned and will add 204 rooms to the hotel portfolio.

Real Estate

The Real Estate segment previously comprised of four fully owned hotel properties: Park Inn by Radisson Oslo Airport Hotell (Gardermoen), Best Western Hotel Scheele (Köping), Strand Hotell Borgholm and Scandic Brennemoen Hotel.

In Q2 2021, these hotel properties were sold to Pioneer Hotel Properties AS. In addition, as per Q4 2021, all properties acquired at the end of December 2020 were moved from the Other segment to the Real Estate segment. Consequently, the following entities are now included in the Real Estate segment: Gaustaskogen Eiendom AS, Voksentoppen ICE AS, GHT Eiendom AS, Norab Eiendom Vest AS, Jentespranget Eiendom AS and Norab

Eiendom Invest AS, Tjuvholmen Eiendom AS.

Full year 2021 revenue for the Real Estate Segment is NOK 32.9 million compared to NOK 43.6 million in 2020, and a full year profit from operations of NOK 16.1 million in 2021 compared to NOK 8.9 in 2020.

Comments to the consolidated financial statements

The Group's consolidated revenues increased from NOK 8,574.2 million in 2020 to NOK 9,847.3 million in 2021, representing an increase of 14.8 %. All segments delivered strong revenue growth in 2021 compared to 2020 due to the Covid-19 pandemic. Net profit increased from NOK -120.4 million in 2020 to NOK 257.1 million in 2021.

Staff costs increased from NOK 6,276.7 million in 2020 to NOK 7,136.9 million in 2021, implying a 13.7 % 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. As a result, the full year profit from operations for 2021 ended at NOK 451.8 million compared to NOK 271.7 million in 2020.

Cash flow from operating activities decreased from NOK 673.7 million in 2020 to NOK 967.5 million in 2021. Net cash used in investing activities increased from NOK (51.7) million in 2020 to NOK (94.4) million in 2021. Net cash received from financing activities amounted to NOK (807.2) million, as long-term loan has been paid by NOK (29.4) 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 31.12.2021 amounted to NOK 762.3 million, an

increase from NOK 704.1 last year. The Group also has a revolving credit facility of NOK 350 million.

The Group's long-term debt amounted to NOK 2,342 million, of which NOK 1,682.3 million relates to the bond loan in Norlandia Health & Care Group. The bond loan in Otiga Group of NOK 283,3 million and in Hospitality Invest AS of NOK 850.0 million is due late 2022 and classified as short-term debt.

Total assets of the Group increased from NOK 11,572.7 million in 2020 to NOK 12,302.4 million in 2021, mainly due to current assets. The equity ratio increased from 10.3 % in 2020 to 11.8 % in 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

2021 has been a year with both challenges and opportunities. The pandemic has remained challenging for certain portfolio companies within the group, with continued low revenue levels as a result. A lot of efforts have been made on supporting the companies through these challenging times. Other companies are operating in industries less affected, or in industries having experienced a swift revival. The investment environment in general has been characterized by great changes and movements, creating exiting opportunities. Hospitality Invest has been fairly active during 2021, doing several acquisitions, some new platform investments as well as some minority investments.

Operating profit for the parent company amounted to NOK (9.7) million in 2021, reduced from NOK (12.8) million in 2020. Net financials increased from NOK 128.6

million in 2020, to NOK 252.1 million in 2021, on the back of dividend from Pioneer Property Group. Profit from the year amounted to NOK 253.7 million, up from NOK 129.7 million in 2020.

Total assets per 31.12.2021 were NOK 2,022.1 million.

Total long-term debt per 31.12.2021 was NOK 4.5 million while short-term debt was NOK 862.3 million which consists of the listed bond issue (adjusted for issuing costs) due late 2022.

Total equity amounted to NOK 1,155.3 million in 2021, up from NOK 901.6 million in 2020, resulting in an equity ratio of 57.1 %.

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 2022 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

Future challenges and market outlook

2021 was a challenging year and Covid-19 tested the Company's ability to adjust, innovate and excel. Hospitality Invest exited 2021 even stronger than last year, with improved profitability, in particular within the Hotel- and Staffing segment.

While Covid-19 is receiving less public attention, it remains an uncertainty and risk going forward. The pandemic had a negative financial impact in 2021 and all of Hospitality Invest's markets and operations were affected.

The Russian invasion of Ukraine is clearly a tragic humanitarian crisis. Hero, as Norway's largest operator of immigration

and refugee centers, is central in the Government's ambition to establish accommodation for at least 30 000 Ukrainian refugees. This work is continuing with intense focus.

Within the Care segment the regulatory framework has a significant influence on NHC and its ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact in the way NHC deliver its services. Currently, these risks are most evident in Norway, where the new Government has stated that a public inquiry will be appointed, to investigate non-profit operating models within private welfare.

In November 2021, the new Norwegian government proposed further regulatory changes for private preschools, by reducing the pension cost component of the municipality grants from 13% to 10%. The proposition has been implemented and will, according to NHCs estimates, negatively impact revenues in the Preschools operations by NOK 40 million per year. On the other hand, NHC expect recent acquisitions as well as other efficiency measures, to contribute positively.

For the Staffing segment, 2021 was a positive year and the segment is considered well-positioned to continue the positive development and continue to capitalize on strong market conditions during 2022. The impact of the pandemic was more significant during the last month of 2021 but is now limited in many business areas except from increased sick leave. While the Staffing segment expect the strong market momentum to continue into 2022, some trends could impact the results going forward. This includes the difficulty to meet all demand due to lack of candidates within selected operations, driven by solid demand, travel restrictions,

and somewhat increased skepticism to work cross-border among the candidates. If this trend continues to materialize, the candidate payments are likely to increase within the impacted operations, negatively impacting margins.

The hotel segment is expected to continue its revenue growth in 2022, as newly acquired hotels have been added to the portfolio and positive effects from renovated hotels are expected to increase the revenue further. In addition, the segment expects solid contributions from the Radisson RED-hotel in Økern, Oslo. Although the Hotel Operations segment is expected to continue the strong growth in 2022, there are some uncertainties with regards to the summer season. During the summer in 2020 and 2021 the reduction in international travel activity was offset by the increase in domestic travel activity, however this summer a large number of Norwegians are expected to spend their vacation abroad. Thus, it will be crucial to have more international travellers coming this summer. Although being a key uncertainty, the Group does expect international activity in Norway to increase as travel restrictions are lifted in most parts of world.

In addition, the segment is highly vulnerable for new pandemic outbreaks and corresponding government restrictions. While there are no immediate expectations of additional outbreaks, it serves as general risk going forward. Moreover, the management continues to monitor the potential for more permanent changes in travel- and conference activity in the future.

The Real Estate segment is stable by nature and is expected to develop normally going forward.

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 cyclicity. 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 environment.

Exchange rate risk

The Group has operations in i.a Norway, Sweden, 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 40 % of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK, whereas approximately 26.5 % 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 2021. The bond loan issued by Hospitality Invest AS matures in October 2022 and represents the first large refinancing in the group going forward. Preparations for a refinancing is ongoing and will be concluded well in advance of maturity.

Regulatory risk

The Group's operations are subject to legal frameworks which may change in the future. Changes in the legislation and conditions of providing staffing services, operating preschools, nursing homes, reception centres or other parts of the

Groups' business and operations, such as profit restrictions, dividend restrictions or staffing requirements, may significantly and adversely impair the Group's liquidity and business model, which could have a material adverse effect on the Group. Political risk is therefore present as major shifts may have a significant impact on the way services are delivered. In general, these discussions mainly relate to Norway and Sweden. The Group's operations within the Care segment are subsidized by public authorities. Changes in the political climate or legislation for such subsidies may have a material adverse effect on the subsidiaries', and eventually, the Company's business model, operations, and financial condition.

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. 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 four times during 2021.

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 11,980 the end of 2021. The working environment is considered to be good and efforts for improvements are made on an ongoing basis. The Group aims to be a workplace with equal opportunities and seeks to prevent gender discrimination in all aspects of our operations. Leave of absence is an important performance indicator and is measured throughout the Group's operational entities, but not on a consolidated basis. There has been no significant leave of absence in the parent company during 2021.

Corporate Social Responsibility

In addition to being owner of a group of smaller entities, Hospitality Invest Group 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. When evaluating and following up our investments, the Company consider financial, commercial, ethical, legal, and environmental criteria.

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.

A set of overall principles and guidelines will apply 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.

