NHC Group
Report Q1 2020

NHC

CONTENT

Key figures

(All figures in NOK million)

	Q1 20	Q4 19	YTD 20	Q1 19	Q4 18	FY 19
Total revenues	1 320,3	1 340,8	1 320,3	1 265,2	1 245,1	5 046,6
EBITDA	151,9	133,2	151,9	150,7	12,5	577,3
EBITDA (%)	11,5 %	9,9 %	11,5 %	11,9 %	1,0 %	11,4 %
EBITA	46,5	24,3	46,5	49,3	1,1	160,7
EBITA (%)	3,5 %	1,8 %	3,5 %	3,9 %	0,1 %	3,2 %
EBIT	36,6	14,0	36,6	40,1	(7,0)	122,6
EBIT (%)	2,8 %	1,0 %	2,8 %	3,2 %	-0,6 %	2,4 %
EBT	(90,3)	(71,6)	(90,3)	31,3	(69,9)	(66,0)
EBT (%)	-6,8 %	-5,3 %	-6,8 %	2,5 %	-5,6 %	-1,3 %
EBITDA - adjusted for IFRS 16	45.7	67.3	45.7	47.5		202.1
EBITA - adjusted for IFRS 16	33.6	50.1	33.6	36.3		146.9

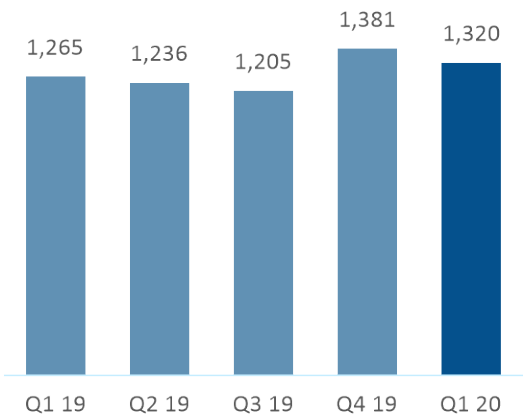
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

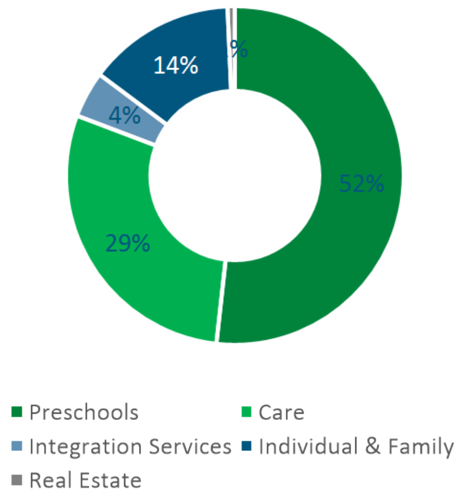
Q1 20 Highlights

- Q1'20 revenues of NOK 1,320 million, EBITDA of NOK 152 million and EBITA of NOK 47 million
- EBITDA adjusted for IFRS 16 effects, of NOK 46 million, and adjusted EBITA of NOK 34 million
- Strong quarter from Preschools with 12% revenue growth year on year and an adjusted EBITA of NOK 39 million
- Restructuring of Individual & Family and Integration Services progressing well, with both segments showing underlying profitability going into 2H 2020
- Strong organic development, with several tender wins within Aberia and Care
- Operationally, all segments and geographies materially affected by Covid-19. Mixed financial effects across the segments, but only marginal impact on the Group overall for the quarter
- Large uncertainty around longer term effects of Covid-19. Clearly, NHC to be negatively impacted in the coming quarters, primarily within Care. Higher unemployment could lead to lower occupancy within Preschools. Total effects largely dependent Covid-19 development and on the extent and structure of the various state support programs
- Pioneer Property Group ASA, a company majority-owned by NHC's owner, Adolfsen Group, stated in its 2019 Annual Report that it has purchased NHC bonds with par value of around NOK 360 million

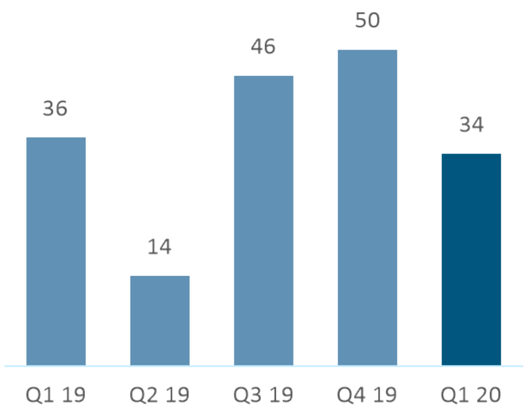
ADJ. REVENUE PER QUARTER (MNOK)



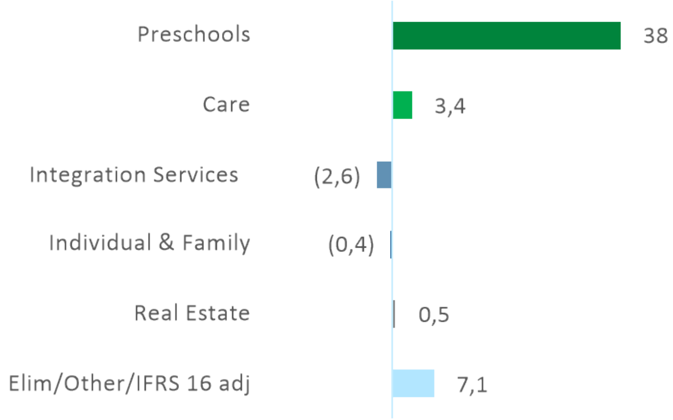
SEGMENT DISTRIBUTION Q1 20 (%)



ADJ. EBITA PER QUARTER (MNOK)