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 2022.

Allocation of income in the parent company

Hospitality Invest AS's result for 2021 ended at NOK 253.7 million. The Board of Directors has proposed the net profit of Hospitality Invest AS to be allocated as follows:

To other equity: NOK 253.7

Events after balance sheet date

Hospitality Invest acquired ~52% of Haneseth Gruppen AS in February 2022. Haneseth Gruppen is leading provider of multidisciplinary technical services across Northern Norway. Haneseth has delivered strong growth and solid Profit from operations margins over the years and has a strong cash position ending 2021.

Oslo, 29 April 2022

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 and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, that should be used as of 31.12.2021. The separate financial statements for Hospitality Invest AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31.12.2021. 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 31.12.2021.

To the best of our knowledge:

The consolidated and separate annual financial statements for 2021 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 31.12.2021, for the Group and the Parent company.

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

The development and performance of the business and the position of the Group and the Parent company.

The principal risks and uncertainties the Group and the Parent company face.

Oslo, 29 April 2022

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	2021	2020
OPERATING REVENUE			
Operating revenue	4	9,805,533	8,501,195
Other revenue	4	41,718	73,026
NET OPERATING REVENUE		9,847,251	8,574,222
OPERATING EXPENSES			
Raw materials and consumables used		493,503	314,469
Staff costs	5	7,136,900	6,276,714
Depreciation and amortisation expense	8,9,17	759,737	697,413
Other operating expenses	5	1,122,067	1,066,962
TOTAL OPERATING EXPENSES		9,512,207	8,355,558
Share of post-tax profits of associates	11	116,733	52,990
PROFIT FROM OPERATIONS		451,778	271,654
FINANCE			
Finance income	6	186,598	93,727
Finance expense	6.17	378,936	533,638
NET FINANCE		-192,338	-439,911
PROFIT BEFORE TAX		259,439	-168,257
Tax expense	7	2,324	-47,808
PROFIT		257,116	-120,449
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post employment benefit obligations	18	5,802	-20,778
Deferred tax on remeasurement of post employment benefit obligation	15	-1,276	4,571
Income tax on items not reclassified		-	-
Gain on revaluation of land and buildings		-	5,245
Income tax relating to these items		-	232
		4,526	-10,730
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		-40,211	49,877
		-40,211	49,877
TOTAL OTHER COMPREHENSIVE INCOME		-35,685	39,147
TOTAL COMPREHENSIVE INCOME		221,431	-81,302
Profit controlling interests		226,599	-113,474
Profit non-controlling interests		30,517	-6,975
		257,116	-120,449

Total comprehensive income controlling interests	200,390	-87,931
Total comprehensive income non-controlling interests	21,040	6,628
	221,431	-81,302

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1.000)

	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	15	214,620	190,331
Property, plant and equipment	8	855,222	1,241,183
Right-of-use assets	17	4,828,259	4,359,030
Intangible assets	9, 10	3,221,659	3,148,511
Investment in associated companies	11	768,726	488,969
Loan to associated companies	12	6,911	27,730
Other investments	3	181,296	204,536
Other receivables	12, 20	199,840	189,281
TOTAL NON-CURRENT ASSETS		10,276,532	9,849,570
CURRENT ASSETS			
Inventories		32,728	10,282
Trade and other receivables	12, 20	1,164,315	1,008,818
Market based investments		66,443	-
Cash and cash equivalents	21	762,341	704,073
TOTAL CURRENT ASSETS		2,025,826	1,723,174
TOTAL ASSETS		12,302,358	11,572,744

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1.000)

	Note	2021	2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	20,408	20,408
Own shares		-52	-52
Share premium Reserve		171,915	171,915
Other equity		1,075,015	839,415
Total equity attributable to owners of the parent		1,267,286	1,031,686
Non-controlling interest		185,911	160,285
TOTAL EQUITY		1,453,198	1,191,971
LIABILITIES			
NON-CURRENT LIABILITIES			
Pension liabilities	18	101,404	117,157
Loans and borrowings	14	2,341,608	1,735,398
Deferred tax liability	15	220,194	291,888
Lease Liability	17	4,589,148	4,050,298
TOTAL NON-CURRENT LIABILITIES		7,252,355	6,194,741
Current liabilities			
Trade and other payables	16	1,826,760	1,715,229
Loans and borrowings	14	1,216,389	1,940,177
Lease Liability	17	535,666	514,042
Taxes payable		17,991	16,584
TOTAL CURRENT LIABILITIES		3,596,806	4,186,032
TOTAL LIABILITIES		10,849,160	10,380,773
TOTAL EQUITY AND LIABILITIES		12,302,358	11,572,744

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 2019	20,408	-52	171,915	860,926	23,996	206,040	1,283,234
Comprehensive Income for the year							
Profit	-	-	-	-113,474	-	-6,975	-120,449
Other comprehensive Income	-	-	-	-24,334	49,877	13,603	39,146
		-					
Total comprehensive Income for the year	-	-	-	-137,808	49,877	6,628	-81,303
Contributions by and distributions to owners							
Distribution to owners	-	-	-	-	-	-41,317	-41,317
Issue of ordinary shares	-	-	-	21,282	-	-21,282	-
Effect from acquisition subsidiary	-	-	-	21,141	-	10,216	31,357
Total contributions by and distributions to owners	-	-	-	42,423	-	-52,383	-9,960
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

HOSPITALITY INVEST - CONSOLIDATED

STATEMENT OF CASH FLOWS

(all amounts in NOK 1.000)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		257,116	-120,449
Adjustments for:			
Depreciation of property, plant and equipment	8	166,033	169,545
Net received/gain on sale of assets		-52,291	-122,638
Share of post-tax profits of associates	11	-116,733	-52,990
Lease liability - depreciation	17	593,704	527,867
Changes in fair value of financial instruments		-13,192	-
Interest income/interest expense and financial items		226,721	322,043
Income tax expense	7	2,324	-47,808
Changes in working capital			
Changes in accounts receivable and payables		-155,496	-273,423
Increase in inventories		-22,446	-209
Increase in trade and other payables		128,101	222,205
Increase in provisions and employee benefits		-47,812	33,959
CASH GENERATED FROM OPERATIONS		966,027	658,103
Income taxes paid		1,482	15,548
NET CASH FLOW FROM OPERATING ACTIVITIES		967,510	673,650
INVESTING ACTIVITIES			
Net book value proceeds from sale of assets		339,407	408,501
Purchases of property, plant and equipment	8	-165,198	-461,638
Net investment in shares in associates and others	11	-187,916	-27,018
Loans to associated companies		29,485	9,595
Net investment in shares in subsidiaries	20	-126,130	-
Interest received	6	15,920	18,845
NET CASH USED IN INVESTING ACTIVITIES		-94,432	-51,715
FINANCING ACTIVITIES			
Payments of long-term loan to finance institutions	14, 22	-29,433	-110,124
Changes in short-term loan to finance institutions	14	-2,865	-508
Proceeds from long-term borrowings from finance institutions	14	19,448	122,331
Capital increase related to non-controlling interests		23,410	-
Lease liability - amortization	6.17	-438,621	-117,868
Interest paid	6	-363,445	-238,002
Distribution to non-controlling interests		-15,684	-
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		-807,191	-344,171
Net increase in cash and cash equivalents		65,887	277,765
Cash and cash equivalents at beginning of year	21	704,073	403,399
Exchange (losses)/gains on cash and cash equivalents		-7,620	22,910
CASH AND CASH EQUIVALENTS AT END OF YEAR		762,341	704,073

Oslo, 29 April 2022

Board of Directors of Hospitality Invest Group AS



Kristian A. Adolfsen
Chairman of the Board



Roger Adolfsen
Chief Executive Officer



Johnny R. Sundal
Member of the Board

NOTES TO THE CONSOLIDATED 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, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted 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 2020.

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 grants from the municipalities and payment from parents. Both grants 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. Grants 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 subsidy for nursing homes.

The performance obligation to the customer is to provide the respective services within the framework and guidelines set by the municipality as the client and central health authorities. The agreement is met through the 24/7 operation of nursing homes and patient hotels, as well as through delivery of the number of hours 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 child care 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 Other accrued expenses 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 (including structured 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 an 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 in a separate reserve 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.

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 such as equities classified as available-for-sale financial 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.

Trade and other receivables

(a) Classification and measurement

Trade receivables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

In general, trade and other receivables are financial instruments classified in the "Amortized cost" category as long as they fulfill the following criteria;

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest bearing items in the amortized cost category shall be carried at amortized cost using the effective interest rate method.

Subsequent to initial recognition, interest-bearing borrowings shall be stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the asset on an effective interest rate basis.

The Staffing segment applies factoring for a significant portion of the trade receivables. As this result in a business model were Otiga neither hold to collect nor hold to collect and sell the assets, trade receivables subject to factoring are financial instruments classified in the "Fair value through profit or loss" category. For trade receivables where the risk non-payment is transferred to the factoror, the trade receivables are derecognized when payment is received by the customer. For trade receivables where the segment still bears the risk of non-payment the trade receivables are not derecognized until payment is received from the customer.

(b) Impairment

The group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The group has limited loss allowances for trade receivables as counterparty risk is limited due to the fact that either the government is the customer in most cases and that factoring is applied for a significant portion of the trade receivables where non-payment risk is transferred to the factoror. In cases where there exists a counterparty risk the group uses an allowance matrix based on historical losses adjusted for forward looking information.

Expected credit loss on account receivables is presented as an allowance. The allowance reduces the net carrying amount of trade receivables in the statement of financial position.

(c) Loans and receivables

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 plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are financial instruments classified in the 'Amortised cost' category. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturity of three months or less.

Equity Instruments

Investments in other companies not within the scope of other standards such as subsidiaries, joint ventures and associates are equity instruments within scope of IFRS 9. The group has not selected the OCI option for its equity instruments; hence, they are classified and measured in accordance to the category "Fair value through profit and loss".

Derivative Instruments

The group applies limited use of derivative for hedging purposes. In cases where derivative instruments exist, the group only use derivatives for hedging purposes and does not apply hedge accounting in accordance to IFRS 9.

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.

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

a) Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in-the-money 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. 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) Other financial liabilities

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 plus unrecognised past service cost.

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

Past service costs are recognised directly in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past service costs are amortised on a straight line basis over the vesting period.

1.14 Leased assets

IFRS 16 contains a single lessee accounting model, which eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease, other than short term leases and leases of low value items for which a lessee has the option not to apply the measurement and presentation requirements of IFRS 16, is recorded in the statement of financial position with a "right of use" asset and a corresponding lease liability. The "right of use" asset is subsequently accounted for through depreciation of the asset and the liability is unwound using the interest rate inherent in the lease.

The Group has implemented IFRS 16 using the modified retrospective approach without restating comparative information, and by recognizing the same amount as right-of-use and lease liabilities per 1 January 2019. At initial application the Group recognized a significant lease liability and a significant right of use asset, while equity remained unchanged.

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 Dividends

Dividends are recognised when they become legally payable.

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 unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic external valuations. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The valuation technique used is the Income method as discounted cashflows reflecting current market expectations about the future cashflows are used when measuring the fair value. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

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

- Land and buildings 50 years
- furniture, fixtures and equipment 3-10 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset (elimination approach). The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

1.18 Government grants

Grants for revenue expenditure are presented as income the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income.

1.19 Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, 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, reflecting current market assessments at the time of the remaining lease term, value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

1.20 Cash flow statement

The cash flow statement is derived using the indirect method.

Cash flows from investing and financing activities are presented separately. Operating activities comprise both monetary and non-monetary items. Interest income and interest expenses are presented as part of operating activities with the exception of interest paid and received which is separated and presented as financial activities.

Cash and cash equivalents comprise of bank deposits.

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) 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		Loans and receivables	
	2021	2020	2021	2020
Cash and cash equivalents	-	-	762,341	704,073
Trade and other receivables	-	-	1,164,315	1,008,818
Market based investments	66,443	-	-	-
Other long term receivables/investments	181,296	204,536	199,840	189,281
Total financial assets	247,740	204,536	1,945,199	1,902,173

Financial liabilities	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2021	2020	2021	2020
Trade and other payables	-	-	1,826,760	1,715,229
Loans and borrowings	-	-	3,557,997	3,675,575
Total financial liabilities	-	-	5,384,757	5,390,804

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.

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

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

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 13.

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 2021 and 2020, 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	17,790	13,876	13,876
Effect of a 0.5% decrease	-17,790	-13,876	-13,876

Foreign exchange risk

The Group has operations in Norway, Sweden, Finland, Denmark, Germany, Netherlands 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 40% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 35% 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 strengthen 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 group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section above.

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 needs to refinance its outstanding bond loan, as it matures in October 2022. This process is progressing well, and several options appear available. The terms of the expected refinancing will be subject to the overall condition of the financial markets. Otiga Group needs to refinance its bond loan as it matures in December 2022. During first quarter 2022 Otiga's bond loan was refinanced into a bankloan 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 2021						
Loans and borrowings non-current	2,341,608	-704,564	243,206	136,573	2,079,021	586,500
Financial lease liability	6,084,995	674,450	493,355	542,397	1,182,891	3,191,903
Interest payment years 1 to 5 (current NIBOR)	743,714	160,400	208,663	192,003	182,648	-
Trade and other payables	1,826,760	1,826,760	-	-	-	-
Loans and borrowings	1,216,389	1,216,389	-	-	-	-
Total	12,213,467	3,173,435	945,223	870,973	3,444,560	3,778,402

	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 2020						
Loans and borrowings non-current	1,735,398	16,111	902,475	349,426	4,267	463,119
Financial lease liability	5,276,582	530,659	527,473	418,966	854,777	2,944,708
Interest payment years 1 to 5 (current NIBOR)	293,811	107,595	106,596	50,642	28,978	-
Trade and other payables	1,715,229	1,715,229	-	-	-	-
Loans and borrowings	1,940,177	1,940,177	-	-	-	-
Total	10,961,197	4,309,771	1,536,544	819,033	888,022	3,407,827

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 as defined above. 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 an equity to total capital ratio of approximately 15-25%. 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 2020 and at 31 December 2021 were as follows:

	2021	2020
Loans and borrowings	3,557,997	3,675,575
Less: cash and cash equivalents	762,341	704,073
Net interest bearing debt	2,795,657	2,971,502
Total equity	1,453,198	1,191,971
Total capital	12,302,358	11,572,744
Debt to equity ratio	1.9	2.5
Equity ratio (%)	11.8 %	10.3 %

4. SEGMENT INFORMATION, REVENUE AND OTHER OPERATING INCOME

The group's operations are divided into operating segments based on components of the business that are reviewed by the Chairman, CEO and CFO, who are the company's chief operating decision makers. This is referred to as the management approach. Measurement and reporting are done on an aggregated level. The group's operations are organised in such a way that the BoD, CEO and CFO review the results of each business area. The business areas are also operating segments and an own sub-group.

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 sub-segments; Preschool, Care, Integration Services, Individual & Family and real estate.
- **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 five hotel properties in Norway and Sweden at the beginning of the year but 4 of them were sold during 2021. This segment now includes properties rented by the Care segment within both Preschools and Individual & Family
- **Other** consists of the Parent company Hospitality Invest and the majority of HI Capital's investments, including several diversified investments.

2021	Care	Staffing	Hotel Operations	Real Estate	Other / Eliminations *	Total
Operating revenue	5,933,763	2,807,362	676,563	31,066	356,779	9,805,533
Other revenue	41,788	337	883	1,820	-3,109	41,718
Total operating revenue	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

2020	Care	Staffing	Hotel Operations	Real Estate	Other / Eliminations	Total
Operating revenue	5,313,829	2,250,382	470,588	43,627	422,769	8,501,195
Other revenue	75,680	64	6	-	-2,723	73,026
Total operating revenue	5,389,509	2,250,445	470,593	43,627	420,046	8,574,222
Raw materials and consumables used	131,440	56,843	37,628	-	88,559	314,469
Staff costs	3,849,098	1,974,754	199,531	-	253,332	6,276,714
Depreciation and amortisation expense	501,308	49,904	112,912	19,045	14,244	697,413
Other operating expenses	638,910	153,358	178,750	15,614	80,330	1,066,962
Total operating expenses	5,120,755	2,234,858	528,820	34,659	436,464	8,355,558
Share of post-tax profits from associates	5,935	-115	-	-	47,170	52,990
Profit from operations	274,688	15,587	-58,227	8,968	30,752	271,654
Finance income	20,961	8,138	10,702	-612	54,538	93,727
Finance expense	-344,478	-67,293	-16,554	-6,504	-98,809	-533,638
Net finance	-323,516	-59,156	-8,048	-7,116	-42,074	-439,911
Profit before tax	-48,828	-43,684	-66,275	1,852	-11,322	-168,257

*) In 2020 the Other segment include Norab Eiendom Group, which was bought 31.12.19 and sold 30.11.20, with a revenue of TNOK 18.247 and a profit from operations of TNOK 1.220. In addition this segment include NH Europe Group with a revenue of TNOK 178.795 and a profit from operations of TNOK 3.899. NH Europe Group is accounted for as share of post tax profits from associates under the Care segment as NHC owns 49% of NH Europe Group. As Hospitality Invest Group owns the remaining part of NH Europe Group the shares of profits from NH Europe is eliminated on Group level.