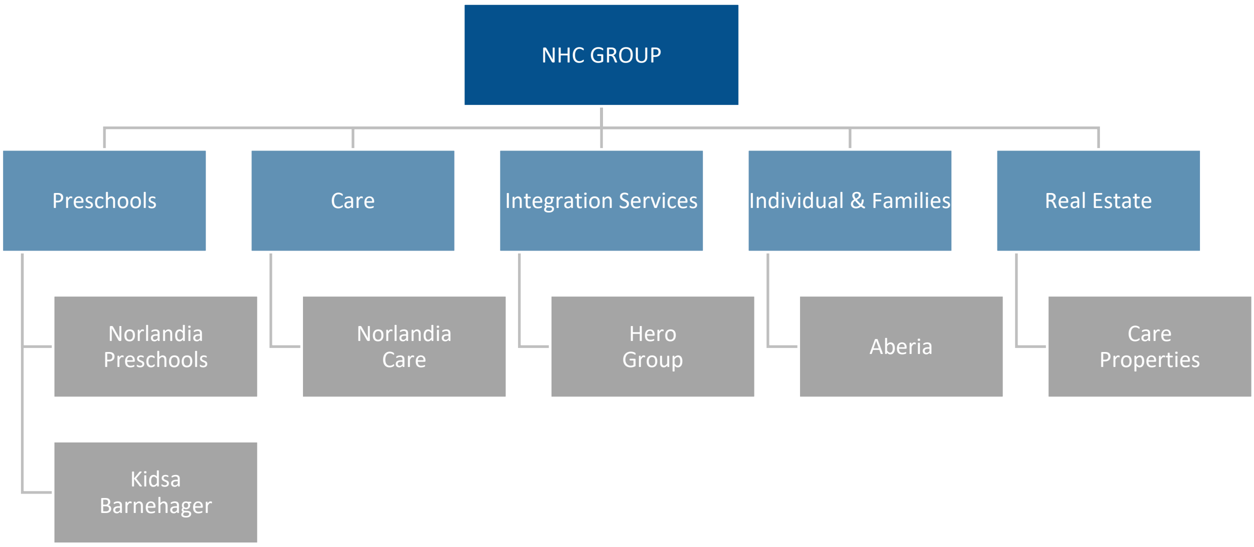


EBITA DISTRIBUTION Q1 20 (MNOK)



Norlandia Health & Care Group AS

NHC is a leading Nordic provider of care services operating within the following segments; Preschools, Care, Integration Services, Individual & Family and Real Estate. The Group has operations in Norway, Sweden, Finland, Poland, the Netherlands and Germany. Below is a simplified overview of the Group's reporting structure and the operating companies within each segment. This should not be regarded as a legal structure for the Group. For further information on each segment, we refer to the 2019 Annual Report and the respective subsidiaries' web pages.



Financials

CONSOLIDATED INCOME STATEMENT AND CASH FLOWS (UNAUDITED)

The Group reported a consolidated EBITA of NOK 46.5 million and revenues of NOK 1,320.3 million in Q1'20. The 4.4% increase in revenues year on year is primarily driven by Preschools. When adjusting for the acquisition of Ringen Rehabilitering, where the full year revenues were recorded in Q4'19, revenues also grew relative to this quarter.

EBITA, adjusted for leasing effects from IFRS 16, amounted to NOK 33.6 million, slightly down from 36.3 million in the year prior. Quarter on quarter, adjusted EBITA was significantly up, when adjusting for real estate gains and positive one-offs in Q4'19.

Net finance amounted to NOK -128.3 million for the quarter, due to net interest costs of NOK -51.6 million, of which interest related to capitalized leasing amounted to NOK -24.2 million. In addition, net finance was heavily affected by net unrealized currency losses of NOK -78.7 million, which reflect the impact on the SEK denominated bond loan following the weakening of the NOK in March. Note that this effect is partially offset by Currency translation differences in the Statement of Comprehensive income, as the Group has net investments in SEK-denominated entities.

Profit before tax amounted to NOK -90.3 million for the quarter. Adjusted for IFRS 16 effects, profit before tax came in at NOK -79.0 million.

Thus, the net effect of IFRS 16 amounted to NOK -11.3 million for the quarter, made up of reduced revenue of NOK 3 million due to sale leaseback, increased depreciation charges of NOK 93.4 million and finance charges of 24.2 million. This was partly offset by reduced leasing expenses of NOK 109.3 million. See note 9 for more details.

The Group generated operating cash flows of NOK 107.5 million for the quarter, positively affected by a re-classification of leasing costs, totaling NOK 109.3 million, from EBITDA (operational cash flow) to amortization of lease liability (financing cash flows). Change in working capital amounted to NOK -38.3 million.

Cash flows from investing activities amounted to NOK 7.8 million, reflecting sale of properties with a book value of NOK 33.8 million, partially offset by investments in properties and maintenance capex of NOK 22.0 million.

Financing cash flows amounted to NOK -97.9 million, reflecting amortization of lease liability in the amount of NOK 109.3 million, net increase in interest-bearing debt of NOK 38.9 million, and net interest payments of 27.4 million. The Group generated total cash flows of NOK 17.4 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 31 MARCH 2020 (UNAUDITED)

As of 31 March 2020, the Group had total non-current assets of NOK 6,341.8 million, of which NOK 3,316.0 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets".

Cash and cash equivalents amounted to NOK 173.6 million, up from NOK 169.1 million at year-end 2019. The Group has a revolving credit facility of NOK 250 million with Danske Bank which is temporarily drawn upon in the various divisions as cash pooling is and will not be fully optimized towards all markets and borders at all hours. The amount drawn on the facility will generally be highest at the end of each quarter as the majority of the income for preschools in Norway is received at the beginning of each quarter. As per Q1'20, NOK 163.7 million was drawn.

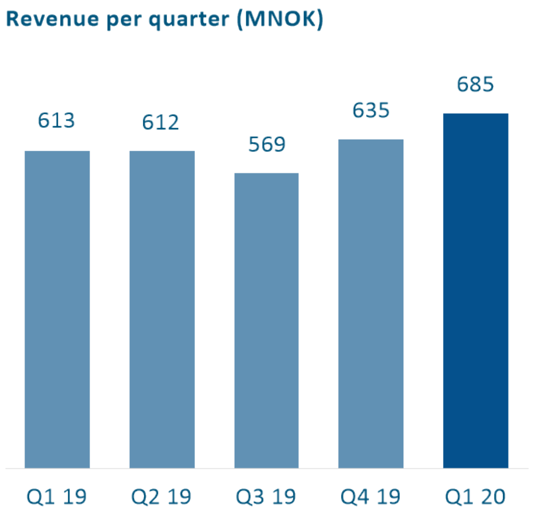
Total assets amounted to NOK 7,033.2 million at the end of the quarter.