5. STAFF COSTS

	2021	2020
Staff costs (including directors) comprise:		
Wages and salaries	5,609,721	4,921,820
Defined contribution pension cost	299,589	221,096
Defined benefit pension cost (note 18)	58,420	36,251
Other benefits	96,181	128,700
Social security contributions and similar taxes	1,072,989	968,846
Total payroll and related costs	7,136,900	6,276,714

Number of employees full time equivalent (FTE)	11,980	10,678
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Remuneration to senior management

2021	Wages	Pension	Other	Total
Kristian Adolfsen	2,100	23	546	2,669
Roger Adolfsen	2,100	23	297	2,421
Total compensation	4,200	47	843	5,090

Fee to board members				150
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2020	Wages	Pension	Other	Total
Kristian Adolfsen	1,750	38	423	2,210
Roger Adolfsen	1,750	19	348	2,116
Total compensation	3,500	57	770	4,327

Fee to board members				150
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Audit fees

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

	2021	2020
Audit	17,348	17,631
Tax services	304	101
Attestation services	1,349	97
Other services	2,969	1,337
Total	21,970	19,166

6. FINANCE INCOME AND EXPENSE

Recognised in profit or loss	2021	2020
Finance income		
Interest received on bank deposits and receivables	15,920	18,845
Other finance income	96,008	20,684
Gain on derivatives classified as held for trading	-	-
Foreign exchange gain	74,669	54,198
Total finance income	186,598	93,727
Finance expense		
Loss on derivatives classified as held for trading	777	-
Interest expense on financial liabilities measured at amortised cost	223,084	238,002
Lease liability - interest	140,361	117,868
Other financial expenses	-18,795	18,157
Foreign exchange loss	33,508	159,611
Total finance expense	378,936	533,638
Net finance income recognised in profit or loss	-192,338	-439,911

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

	2021	2020
Total interest income on financial assets	15,920	18,845
Total interest expense on financial liabilities	363,445	355,870

7. TAX EXPENSE

	2021	2020
Current tax expense		
Current tax on profits for the year	-36,508	-132,847
Total current tax expense	-36,508	-132,847
Deferred tax expense		
Origination and reversal of temporary differences (Note 15)	38,831	85,040
Total deferred tax expense	38,831	85,040
Income tax expense	2,324	-47,808

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:

	2021	2020
Profit for the year	257,116	-120,449
Income tax expense	2,324	-47,808
Profit before income taxes	259,439	-168,257
Expected tax charge based on the standard rate of Norwegian corporation tax at the domestic rate of 22/22 %	57,077	-37,016
Tax effect of share of post-tax profits of associated companies	-25,681	-11,658
Change in unrecognized deferred tax assets	22,436	17,789
Permanent differences	-51,508	-16,922
Total tax expense	2,324	-47,808

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Work in progress	Furniture, fixtures and equipment	Total
At 1 January 2020				
Cost or fair value	1,396,756	110,358	557,728	2,064,842
Accumulated depreciation	-181,515	-	-379,306	-560,821
Net book amount	1,215,241	110,358	178,421	1,504,020
Year ended 31 December 2020				
Opening book amount	1,215,241	110,358	178,421	1,504,020
Exchange differences	-640	-954	-2,875	-4,469
Acquisition of subsidiary	129,287	-	7,960	137,247
Additions	116,564	23,965	72,594	213,123
Disposals	-510,559	-	-5,415	-515,974
Depreciation	-31,725	-	-57,691	-89,417
Impairment revaluation*	-1,830	-	-	-1,830
Reclasification	-70,014	-19,682	88,177	-1,519
Closing net book amount	846,326	113,687	281,170	1,241,183
At 31 december 2020				
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
Reclasification	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

* The cost of the revalued assets is TNOK 258.253 and the fair value of these assets is TNOK 574.247. The P&L effect of the revaluation is TNOK (7.075) and the OCI effect is TNOK 5.245 giving av total effect of TNOK 1.830 for 2020.

Useful life of buildings (land not depreciated)	50 years	3-10 years
Depreciation method	Linear	Linear

Property, plant and equipment pledged as security for liabilities.

	2021	2020
Land and buildings, including work in progress	540,407	960,013

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets*	Total
At 1 January 2020			
Cost or fair value	2,141,717	1,319,314	3,461,031
Accumulated amortisation	-25,430	-305,717	-331,147
Net book amount	2,116,287	1,013,598	3,129,884
Year ended 31 December 2020			
Opening book amount	2,116,287	1,013,598	3,129,884
Additions	1,970	8,738	10,708
Disposal	-41,388	-8,189	-49,576
Acquisition of subsidiary	53,818	1,235	55,054
Exchange differences	56,745	18,750	75,495
Amortisation	-	-71,054	-71,054
Impairment loss	-2,000	-	-2,000
Closing net book amount	2,185,433	963,078	3,148,511
At 31 december 2020			
Cost or fair value	2,210,863	1,339,849	3,550,712
Accumulated amortisation	-25,430	-376,771	-402,201
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	4,715	5,370	10,085
Disposal	-107,343	-	-107,343
Acquisition of subsidiary	269,606	28,804	298,410
Exchange differences	-20,633	-27,884	-48,517
Amortisation	-	-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	2,352,710	1,342,480	3,695,190
Accumulated amortisation	-25,430	-448,101	-473,531
Net book amount	2,327,280	894,379	3,221,659

* Other intangible assets include trade marks, customer contracts, software and licenses, research 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 and other intangible assets 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. The managing directors within a segment operate across countries and businesses within a segment is considered to be integrated. Goodwill and other intangible assets are allocated to the identified cash-generating units (CGU).

Impairment testing for cash-generating units (CGU) containing intangible assets is reported on a aggregate level while testing is performed on a lower level.

Impairment testing for cash-generating units (CGU) containing goodwill

The material amount of goodwill and other intangibles is allocated as follows between four CGU's:

	2021
Care	2,452,049
Staffing	697,509
Other	54,443
Total goodwill & intangible assets	3,204,001

IMPAIRMENT TEST FOR THE CARE CGU

Cash flow projections and assumptions

For the Care CGU 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% for subsequent years.

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 6.0% 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 cash flows:

The analysis showed that a decline in free cash flow in excess of 55% for the Preschool CGU, 38% for the Care CGU, 50% for the Integration Services CGU and 72% for the Individual and Family CGU was necessary to change the conclusion. The result indicated that there had to be a moderate decline in the market situation to trigger impairment.

2. Changes in discount rates:

The analysis showed that an increase in discount rate of 4.9%-point for the Preschool CGU, 0.8%-point for the Care CGU, 3.8%-point for the Integration Services CGU and 9.9%-point for the Individual and Family CGU 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

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement for impairment of the goodwill. As the conclusion is somewhat sensitive for changes in the parameters the company will monitor closely the development each quarter the following year.

IMPAIRMENT TEST FOR THE STAFFING CGU

Cash flow projections and assumptions

For the Staffing CGU 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% for subsequent years.

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 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 EBITDA margin of 3.84%-point in Norway, 4.92%-point in Sweden and 1.67%-point in Finland each year was necessary to change conclusion.

2. Changes in growth assumption:

The analysis showed that a reduction in growth in the terminal value of 40.75%-point in Norway, 29.69%-point in Sweden and 9.49%-point in Finland was necessary to change the conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.

3. Changes in discount rates:

The analysis showed that an increase in discount rate with 43.95%-point in Norway, 49.57%-point in Sweden and 27.80%-point 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

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement for impairment of the goodwill.

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	
			2021	2020
Norlandia Hotel Group AS	Norge	Oslo	100.0 %	100.0 %
HI Capital AS	Norge	Oslo	100.0 %	100.0 %
Guard Hotell AS	Norge	Oslo	0.0 %	100.0 %
Guard Hotell II AS	Norge	Oslo	0.0 %	100.0 %
Norlandia Drift AB	Sverige	Tanum	100.0 %	100.0 %
Skottet Fastighets AB	Sverige	Malmö	100.0 %	100.0 %
Köping Hotellfastighet AB	Sverige	Köping	0.0 %	100.0 %
Strand Hotell Borgholm Fastighets AB	Sverige	Borgholm	0.0 %	100.0 %
Norlandia Health & Care Group AS	Norge	Oslo	97.0 %	100.0 %
Otiga Group AS	Norge	Oslo	65.6 %	68.4 %
Tjuvholmen Eiendom AS	Norge	Oslo	100.0 %	0.0 %

Subsidiaries of Subsidiaries - Norlandia Health & Care Group AS 100 % interest

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 %	49.0 %

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 %
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 %
Norlandia Kinderopvang BV	Netherlands	Utrecht	100.0 %	100.0 %
Norlandia Kinderopvang Rotterdam B.V.	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 Avlastning BPA AS	Norway	Moss	100.0 %	100.0 %
Aberia Omsorg AS	Norway	Moss	100.0 %	100.0 %
Norlandia Sprelloppbarnehagene AS	Norway	Oslo	100.0 %	100.0 %
Marcus Assistans AB	Sweden	Örebro	76.0 %	76.0 %

Subsidiaries of Subsidiaries - Otiga Group AS 65.6 % 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 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	Norway	Oslo	100.0 %	100.0 %
Agito Nordic AB	Sweden	Stockholm	100.0 %	100.0 %
Agile Interim AS	Norway	Oslo	100.0 %	100.0 %
Aktiebolaget Söder & Co Förvaltning AB **	Sweden	Borås	28.0 %	39.1 %

** 69.99 % 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	96.7 %	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 %
Brennemoen Hotell Eiendom AS	Norway	Oslo	0.0 %	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 %
NH Europe Holding AS	Norway	Oslo	0.0 %	51.0 %
BG Entreprenør AS	Norway	Mo i Rana	70.2 %	0.0 %
UP North Hospitality AS	Norway	Oslo	90.1 %	0.0 %
Studio City Norway AS	Norway	Oslo	90.1 %	0.0 %

Advisory Group	Norway	Oslo	66.7 %	0.0 %
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Subsidiaries of Subsidiaries - Skottet Fastighets AB 100.0 % interest

Älvbäck Fastighets AB	Sweden	Malmö	100.0 %	100.0 %
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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 %	22.2 %
Vossevangen Utvikling AS	43.8 %	0.0 %
Hotell Stormen AS	33.0 %	33.0 %
Norlandia Holding AS	23.6 %	10.3 %

* 34.97 % including HI capital AS share of ordinary shares

Associates in HI Capital (Subgroup):

	2021	2020
TK Scandinavia AS	49.0 %	49.0 %
BKN AS	45.5 %	49.7 %
A&B Invest AS	16.8 %	16.8 %
Caracap AS	34.0 %	34.0 %
Kvitfjell Prosjektutvikling AS	31.0 %	31.0 %
Caravan Eiendom Ålgård AS	50.0 %	50.0 %
Mestringshusene AS	33.0 %	33.0 %
Pioneer Investment AB	26.6 %	26.6 %
Norefjell Prosjektutvikling AS	16.8 %	16.8 %
Helerudsletta Drift AS	50.0 %	50.0 %
Winn Hotel Group AB	34.4 %	33.3 %
HI Cap Bidco 2021 - 4 AS	33.2 %	0.0 %
AAP Group AS	50.0 %	0.0 %
Elywhere AS	26.9 %	0.0 %

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

Material associated companies 2020

	Miliarium Bolig AS	PPG ASA
Revenue	60,995	2,052

Profit and loss from continuing operations	21,685	138,067
Other comprehensive income		-331
Total comprehensive income	21,685	137,736
Non-current assets	545,244	414,681
Current assets	263,834	885,932
Total assets	809,078	1,300,613
Equity	513,581	1,231,992
Non-current liabilities	238,991	36,849
Current liabilities	56,506	31,773
Total liabilities	809,078	1,300,614
<i>Investment in associated companies</i>	2021	2020
Investment in associates as of 01.01	488,969	785,827
Share of post-tax profits of associates	88,889	48,372
Gain on disposal of shares in associates	18,297	
Transfers to subsidiaries		
Dividends received	-12,510	-419,630
Disposal of investments in Associates		-57,798
New investments in associates	185,081	132,199
Investment in associates as of 31.12	768,726	488,969

12. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	783,997	599,506
Less: provision for impairment of trade receivables	-34,267	-27,237
Trade receivables - net	749,730	572,270
Other receivables	621,334	653,559
Total financial receivables classified as loans and receivables	1,371,065	1,225,829

	2021	2020
Total trade and other receivables	1,371,065	1,225,829
Less: non-current portion - Loan to related parties	-6,911	-27,730
Less: non-current portion - other receivables	-199,840	-189,281
Current portion	1,164,315	1,008,818

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:

	2021	2020
At 1 January	27,237	22,691
Provided during the year	7,030	4,940
Receivable written off during the year as uncollectible	-	-
Reversal of provisions prior years	-	-395
At 31 December	34,267	27,237

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Aging analysis on trade receivables

	2021	2020
Not due (less than 30 days)	737,612	555,888
30-60 days	22,457	17,314
60-90 days	3,631	3,479
More than 90 days	20,297	22,825
	783,997	599,506

13. SHARE CAPITAL, SHAREHOLDERS, DIVIDENDS AND RESERVES

Share capital

	2021	2020
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 2021:

	Number of shares	Interest	Face value	Shares capital
KLEVENSTERN AS	134,894,971	46.27%	0.07	9,442,648
MECCA INVEST AS	134,877,471	46.26%	0.07	9,441,423
KRONHJORTEN AS	4,000,000	1.37%	0.07	280,000
PIONEER PROPERTY GROUP ASA	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
Adolfson 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	3,976,580	1.36%	0.07	278,361
	291,548,539	100.00%		20,408,398

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

		Number of shares	Interest
Kristian A. Adolfson (Klevenstern AS)	Chairman of the board	134,894,971	46.27%
Roger Adolfson (Mecca Invest AS)	Board member/CEO	134,877,471	46.26%
Johnny R. Sundal (Sundal Invest AS)	Board member	354,672	0.12%
		270,127,114	92.65%

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 recognised elsewhere.

14. LOANS AND BORROWINGS

The book value and fair value of loans and borrowings are as follows:

	Book value 2021	Fair value 2021	Book value 2020	Fair value 2020
Non-Current				
Bond loans	1,659,207	1,659,207	1,127,425	1,127,425
Bank loans	647,771	647,771	543,908	543,908
Other non-current liabilities	34,630	34,630	64,065	64,065
Total non current	2,341,608	2,341,608	1,735,398	1,735,398
Current				
Bond loans	1,133,307	1,133,307	1,917,850	1,917,850
Bank loans	39,623	39,623	9,017	9,017
Other current liabilities	43,459	43,459	13,310	13,310
Total current	1,216,389	1,216,389	1,940,177	1,940,177

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

(Currency in NOK)

	2021	2020
NOK	2,817,081	2,527,725
SEK	740,916	1,147,850
EUR	-	-
Total	3,557,997	3,675,575

Borrowings as of 31.12.2021	Interest	Due date	Amount
Bond Norlandia Health & Care Group 2022/2025	NIBOR +5.75%	05/2025	1,682,299
Debt to Husbanken	0.897%-2.438%	2050	214,098
Non-current debt to banks			433,673
Other long Term debt			33,206
Amortized cost of issuing debt			-21,668
Total non current debt			2,341,608
Bond Hospitality Invest AS 17/22 FRN	3 mnd NIBOR + 6.0%	10/2022	850,000
Bond Personahuset (Otiga) issued 2019/2022	3 months NIBOR +9%	12/2022	283,307
Current portion of debt to banks			84,410
Amortized cost of issuing debt			-1,327
Total current debt			1,216,389

In May 2021 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 obligations 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 covenants. Hospitality Invest AS comply with their financial covenants related to their bond loan as the cash and cash equivalents are above NOK 20 million and the book value of equity exceeds NOK 450 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 calculation and confirmation of compliance hereto.