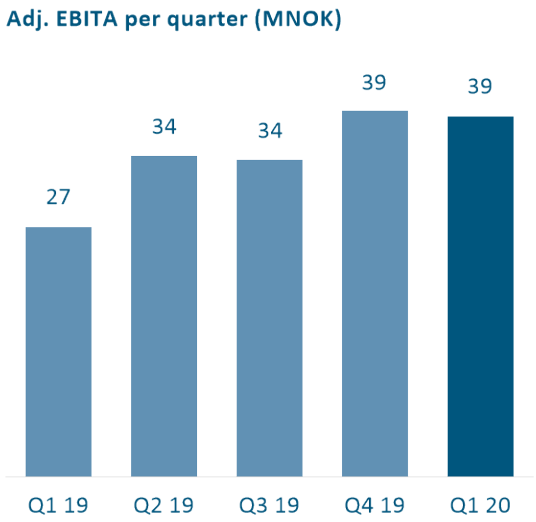
Total non-current liabilities amounted to 5,391.8 million, including NOK 3,075.2 million classified as "Lease liability" under IFRS 16. Total current liabilities increased from NOK 1,281.1 million at prior year-end, to NOK 1,364.0 million in Q1'20.

Per 31 March 2020, the Group's total equity amounted to NOK 277.4 million.

BUSINESS SEGMENTS

Preschools





The first quarter of 2020 generated revenues of NOK 685 million, up from NOK 635 million in Q4'19. Year on year, revenues are up 12%, reflecting 20% growth in the international segment, driven by Sweden, Finland and Poland.

The adjusted EBITA of NOK 39 million was flat on the prior quarter, which included positive one-offs of NOK 31 million. Adjusting for this, profitability is significantly up quarter on quarter, explained by stronger performance in all markets except Poland, which is still in a ramp-up phase. Year on year, adjusted EBITA is up from NOK 27 million.

In Norway, all preschools were closed from the 12th March until the 20th of April, except for children with parents in professions critical for society. During this period, all revenues were maintained through continued payments of grants from municipalities, and full compensation for lost parent payments. Meanwhile, staffing expenses were kept constant while other operating costs were also mainly unchanged. While we currently do not see negative effects from Covid-19, we expect weaker utilization in 2H20, as a consequence of higher unemployment. On the regulatory side, the staffing norm is still pressuring margins and will continue to do so until the private sector will be compensated for the associated cost increase in 2021 and 2022. Potential additional regulation, relating to a proposal to implement national economic supervision of private providers, is put on hold until the fall of 2020, due to the Covid-crisis.

The international segment delivered a strong quarter, with steady growth in both revenues and profitability. As stated in earlier reports, after several years of aggressively pursuing revenue growth, mainly through greenfield initiatives in Sweden, Finland and Poland, we have now reduced our growth pace. While a total of 50 preschools were added during 2018, another 21 units were opened in 2019, in addition to several openings within our German operations (unconsolidated). For 2020, 7 new units are planned opened. As mature units generate substantially higher margins than our newer units, and as we reduce the growth pace, we expect to see higher margins overall from our international operations.

Our operations in Netherlands are performing well, with stable and strong profitability. Finland is steadily improving its profitability, but still experiencing growth costs that depress margins, following 9 new openings in 2H 2019. The mature units show strong profitability, while the newer units are improving as they are filled. Poland is still in a start-up phase and while the mature units are profitable, the new units will cause overall losses in Poland in 2020. Additionally, Sweden is now delivering strong profitability and is becoming increasingly important to the Group as volumes on both top- and bottom-line are picking up, following strong growth in recent years and the opening of 7 new units in 2019.

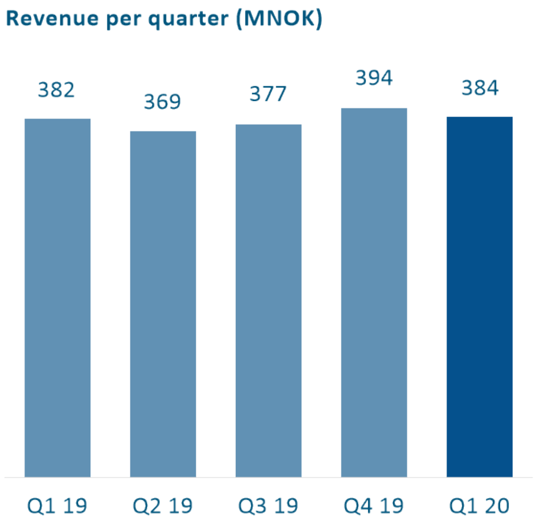
For the International segment in total, we experienced roughly neutral effects from Covid-19 during the first quarter. In Sweden, preschools have been kept open, but with lower attendance and with state support for compensation of sick leave and lower employer' taxes. This had a positive effect in March. This was offset by negative effects in Netherlands, Finland and Poland, where parent pay was reduced, and only partially compensated by reduced costs. Medium term, we anticipate negative effects overall, as higher unemployment may lead to lower occupancy.

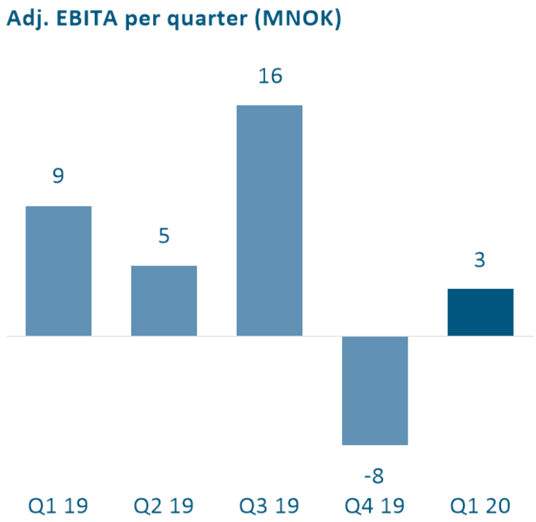
NH Europe, the JV with parent company Hospitality Invest, is the acquisition vehicle for Norlandia Preschools. As of 31st March 2020, the company operated 32 units. After the balance sheet date, 2 units in Sweden were acquired.

Additionally, Wekita, owned 50% by NHC, had 30 units (and an additional 12 units as franchisor) at quarter-end. For the first quarter, combined for NH Europe and Wekita, adjusted EBITDA and EBITA amounted to NOK 5 and 4 million respectively. While these companies are currently not consolidated in the NHC financial accounts, we expect to assume 100% ownership and hence consolidate the operations within the next 2 years.

As of 31st March 2020, Norlandia Preschools operates 355 units. Of these, 32 units are operated through management agreements and owned through NH Europe, while 30 units are 50% owned by Wekita (Germany).

Care





The Care segment reported revenues of NOK 384 million in Q1'20, slightly up YoY, due to growth in Sweden, offset by Norway. The adjusted EBITA of NOK 3 million was weaker year on year, explained by decreased volumes in Norway and tougher market conditions in the Swedish elderly care market. In addition, startup costs for new units in Sweden impacted profitability. While Covid-19 has taken a lot of focus from the whole organization, the financial effects were minor for the quarter.

For the remainder of 2020, we expect to be heavily affected by Covid-19. In Sweden, the short-term demand for elderly care beds, specially in the Stockholm region, has declined, mainly due to a temporary slow-down in new placements. Additionally, our costs have increased due to procurement of new equipment and a material increase in sick leave.

In Norway, we are negatively affected by the virus through reduced revenues from our home care and patient hotel operations, and increased costs in all segments.

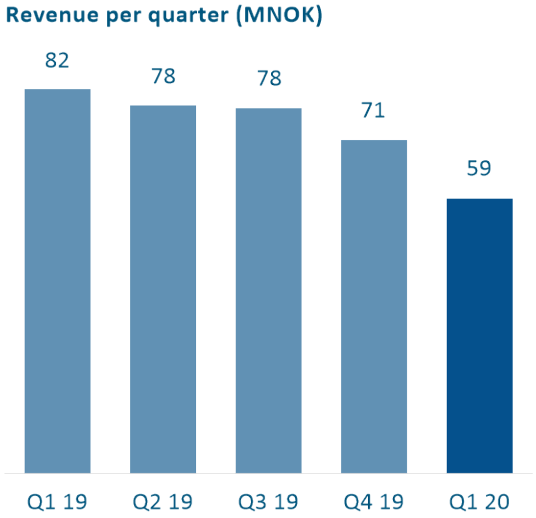
Our Finnish operations continued its solid performance during the quarter, and we are looking to grow both our revenues and profits in Finland going forward. We are actively working with the Finnish elderly care market, where we see a window of opportunity for our current and potentially expanded service offering. During the quarter, the contract for our patient hotel in Tampere was prolonged by another 2 years, and a new own management contract in the Helsinki region was signed, with planned opening in 2022.

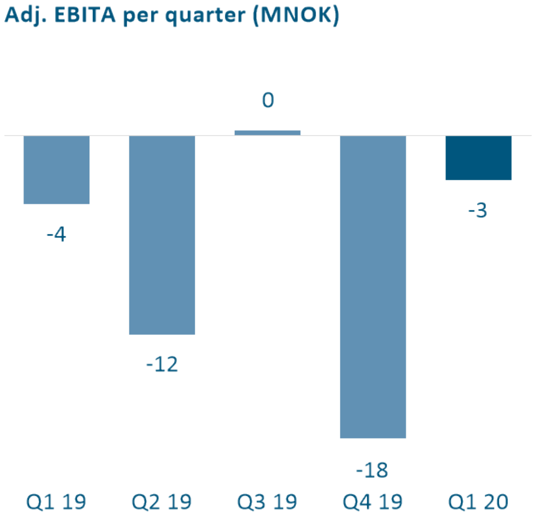
While Finland is progressing well, and the long-term fundamentals for Care remains strong, the short-term outlook is challenging. Norway is politically challenging, with limited growth potential through tender awards. Although new and exciting concepts and service offerings are being evaluated and planned, these initiatives will not have a meaningful impact on profitability until 2021 onwards. In Sweden, competition is intense and profit margins are thin. Although efficient operations and high occupancy will enable positive profitability, a shift towards own management operations are required and ongoing in order to generate solid profit margins. 3 new own management units are due to open during 2020, which are expected to be loss-making during a 12-month ramp-up period. We cautiously continue to build this pipeline, through a balanced risk approach.

The short-term outlook is further challenged by Covid-19, which we expect will have a material negative effect on profitability in 2020.

Lead times within the Care segment are long and the Covid-19 situation could pro-long these further. However, we remain positive on the long-term merits of Care, as we continue to create long term values through new concept developments, aimed at meeting future demands with respect to quality and volume within the sector.

Integration services





Integration Services generated revenues of NOK 59 million and an EBITA of NOK -3 million in Q1'20. Revenues are down both QoQ and YoY, reflecting reduced activity across all segments.

After several years of heavy losses, we now believe all three segments within Integration Services are positioned to deliver a break-even result in 2020.

Within Accommodation Services, we have 7 reception centers in Norway, all generating decent profitability. The activity within the asylum market is still at a very low level, hence our objective remains to keep each reception center operating profitably, and keeping overhead expenses at a minimum.

In Germany, we currently operate 3 reception centers and provide integration courses in various cities. The operations are running at close to break-even, but represent a potential upside if we are able to capture additional volume.

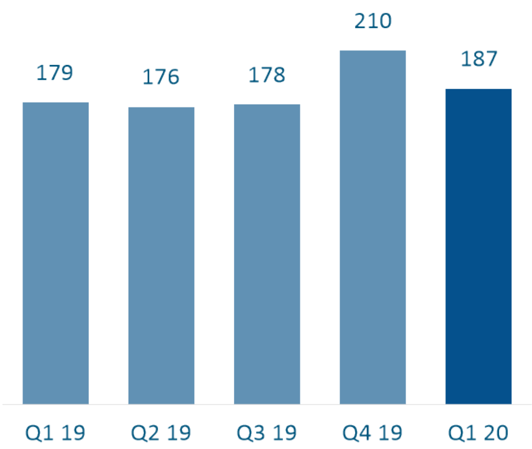
The Education segment has been scaled down, and the loss-making Bergen department has been closed down. So far, there is little impact from Covid-19, although there may be an upside for the segment as the Labor and Welfare Authorities will need to intensify efforts to re-employ a large number of people that are now unemployed.

The turnaround of the Interpretation segment is to a large extent completed. Most importantly, a centralized Nordic customer center has been established, and we have exited unprofitable contracts sin Sweden. However, as we were ramping up for additional volumes on a new frame agreement in Norway, demand collapsed as an effect of Covid-19. Since then, we have seen demand recover through video interpretation and translation.