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

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:

	2021	2020
At 1 January	101,557	186,597
<i>Recognised in profit and loss</i>		
Tax expense	-61,710	-98,257
Recognition of previously unrecognised deferred tax assets	22,879	17,789
Recognised in other comprehensive income	1,276	-4,571
At 31 December	5,574	101,557

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

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

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

	Asset	Liability	Net	(Charged)/ credited to profit or loss	(Charged)/ credited to equity
	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
Set off of tax	-	-	-	-	-
Unrecognised 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
	2020	2020	2020	2020	2020
Fixed assets	42,512	-274,562	-232,050	39,334	-
Accounts receivable	4,669	-	4,669	706	-
Inventory	-	-	-	-	-
Pensions	27,782	-2,931	24,851	5,843	4,571
Financial instruments	-	-	-	-	-
Profit and loss account	-	-3,160	-3,160	1,160	-
Provisions	96,885	-8,895	87,990	59,554	-
Tax loss carried forward	93,597	-	93,597	-3,769	-
Tax asset/(liabilities)	265,445	-289,548	-24,103	102,828	4,571
Set off of tax	-	-	-	-	-
Unrecognised deferred tax asset	-77,454	0	-77,454	-17,789	-
Net tax assets/(liabilities)	187,991	-289,548	-101,557	85,040	4,571

The unused tax losses and deductible temporary differences can be carried forward indefinitely and relates to companies in the same tax group; Hospitality Invest, HI Capital incl. subsidiaries, Norlandia Hotel Group incl. subsidiaries and Norlandia Health & Care Group incl. subsidiaries.

16. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	265,682	274,578
Tax and social security payments	596,647	618,175
Unpaid wages and holiday pay	676,819	601,786
Other short term debt	287,612	220,690
Total financial liabilities, excluding loans and borrowings, Classified as financial liabilities measured at amortised cost	1,826,760	1,715,229

Book values approximate to fair value at 31 December 2021 and 2020.

17. LEASES

Operating leases - lessee

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 2.5-3.6%. Contracts with less than 12 months obligation or payments related to revenue is not capitalized. Lease payments are subject to annual KPI adjustment.

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 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)	-677,019
Expense relating to low-value assets (included in other operating expenses)	-16,023
Total recognized in statement 31 December 2021	41,022

18. RETIREMENT BENEFITS

At 31.12.2021, a total of 11,417 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 2021 includes 563 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.

	2021	2020
Pension costs for defined contribution schemes	299,589	221,096

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

	2021	2020
Fair value of plan assets	379,160	345,579
Present value of funded obligations	469,125	458,480
Change in net obligation as a result of business combination	10,220	-35
Net pension obligations	100,185	112,866

Reconciliation of plan assets	2021	2020
At 1 January	345,459	313,179
Expected return	5,043	5,977
Contributions by Group	47,148	29,844
Benefits paid	-1,691	-1,650
Actuarial gain/(loss)	-16,474	104
Settlements	-	-
Administration fees	-326	-299
Change as a result of business combination	43,450	-1,695
At 31 December	422,610	345,459

Reconciliation of plan liabilities	2021	2020
At 1 January	458,325	413,138
Interest cost	7,874	9,524
Current service cost	32,521	31,488
Benefits paid	-1,691	-1,650
Actuarial (gain)/loss	-22,276	20,446
Social security tax	-5,629	-13,119
Settlements	-	-
Change as a result of business combination	53,670	-1,502
At 31 December	522,795	458,325

	2021	2020
Actuarial gains and losses recognised in OCI	5,802	-20,778

Pension cost (defined benefit plan)	2021	2020
Current service cost	29,827	27,843
Net interest cost	2,237	2,800
Administration costs	1,135	1,382
Accrued social security tax	4,508	4,226
Net pension cost	37,707	36,251

Principal actuarial assumptions	31.12.2021	31.12.2020
Discount rate on plan liabilities	1.9 %	1.7 %
Expected increase in pensionable salary	2.8 %	2.3 %
Future G-increase	2.5 %	2.0 %
Future pension increase	0.0 %	0.0 %
Turnover	8.7 %	8.7 %
Social security tax	14.1 %	14.1 %

19. ACQUISITIONS DURING THE PERIOD AND COMPLETED PRIOR PERIODS

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

No major acquisitions were made during 2021.

During 2020 the following companies were acquired in the Staffing segment:

Company	Location and country of incorporation	Acquired % of shares	Voting rights	Acquisition date
Acconia Resultatskap AB	Jönköping, Sweden	78%	78%	2/1/2020
Premier Services Sverige AB	Trollhättan, Sweden	39%	39%	12/31/2020

As of 31.12.2019 AB Söder & Co Forvaltning owned 35% in Acconia Resultatskap AB. During February 2020 Söder & Co Forvaltning AB acquired 43% of the remaining shares in the company. The acquisition resulted in a net increase in assets of NOK 475 901 and debt of NOK 413 934 as of 31.12.2020.

In 2019 Otiga Group, through its subsidiary AB Söder & Co Sverige, had an option to acquire the remaining outstanding shares in Premier Service Sweden AB. During 2020 the option to acquire the remaining shares expired without any of the parties exercising the option. In December 2020 the parties came to an agreement and AB Söder & Co Sverige acquired 39% of the shares, increasing the ownership to 90%.

During 2020 Otiga Group settled contingent considerations related to acquisitions in previous years amounting to NOK 35.7 million. The amounts settled related to the purchase of Vinde Tilkomsteknikk AS, AB Söder & Co Forvaltning and Clockwork Holding AB. Otiga Group does not consider these acquisition transactions to be material individually to its consolidated financial position or statement of comprehensive income.

During 2021 the Care segment had the following acquisitions:

Acquisitions during 2021 have been made primarily in the preschool segment. Total consideration was MNOK 126, which has been paid during 2021. Gnist Barnehager AS has been consolidated from 1.10.2021.

All business combinations in the Care segment during 2021 resulted in an addition to goodwill of NOK 20.7 million, Right-of-use assets of NOK 357.8 million, Lease liability of MNOK 354.7, fixed assets of NOK 60.8 million, Deferred tax liabilities of NOK 7.9 million and interest bearing debt of NOK 37.7 million. 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 2020 the Care segment had the following acquisitions:

Acquisitions during 2020 have been made primarily in the Preschool segment within Norway, Sweden and Finland, with Sprelloppbarnehagene being the largest. All business combinations during 2020 resulting in an addition to intangible assets of total MNOK 41.4.

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, board member in the group
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
Voss Resort AS	Associated company
Kvitfjell Prosjektutvikling AS	Associated company
Miliarium Bolig AS	Associated company
Hotell Stormen AS	Associated company
A&B Invest AS	Associated company
Mestringshusene AS	Associated company
Pioneer Property Group ASA	Associated company
BKN AS	Associated company
TK Skandinavia AS	Associated company
Brennemoen Eiendom AS	Controlled by the same shareholders
Pioneer Capital Partners AS	Controlled by the same shareholders
Norlandia Holding AS	Controlled by the same shareholders
Stöten i Sälen AB	Controlled by the same shareholders
Norlandia Fastigheter AB	Controlled by the same shareholders
Tanumstrand Fastigheter AB	Controlled by the same shareholders
Oslo Corporate Holding AS	Controlled by the same shareholders
Brado AB incl. Frösunda Omsorg AB	Controlled by the same shareholders

Receivables from associates and related parties

Company	2021	2020
Voss Resort AS incl. subsidiaries	16,103	15,676
Miliarium Bolig AS	139	174
Staffing Invest AS	15,936	14,385
Kvitfjell Prosjektutvikling AS	2,470	2,470
Vestfjorden AS	6,601	6,601
Oslo Corporate Holding AS	119	1,060
Mecca Invest AS	0	250
Klevenstern AS	0	250
Hotell Stormen AS	0	3,043
Frösunda Omsorg AB	0	1,079
Brennemoen Eiendom AS	0	11,881
Tanumstrand Fastighet AB	28,886	26,662
Ferda Gruppen AS	0	5,586
Caracap AS	1,500	1,500
A&B Invest AS	7,097	1,615
Total receivable related parties	78,852	92,231

Interest received from associates and related parties

Company	2021	2020
Voss Resort AS	319	435

Norlandia Fastigheter AB	1,029	1,418
Tanumstrand Fastighet AB	1,722	1,673
Norefjell Prosjektutvikling	-	26
Ferda Gruppen AS	140	86
RABG AS	600	600
Pioneer Investment AB	613	385
Staffing Invest AS	935	553
A&B invest AS	113	77
BKN AS	794	181
LNS Mining AS	289	433
Interest received from related parties	6,552	5,867