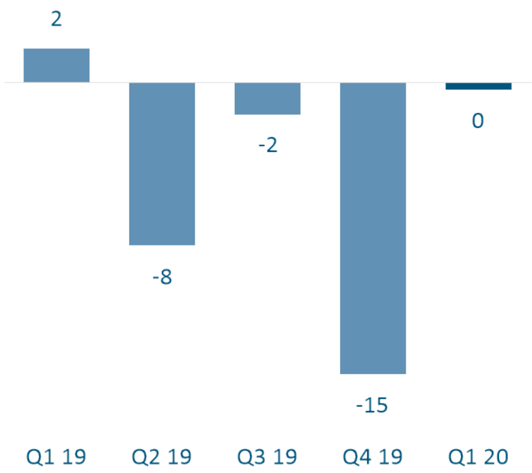
Integration Services has been challenging in recent years with a dramatically reduced demand for our services, compared to only a few years ago. The revenue base is now less than 15% of the 2016 level and around 1,200 employees have been laid-off. Due to this rapid decline, the corresponding cost cuts and restructuring initiatives have to date been insufficient to prevent losses within the segment. Although there is uncertainty around the financial impact from Covid-19 for the remained of the year, we expect to achieve a break-even result in 2020.

Individual & family

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



Aberia generated revenues of NOK 187 million in Q1'20, up year on year, and also up relative to prior quarter, when adjusting for the acquisition of Ringen Rehabilitering, where the full year revenues were recorded in Q4. The adj. EBITA was zero.

Child care and family homes, along with rehabilitation and BPA, represent the core operations in Norway. Combined, these operations are generating healthy profitability. Throughout 2019, we have worked to separate and isolate the non-core operations, in order to sell or terminate these in an efficient and responsible manner. This work is progressing well but as communicated, we expect to incur some costs for these operations also in the first half of 2020.

During the quarter, Aberia sold its 89% shareholding of Drive For Life AS for a nominal value. Additionally, certain units were closed down, and the termination of child care operations in Sweden (HVB) is progressing according to plan. Several other processes and efficiency programs are also nearing completion.

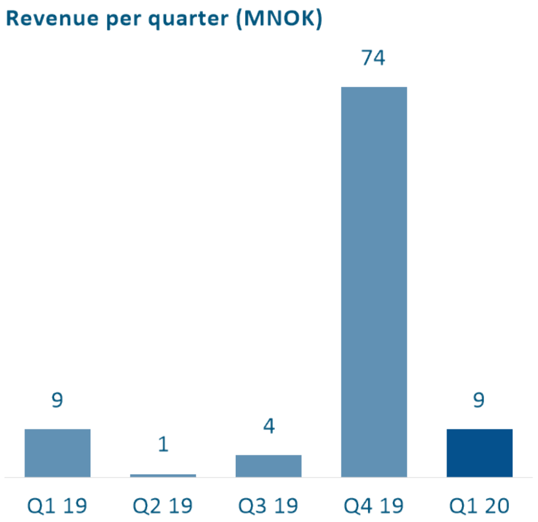
The above measures, as well as those conducted during 2019, are all expected to contribute to a more stream-lined operating segment, with a more focused portfolio.

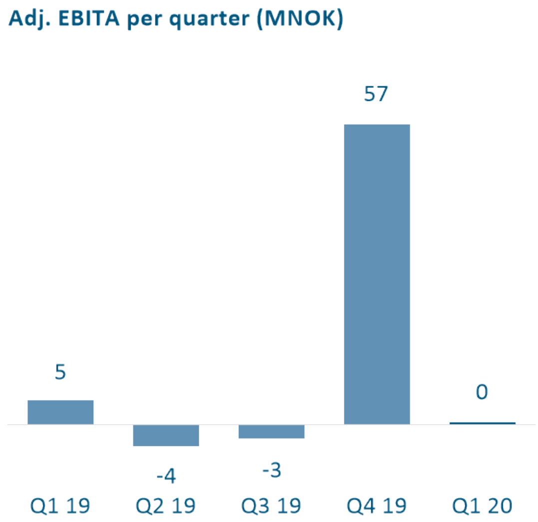
During 2019, we have invested significantly in the start-up of our LSS operations in Sweden. 2 own management operations commenced during the quarter, and another 2 rental contracts (tenders) are set to start in Q2. With 11 units in operation, we target break-even results before overhead in 2H20.

Covid-19 represents an uncertainty even for the Individual & Family segment. Despite a dramatic increase in sick leave, 100% of the operations were maintained during the quarter, but we will see costs increase due to increased use of temporary personnel. Also, additional equipment procurement will affect profitability negatively. In Sweden, the ramp up of our new LSS units are taking longer than expected, also as a consequence of Covid-19.

Aberia has been through a major restructuring, in order to stream-line operations and focus its portfolio. While we are terminating loss-making operations, our core operations are profitable and growing, and the segment as a whole is clearly moving in the right direction. Although Covid-19 will have temporary negative effects on profitability in 2020, we still expect to show a profit for the full year, and solid margins from 2021 onwards.

Real Estate





Care Properties recorded revenues of NOK 9 million, with an adjusted EBITA of NOK 0 million in Q1'20.

During the quarter, 2 LSS units were sold to Kinland (a fund owned by Whitehelm Capital). The transaction generated net cash proceeds of around NOK 30 million with a gain of around 10%.

Other sales processes are on-going as planned and are expected to be completed in the coming months. We see strong interest from various parties to partner with NHC group on property projects. Based on solid operations, NHC will continue both developing, and through other processes, gain property positions. Care Properties has generated an adjusted EBITDA of around NOK 50 million per year since 2016, and we expect to maintain this level going forward. Besides cash flow and profitability, most importantly, we expect future transactions to support NHC operating companies through access to good properties and solid long-term operations.

OUTLOOK AND MAIN RISK FACTORS

While NHC operates in defensive sectors with strong counterparties, the Covid-19 pandemic represents the main uncertainty and risk for 2020. Since NHC' operations and markets saw the first effects of this event in early March 2020, the situation has deteriorated with an unprecedented intensity and speed. All our operations are materially affected. Although in different ways across our operating segments and geographies.

The Care segment appears most vulnerable to negative financial consequences, due to reduced occupancy and higher personnel and procurement costs. Although the segment will clearly be negatively affected, the actual financial effects are uncertain and highly dependent on the developments of the pandemic, and corresponding Government support packages. However, we expect these effects to be temporary, and that the long-term fundamentals remain strong.

Additionally, the regulatory framework has a significant influence for the Group and our ability to deliver services with high quality. Political risk is therefore present as major shifts may have a significant impact in the way we deliver our services. In Norway, these risks are clearly most evident at time being, affecting both our Preschools and Care operations.