Rent of properties from associates and related parties

Company	2021	2020
Tanum Hotel & Konferensanläggning AB	20,272	19,905
Norlandia Holding AS inclusive subsidiaries	59,314	32,117
Total rent of properties from related parties	79,586	52,022

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	Owner of Klevenstern AS, board member in the group
Roger Adolfsen	Owner of Mecca Invest AS, board member in the group
Hospitality Invest AS	Major shareholder 100 %
Pioneer Property Group ASA	Significant ownership interest from the same shareholders

Receivables from associates and related parties

Company	2021	2020
Älvbäck Fastighets AB	3,452	-
Total receivable related parties	3,452	-

Liabilities to associates and related parties

Company	2021	2020
Hospitality Invest AS	24,680	24,314
Total receivable related parties	24,680	24,314

Sale of assets to associates and related parties

Company	2021	2020
Sale of property to Pioneer Public Preschools AS	14,610	-
Total rent of properties from related parties	14,610	-

Rent of properties from associates and related parties

Company	2021	2020
Rent of properties from Pioneer Property Group ASA	1,350	12,008
Total rent of properties from related parties	1,350	12,008

21. CASH AND CASH EQUIVALENTS

	2021	2020
Cash related to payroll tax withholdings	56,007	39,486
Unrestricted cash	706,334	664,588
Total cash and cash equivalents	762,341	704,073

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 2021	1,735,398	1,940,177	4,564,340	8,239,915
Cash flows	-1,118,737	825,641	-354,212	-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	-19,125	-478	-148,538	-168,141
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

	Non-current loans and borrowings	Current loans and borrowings	Non-current and current lease liability	Total
At 1 January 2020	3,612,976	243,939	3,834,285	7,691,200
Cash flows	-183,235	-205,233	-217,990	-606,458
Net amounts recognized from purchase and sale of companies	98,847	0	0	98,847
Amortized cost changes	2,760	0	0	2,760
Additions	0	15,000	816,541	831,541
Effects of foreign exchange	109,228	700	128,167	238,095
Reclassification	-1,912,184	1,912,184	2,697	2,697
Interest accrued in the period	7,006	-26,413	640	-18,766
Change in fair value	0	0	0	0
At 31 December 2020	1,735,398	1,940,177	4,564,340	8,239,915

23. EVENTS AFTER THE REPORTING DATE

Hospitality Invest acquired ~52% of Haneseth Gruppen AS in February 2022. Haneseth Gruppen is leading provider of multidisciplinary technical services across Northern Norway. Haneseth has delivered strong growth and solid EBITDA margins over the years and has a strong cash position ending 2021.

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. The technical breadth of the Group's service offering makes it an attractive employer and provider. Their services range from automation and operation to electrical services, heating, water and sanitation as well as ventilation. The Group has an active growth strategy which in addition to organic growth includes acquisitions. The company has a strong track-record of M&A to drive growth, having performed 15 acquisitions since 2004.

On February 10th 2022 Otiga Group AS notified Nordic Trustee AS of its intention to exercise its call option of the outstanding amount under the terms and conditions governing the bond issue OTIGA GROUP AS FRN Senior Secured Bonds 2019/2022 ISINNO0010858806. The loan was refinanced through a new bank facility on February 24th 2022.

ANNUAL REPORT (PARENT COMPANY) 2021

HOSPITALITY INVEST AS

HOSPITALITY INVEST AS

STATEMENT OF INCOME

(all amounts in NOK 1.000)

	Note	2021	2020
OPERATING INCOME AND OPERATING EXPENSE			
Revenue	3	15,101	11,662
OPERATING REVENUE		15,101	11,662
Personnel Expenses	2	13,651	11,131
Depreciation and amortisation expense	8	950	533
Other operating expenses		10,165	12,823
TOTAL OPERATING EXPENSES		24,765	24,487
PROFIT FROM OPERATIONS		-9,665	-12,825
FINANCIAL INCOME AND EXPENSE			
Other financial income	4	308,538	188,528
Other financial expenses	4	56,404	59,908
NET FINANCE		252,134	128,619
PROFIT BEFORE TAX		242,469	115,795
Tax on ordinary result	5	-11,268	-13,954
PROFIT		253,737	129,749
ATTRIBUTABLE TO			
To other equity		253,737	129,749
Net brought forward		253,737	129,749

HOSPITALITY INVEST AS

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1.000)

	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax asset	5	67,612	56,345
Total intangible assets		67,612	56,345
Tangible assets			
Machinery and Equipment	8.13	3,742	3,885
Total tangible assets		3,742	3,885
Financial fixed assets			
Investments in subsidiaries	9.13	1,467,775	1,243,959
Investments in associated companies	10.13	243,682	145,624
Investments in shares	13	17,315	40,249
Other receivables	11	52,381	69,067
Total financial fixed assets		1,781,153	1,498,899
TOTAL FIXED ASSETS		1,852,507	1,559,130
CURRENT ASSETS			
Debtors			
Accounts receivables			
Accounts receivables		8,484	2,905
Other receivables	11	45,519	41,319
Total receivables		54,004	44,224
Cash and bank deposits	12	115,605	164,124
TOTAL CURRENT ASSETS		169,609	208,348
TOTAL ASSETS		2,022,116	1,767,478

HOSPITALITY INVEST AS

STATEMENT OF FINANCIAL POSITION

(all amounts in NOK 1.000)

	Note	2021	2020
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		963,055	709,319
TOTAL EQUITY	6	1,155,327	901,590
Liabilities			
Other long-term liabilities			
Bonds	13	-	847,080
Liabilities to financial institutions	13	4,507	5,539
TOTAL LONG-TERM LIABILITIES		4,507	852,619
Current liabilities			
Trade creditors		385	982
Public duties payable		1,877	1,421
Bonds	13	848,673	-
Other short term liabilities	11	11,348	10,866
TOTAL SHOR-TERM LIABILITIES		862,283	13,268
TOTAL LIABILITIES		866,789	865,888
TOTAL EQUITY AND LIABILITIES		2,022,116	1,767,478

Oslo, 29 April 2022

Board of Directors of Hospitality Invest Group 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	2021	2020
Cash flow from operations			
Profit after income taxes		253,737	129,749
Tax expenses		-11,268	-13,954
Net finance		452	-
Gain/loss from sale of shares		-252,586	-
Depreciation		950	533
Changes in working capital			
Change in account receivables and other receivables		11,107	3,248
Change in trade and other payables		-748	815
Change in other accrual items		482	32,277
Net cash flow from operations activities		2,126	152,668
Cash flow from investments			
Payments to buy tangible assets		-807	-3,056
Investment in other group companies		79,794	-183,500
Investment in associated companies		-78,062	233,612
Payments to buy other investments		-	-11,546
Interest received		4,022	
Net cash flow from investments activities		4,947	35,510
Cash flow from financing			
Proceeds from short term loans			-884
Interest paid		-55,593	-59,087
Payment of dividend		-	-
Net cash flow from financing activities		-55,593	-59,971
Exchange gains / (losses) on cash and cash equivalents			
Net change in cash and cash equivalents		-48,520	128,207
Cash and cash equivalents at the beginning of the period		164,125	35,917
Cash and cash equivalents at the end of the period		115,605	164,125

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 are listed 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

	2021	2020
Personnel expenses		
Wages and salaries	11,385	9,412
Employee taxes	1,751	1,339
Pension costs	100	128
Other benefits	416	252
Total payroll and related costs	13,651	11,131
Number of employees (FTE)	8	6

	CEO	Chairman	Board
Remuneration to leading personnel			
Wages and salaries	2100	2100	150
Pension costs	23	23	0
Other benefits	297	546	0
Total remuneration to leading personell	2,421	2,669	150

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

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

	2021	2020
Auditor fee		
Statutory audit	757	796
Other services	325	676
Total	1,082	1,472

3. REVENUE

Revenue for 2020 consists of management fees invoiced to other group companies in addition to common costs.