To limit our exposure to unfavorable political and market shifts, we continue to diversify our operations. Our international operations are growing, and margins are healthy. Through the JV established with Hospitality Invest, we intensify our focus on growing the international preschool segment and will strive to grow also other segments cleverly calibrated towards political and regulatory prospects.

For the Care segment overall, we remain positive on its long-term merits. We believe there is clearly a need for the services we provide, as well as an extension of these services to meet a new and growing demand. This new demand will require higher quality services, provided in a more efficient manner. These relate to both institutional elderly care, home care services and personal assistance. It is our ambition to be at the forefront in the supply of these services. We see our pipeline of own management projects increase, which it also will continue to do for the coming quarters. We are on or ahead of our plan on rebalancing our portfolio from tenders to own management/concession-based operations.

Within Individual & family and Integration Services, we have undergone a full restructuring of the operations and several businesses and sub-segments have been terminated. Both segments are now showing underlying profitability as we move into 2H 2020.

The Group has pursued rapid growth during recent years to compensate for the collapse within Integration Services. This growth has been achieved mainly through Preschools International, incurring material growth costs along the way. While selected organic opportunities will continue to be pursued and overall continue to grow NHC, we aim to materially reduce our growth costs going forward.

The market fundamentals within all of NHC`s operating areas remain strong, and so do our motivation to be a progressive part of our growing markets. After recent rapid growth, we continue to consolidate and steady execute actions on efficiency and profitability. This will evolve into higher operating margins as also growth initiatives taken in recent years continue to mature on the back of slimmer and more focused divisions.

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM)

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

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

STATEMENT FROM THE BOARD OF DIRECTORS

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

Oslo, 26 May 2020

Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen	Roger Adolfsen	Ingvild Myhre
Chairman of the Board	Member of the Board	Member of the Board

Yngvar Tov Herbjørnssønn
CEO

For more information:

Erik Nicolay Sandøy
CFO
erik.nicolay.sandoy@norlandia.com

Ticker codes:

Norlandia Health & Care Group AS has issued two bond loans listed on Oslo Stock Exchange (www.oslobors.no) with the following names and ticker codes:
Norlandia Health & Care Group AS 16/21 FRN C
Ticker: NHC01

Norlandia Health & Care Group AS 16/21 FRN SEK C
Ticker: NHC02

This report was released for publication on 27 May 2020. The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q1 20	Q1 19	FY 19
Operating income				
Revenue		1 308,9	1 232,4	4 942,2
Other operating revenue		11,4	32,8	104,4
Total operating revenue	3	**1 320,3**	**1 265,2**	**5 046,6**
Operating expenses				
Cost of goods sold		43,9	35,7	157,8
Personnel expenses		972,1	929,7	3 668,3
Other operating expenses	9	152,4	149,1	643,2
EBITDA		**151,9**	**150,7**	**577,3**
Depreciation	9	105,4	101,4	416,6
EBITA	3	**46,5**	**49,3**	**160,7**
Amortisation	4	9,9	9,2	38,0
EBIT		**36,6**	**40,1**	**122,6**
Finance				
Net finance	5, 9	-128,3	-9,6	-187,2
Share of post-tax profits of associates		1,4	0,8	-1,4
Profit before income tax		**-90,3**	**31,3**	**-66,0**
Income tax	6	1,8	1,4	2,2
Profit for the period		**-88,5**	**32,7**	**-63,8**

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q1 20	Q1 19	FY19
Other comprehensive income				
Profit for the period		-88,5	32,7	-63,8
Changes in pension liabilities		-	-	10,0
Deferred tax related to these items		-	-	-2,2
Changes in other items net of tax		-	-	0,6
Total items not reclassified		**-88,5**	**32,7**	**-55,3**
Currency translation differences		58,5	-23,7	-14,8
Items that will be reclassified		-	-	-
Other comprehensive income, net of tax		**58,5**	**-23,7**	**-6,4**
Total comprehensive income for the period		**-30,0**	**9,0**	**-70,2**
Attributable to				
Equity holders of the parent company		-36,9	11,0	-80,5
Non-controlling interest		6,9	-2,0	10,3
Total comprehensive income for the period		**-30,0**	**9,0**	**-70,2**
Attributable to equity holders arising from				
Continuing operations		-30,0	9,0	-70,2
Total comprehensive income for continuing operations		**-30,0**	**9,0**	**-70,2**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	31.03.2020	31.03.2019	31.12.2019
Non-current assets				
Deferred tax assets		70,8	69,3	74,1
Intangible assets	7	2 279,8	2 231,4	2 210,3
Property, plant & equipment		559,5	446,3	550,0
Right-of-use assets		3 316,0	3 250,0	3 325,4
Investment in associated companies		43,1	56,2	41,6
Other investments		33,5	9,5	33,1
Other long term receivables		39,1	108,7	23,8
Total non-current assets		**6 341,8**	**6 171,5**	**6 258,2**
Current assets				
Inventories		5,4	3,3	6,8
Accounts receivables		260,7	298,0	207,2
Other short-term receivables		251,7	235,9	190,1
Cash and cash equivalents		173,6	227,8	169,1
Total current assets		**691,4**	**765,0**	**573,2**
Total assets		**7 033,2**	**6 936,5**	**6 831,4**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	31.03.2020	31.03.2019	31.12.2019
Equity				
Share capital		300,0	300,0	300,0
Other equity		-79,2	108,0	-42,2
Equity attributable to owners of the parent		**220,8**	**408,0**	**257,8**
Non-controlling interest		56,6	38,4	49,6
Total equity		**277,4**	**446,5**	**307,4**
Liabilities				
Pension liabilities		100,8	160,8	93,4
Deferred tax liability		159,6	164,3	159,7
Loans and borrowings	8	2 053,0	1 964,3	1 904,4
Lease liability		3 075,2	2 952,3	3 081,6
Other non-current liabilities		3,1	2,6	3,7
Total non-current liabilities		**5 391,8**	**5 244,3**	**5 242,9**
Accounts payable		93,2	101,2	112,0
Loans and borrowings		191,3	213,0	204,8
Lease liability		345,4	310,2	324,3
Taxes payable		7,9	0,1	1,0
Other current liabilities		726,1	621,1	638,9
Total current liabilities		**1 364,0**	**1 245,7**	**1 281,1**
Total liabilities		**6 755,8**	**6 490,0**	**6 524,0**
Total equity and liabilities		**7 033,2**	**6 936,5**	**6 831,4**

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q1 20	Q1 19	FY 19
Cash flow from operating activities				
EBITDA		151,9	150,7	577,3
Net of taxes paid and non-cash adjustments in EBITDA		-6,2	-2,9	37,6
Change in net working capital		-38,3	-59,3	9,0
Net cash flow from operating activities		**107,5**	**88,5**	**623,9**
Cash flow from investing activities				
Net investment in property, plant and equipment		-22,0	-34,6	-275,0
Investment in shares in business		-0,4	-39,2	-67,8
Net book value proceeds from sale of assets		33,8	5,8	115,6
Net change in financial receivables		-3,7	-0,6	90,1
Net cash flow from investing activities		**7,8**	**-68,6**	**-137,0**
Cash flow from financing activities				
Issuance of interest-bearing debt		62,5	106,3	133,7
Repayment of interest-bearing debt		-23,6	-0,2	-121,7
Lease lialibility - amortisation and interest		-109,3	-103,2	-415,0
Payment to non-controlling interest		-	-	-
Net interest paid and other financial items		-27,4	-24,2	-103,9
Distributions to owners		-	-	-45,0
Net cash flow from financing activities		**-97,9**	**-21,3**	**-551,9**
Changes in cash and cash equivalents				
Net change in cash and cash equivalents		17,4	-1,4	-65,1
Effects of changes in exchange rates on cash		-12,9	-2,7	2,3
Cash and cash equivalents at the beginning of period		169,1	231,9	231,9
Cash and cash equivalents at end of period		**173,6**	**227,8**	**169,1**

Consolidated Statement of Changes in Equity (unaudited)

(All figures in NOK million)

	Notes	Share capital	Share premium	Retained earnings	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Balance as of 31-December-18		300,0	-	79,1	19,2	398,2	39,3	437,6
Profit		-	-	-74,9	-	-74,9	11,2	-63,8
Other comprehensive Income		-	-	8,4	-14,0	-5,5	-0,9	-6,4
Total comprehensive Income		**-**	**-**	**-66,5**	**-14,0**	**-80,5**	**10,3**	**-70,2**
Incorporation		-	-	-	-	-	-	-
Capital increase		-	-	-	-	-	-	-
Capitalization issue		-	-	-	-	-	-	-
Increased non-controlling interest from business combination		-	-	-	-	-	-	-
Distribution to owners		-	-	-60,0	-	-60,0	-	-60,0
Acquisition of shares from non-controlling interest		-	-	-	-	-	-	-
Consideration for shares in subsidiaries		-	-	-	-	-	-	-
Total contributions and distributions		-	-	-60,0	-	-60,0	-	-60,0
Balance as of 31-December-19		300,0	-	-47,5	5,2	257,8	49,6	307,4
Balance as of 31-December-19								
Profit		-	-	-89,6	-	-89,6	1,1	-88,5
Other comprehensive Income		-	-	-	52,7	52,7	5,8	58,5
Total comprehensive Income		**-**	**-**	**-89,6**	**52,7**	**-36,9**	**6,9**	**-30,0**
Contributions by and distributions to owners								
Distribution to owners		-	- -		-	-	-	-
Non-controlling interest acquired from business combination		-	-	-	-	-	-	-
Acquisition of shares from non-controlling interest		-	-	-	-	-	-	-
Own shares		-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
Total contributions and distributions		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as of 30-September-20		**300,0**	**-**	**-137,1**	**57,9**	**220,9**	**56,6**	**277,4**

Oslo, 26 May 2020

Board of Directors of Norlandia Health & Care Group AS

Kristian A. Adolfsen
Chairman of the Board

Roger Adolfsen
Member of the Board

Ingvild Myhre
Member of the Board

Yngvar Tov Herbjørnssønn
CEO

Notes to the consolidated statements

1. GENERAL

The consolidated financial statements of Norlandia Health & Care Group AS comprise the company and its subsidiaries, collectively referred to as the Group. The Group operates within markets that involve certain operational risk factors. The Group is further exposed to risk that arise from its use of financial instruments. The various companies within the Group are systematically working to mitigate and manage risk on all levels. The annual report for 2019 offers additional description of the Group's objectives, policies and processes for managing those risk elements and the methods used to measure them.

2. BASIS FOR PREPARATION

The interim financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB). The interim report does not include all the information required for complete annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for 2019. The accounting policies are the same as those described in the annual report for 2019. The interim financial report has been prepared based on the principles of IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

3. REVENUE, EBITDA, EBITA AND EBIT BY SEGMENT

The Group has identified operation segments in accordance with the reporting requirement in IFRS 8. Based on the legal structure and the internal reporting the reportable segments are; "Preschool", "Care", "Integration Services", "Individual & Family" and "Real Estate". The segment "Other" includes both Group eliminations as well as Other operating revenue not related to the identified segments. As per end of Q1'20, LTM pro-forma EBITDA was NOK 148.7 million (excludes Real Estate.)

NOK million	Q1 20	Q4 19	2020 YTD	Q1 19	Q4 18	2019
Revenue by segment						
Preschools	685,2	635,0	685,2	612,9	556,8	2 429,2
Care	384,0	393,7	384,0	381,9	393,4	1 520,8
Integration services	58,7	71,1	58,7	81,9	79,9	309,5
Individual & Family	186,9	209,7	186,9	179,1	188,7	742,7
Real Estate	9,3	74,0	9,3	9,3	32,6	88,3
Other/Elim./IFRS 16 adj	-3,8	-42,8	-3,8	0,0	-6,4	-44,0
Total	**1 320,3**	**1 340,8**	**1 320,3**	**1 265,2**	**1 245,1**	**5 046,6**

NOK million	Q1 20	Q4 19	2020 YTD	Q1 19	Q4 18	2019
EBITDA by segment						
Preschools	44,6	46,4	44,6	33,2	3,6	165,2
Care	6,7	-6,2	6,7	10,8	4,1	29,0
Integration services	-1,7	-11,7	-1,7	-2,1	-6,7	-21,5
Individual & Family	0,5	-13,6	0,5	2,5	-7,6	-19,8
Real Estate	0,7	57,2	0,7	4,7	28,5	55,7
Other/Elim./IFRS 16 adj	101,1	61,2	101,1	101,6	-9,4	368,6
Total	**151,9**	**133,2**	**151,9**	**150,7**	**12,5**	**577,3**