	2021	2020
Operating income by business area		
Norway	12,516	7,678
Sweden	2,585	3,984
Finland	-	-
Total	15,101	11,662

4. FINANCE INCOME AND EXPENSE

	2021	2020
Finance income		
Interest income from group companies	1,797	2,295
Financial income from investments*	304,516	184,619
Other interest income	18	36
Other financial income	-	1,577
Total finance income	308,538	188,528
Finance expense		
Other interest expenses	55,597	59,887
Other financial expenses	807	22
Total finance expense	56,404	59,908
Net finance income recognised in profit or loss	252,134	128,619

*Financial income of investments in 2021 include 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 contribution-in-kind of NOK 29.8 million related to the transfer of NH Europe AS to Norlandia Health and Care Group AS is included. In 2020 the financial income of investments include dividends from associates of NOK 179,3 million and disposal of shares of NOK 5.3 million.

5. TAX

	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	-	-1,327
Changes in deferred tax assets	-11,268	-12,627
Tax expense on ordinary profit/loss	-11,268	-13,954
Taxable income:		
Ordinary profit/loss before tax	242,469	115,795
Permanent differences	-293,685	-179,629
Limitation on interest deduction brought forward	51,405	57,598
Changes temporary differences	-189	203
Taxable income before losses carried forward	-1	-6,033
Utilised losses carried forward	-	-
Taxable income:	-1	-6,033
Payable tax in the balance:	-	-
Receivable tax / Payable tax	-	-1,327
Total payable tax in the balance	-	-1,327
Calculation of effective tax rate:		
Profit/loss before tax	242,469	115,795
Calculated tax on profit/loss before tax (22%)	53,343	25,475
Tax effect of permanent differences	-64,611	-39,518
Other Items	-	89
Taxable income before losses carried forward	-11,268	-13,954
Effective tax rate	-4.6 %	-12.1 %

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:

	2021	2020	Difference
Tangible fixed assets	739	550	-189
Total	739	550	-189
Accumulated los to be brought forward	-139,992	-139,991	1
Limitation on interest deduction brought forward	-168,077	-116,672	51,405
Tax-increasing differences on tangible assets	739	550	-189
Basis for calculation of deferred tax	-307,329	-256,113	51,216
Deferred tax (22 % / 22 %)	-67,612	-56,345	11,268

6. EQUITY

	Share capital	Own Shares	Share premium	Retained	Total equity
Pr 01.01.2021	20,408	-52	171,915	709,319	901,590
Income for the year	0	0	0	253,737	253,737
Pr 31.12.2021	20,408	-52	171,915	963,055	1,155,327

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	Ownership	Votes
Klevenstern AS	134,894,971	46.27%	46.27%
Mecca Invest AS	134,877,471	46.26%	46.26%
Kronhjorten AS	4,000,000	1.37%	1.37%
Pioneer Property Group ASA	2,513,727	0.86%	0.86%
Others < 1%	15,262,370	5.23%	5.23%
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	134,894,971	46.27%
Roger Adolfsen	Board member/CEO	134,877,471	46.26%
Johnny R. Sundal	Board member	354 672	0.12%

8. FIXED ASSETS

	Machinery and equipment
Acquisition cost as at 01.01.2021	6,815
Addition of fixed assets	806
Acquisition cost as at 31.12.2021	7,621
Depreciation and write-downs as at 01.01.2021	2,929
Ordinary depreciation for the year	950
Depreciation and write-downs as at 31.12.2021	3,879
Book value 31.12.2021	3,742
Economic lifetime	3-10 years
Depreciation 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	Malmö, Sweden	100%	783
Norlandia Hotel Group AS	Oslo, Norway	100%	115,548
Hi Capital AS	Oslo, Norway	100%	616,432
Norlandia Health & Care Group AS	Oslo, Norway	100%	481,921
Tjuvholmen Eiendom AS	Oslo, Norway	100%	14,610
Otiga Group AS	Oslo, Norway	66%	197,711
Balance sheet value 31.12.21			1,467,775

10. INVESTMENTS IN ASSOCIATED COMPANIES

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

Subsidiaries	Location	Ownership	Voting rights	Result (100%)	Equity (100%)	Balance sheet value
Voss Resort AS	Skulestadmo	100.00%	30.60%	-14,725	52,137	28,605
PPG ASA ordinære aksjer	Oslo	30.60%	32.60%	62,593	1,377,369	5,487
Miliarium Bolig AS	Oslo	32.60%	24.20%	4,475	553,300	126,270
Hotel Stormen AS	Bodø	33.33%	33.33%	41,951	27,199	13,333
Norlandia Holding AS	Oslo	23.60%	23.60%	63,677	363,349	66,167
Vossevangen Utvikling AS	Voss	43.80%	43.80%	-770	3,748	3,820
Balance sheet value 31.12.21						243,682

11. TRANSACTIONS WITH RELATED PARTIES

	2021	2020
Receivables		
Group contributions	10,475	6,367
Other short term receivables	35,742	35,008
Loans to group companies	8,357	24,722
Total receivables	54,575	66,097
Liabilities		
Group contributions	-	-
Other short term liabilities	47	-
total Liabilities	47	-

Interest received from group companies and related parties NOK 1.796 million and interest paid to group companies NOK 0.

12. CASH AND CASH EQUIVALENTS

	2021	2020
Cash related to payroll tax withholdings	876	1,987
Unrestricted cash	114,730	162,137
Total cash and cash equivalents	115,605	164,124

13. LIABILITIES, MORTGAGES AND WARRANTIES

	2021	2020
Liabilities with maturity beyond 1 years		
Liabilities secured by mortgage		
Liabilities to financial institutions (long term)	4,507	5,539
Bonds	-	850,000
Accrued expense bond	-	-2,920
Total	4,507	852,619

Liabilities with maturity less than 1 years

Liabilities secured by mortgage		
Bonds	850,000	-
Accrued expense bond	-1,327	-
Total	848,673	-

Bond interest 3 month NIBOR + 6 %
 Bond due date 10/31/2022

Carrying amount of mortgage assets		
Machinery and equipment	3,742	3,885
Investments in shares and units	17,315	40,249
Investments in associated companies	243,682	145,624
Investments in subsidiaries	1,467,775	1,243,959
Total	1,732,514	1,433,718

Hospitality Invest AS comply with their financial covenants related to their bond loan as the cash and cash equivalents are above NOK 20 million and the book value of equity exceeds NOK 450 million.



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To the General Meeting of Hospitality Invest AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

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 2021, the 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 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations 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.

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 29 May 2018 for the accounting year 2018.

Key Audit Matters

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

Assessment of the carrying value of goodwill and intangible assets

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

The key audit matter	How the matter was addressed in our audit
<p>The Group has over several years acquired businesses resulting in significant goodwill and intangible assets, such as customer contracts and trademarks.</p> <p>As of 31 December 2021, the Group has goodwill of NOK 2.327 million and other intangible assets of NOK 894 million.</p> <p>An impairment assessment of goodwill and intangible assets was carried out by the management by assessing the value in use of the Group's cash generating units ("CGUs").</p> <p>Determining the value in use requires significant management judgement by making assumptions about future developments.</p> <p>Due to the materiality of these assets to the financial statement as a whole and the inherent uncertainty and subjectivity involved in forecasting and discounting cash flows, this is considered to be a key audit matter.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> Assessing management's processes and results for identification, consistent treatment and classification of cash generating units; Evaluating management's assessment of impairment indicators; Where impairment indicators were identified or where impairment testing was required, assessing if the models used to calculate value in use are appropriate and mathematically accurate; Assessing the discount rates utilized in cash flow forecasts with reference to available market data for selected assets tested; Evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on the current year cash flow forecasts; Evaluating and challenging management on the growth assumptions in the cash flow forecasts; Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of goodwill and intangible assets.

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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



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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name hi-2021-12-31 have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 April 2022

KPMG AS



Roland Fredriksen

State Authorised Public Accountant

GROUP WEB PAGES

PARENT & SUBSIDIARIES

Hospitality Invest AS
www.hospitalityinvest.no

Norlandia Care Group AS
www.norlandia.com

Hero Group AS
www.hero.no

Kidsa Drift AS
www.kidsabarnehager.no

Otiga Group
www.otigagroup.com

Norlandia Hotel Group AS
www.norlandiahotelgroup.no

Aberia Healthcare AS
www.aberia.no

NHC-Group
www.nhcgroup.no

ASSOCIATED COMPANIES

Pioneer Property Group ASA
www.pioneerproperty.no

Voss Resort
www.vossresort.no

Miliarium Bolig AS
www.miliarium.no

Norefjell Ski & Spa AS
www.norefjellskiogspa.no

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