NOK million	Q1 20	Q4 19	2020 YTD	Q1 19	Q4 18	2019
EBITA by segment						
Preschools	38,5	39,1	38,5	26,7	-3,0	134,0
Care	3,4	-7,7	3,4	9,3	2,6	23,1
Integration services	-2,6	-18,0	-2,6	-4,0	-8,8	-33,4
Individual & Family	-0,4	-15,2	-0,4	1,8	-9,0	-23,5
Real Estate	0,5	57,0	0,5	4,6	28,5	54,9
Other/Elim./IFRS 16 adj	7,1	-31,0	7,1	11,0	-9,9	5,6
Total	**46,5**	**24,3**	**46,5**	**49,3**	**0,3**	**160,6**

NOK million	Q1 20	Q4 19	2020 YTD	Q1 19	Q4 18	2019
EBIT by segment						
Preschools	34,1	34,2	34,1	21,6	-7,9	113,8
Care	-0,0	-11,3	-0,0	5,8	2,6	9,0
Integration services	-2,7	-18,1	-2,7	-4,1	-9,1	-33,8
Individual & Family	-1,0	-15,8	-1,0	1,2	-9,9	-25,9
Real Estate	0,4	56,9	0,4	4,6	28,5	54,8
Other/Elim./IFRS 16 adj	5,8	-31,9	5,8	11,0	-11,1	4,8
Total	**36,6**	**14,0**	**36,6**	**40,1**	**-7,0**	**122,6**

4. AMORTIZATION

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

5. NET FINANCE

The finance income and loss is presented as a net amount as Net Finance in the profit and loss statement whereas the split is shown in the table below. The Non-realized currency effect mainly relates to the bond issued in SEK, and has a direct impact on the P&L. As the Group has net investments in SEK, this P&L effect is partially offset by a corresponding opposite effect through Currency translation differences in the Statement of Comprehensive income.

NOK million	Q1 20	Q4 19	YTD 20	Q1 19	Q4 18	2019
Net Finance						
Interest income	0,3	2,4	0,3	-	5,7	16,7
Interest expenses	-51,9	-59,6	-51,9	-47,7	-26,8	-223,0
Non-realized currency effects	-78,7	-18,1	-78,7	38,2	-42,4	27,0
Other finance income	-0,2	1,1	-0,2	2,0	3,4	4,3
Other finance expenses	2,1	-7,4	2,1	-2,1	-2,7	-11,0
Total	**-128,3**	**-81,5**	**-128,3**	**-9,6**	**-62,9**	**-186,0**

6. TAX CALCULATIONS

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

7. INTANGIBLE ASSETS

Intangible assets were NOK 2,279.8 million at 31 Mach 2020 compared to NOK 2,231.4 million at 31 March 2019. This primarily relates to goodwill, excess value on customer contracts and trademark, generated through the various acquisitions within the Group.

8. LONG TERM LOANS IN THE GROUP

The long term debt financing for the Group is made up of bond loans and property debt. The bonds are listed and split into two tranches. The Property debt is either debt raised prior to the bond financing, within the ringfence structure as defined in the bond agreement, and new issued property debt outside the ringfence structure.

Bond Loans	Maturity	Currency	Amount (million)
Norlandia Health & Care Group AS	12/2021	NOK	750
Norlandia Health & Care Group AS	12/2021	SEK	1,100

Property debt	Amount (million)
Within ringfence structure	72.4
Outside ringfence structure	99.6

As defined by the bond loan agreement, the total net debt as per Q1’20, amounted to NOK 2,111.2 million. NHC has a revolving credit facility of NOK 250 million with Danske Bank, of which NOK 163.7 million was drawn, as per end of Q1’20 (included in net debt calculation).

9. IFRS 16 - LEASING

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

(All figures in NOK million)	Q1 20	IFRS 16	Q1 20 - Adjusted	YTD 20	IFRS 16	YTD 20 - Adjusted
Operating income						
Revenue	1 308,9		1 308,9	1 308,9		1 308,9
Other operating revenue	11,4	3,0	14,4	11,4	3,0	14,4
Total operating revenue	**1 320,3**	**3,0**	**1 323,3**	**1 320,3**	**3,0**	**1 323,3**
Operating expenses						
Cost of goods sold	43,9		43,9	43,9		43,9
Personnel expenses	972,1		972,1	972,1		972,1
Other operating expenses	152,4	109,3	261,6	152,4	109,3	261,6
EBITDA	**151,9**	**-106,3**	**45,7**	**151,9**	**-106,3**	**45,7**
Depreciation	105,4	-93,4	12,0	105,4	-93,4	12,0
EBITA	**46,5**	**-12,9**	**33,6**	**46,5**	**-12,9**	**33,6**
Amortisation	9,9		9,9	9,9		9,9
EBIT	**36,6**	**-12,9**	**23,7**	**36,6**	**-12,9**	**23,7**
Finance						
Net finance	-128,3	24,2	-104,1	-128,3	24,2	-104,1
Share of post-tax profits of associates	1,4	-	1,4	1,4	-	1,4
Profit before income tax	**-90,3**	**11,3**	**-79,0**	**-90,3**	**11,3**	**-79,0**

10. EVENTS AFTER BALANCE SHEET DATE

No material events have been identified the reporting date which might have had a significant effect on the consolidated financial statements.

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q1 20	Q1 19	FY 19
Operating income				
Revenue		-	-	-
Other operating revenue		**482**	**986**	**3 943**
Total operating revenue		**482**	**986**	**3 943**
Operating expenses				
Costs of goods sold		-	-	-
Personnel expenses		-326	-1 120	-2 030
Other operating expenses		**-1 492**	**-832**	**-2 316**
EBITDA		**-1 336**	**-967**	**-403**
Depreciation		-	-	-
Amortization		-	-	-
Operating profit (EBIT)		**-1 336**	**-967**	**-403**
Finance				
Net Finance	1	-134 417	33 702	65 447
Profit before income tax		**-135 753**	**32 735**	**65 044**
Income tax		-	-	7 553
Profit for the period		**-135 753**	**32 735**	**72 598**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	31.03.2020	31.03.2019	31.12.2019
Non-current assets				
Deferred tax assets		17 679	10 056	17 679
Shares in subsidiaries/associates		1 622 750	1 622 750	1 622 750
Loans to group companies		675 747	652 175	665 728
Total non-current assets		**2 316 176**	**2 284 981**	**2 306 157**
Current assets				
Other short-term receivables		100 181	264 097	100 141
Cash and cash equivalents		-	445	3 151
Total current assets		**100 181**	**264 542**	**103 292**
Total assets		**2 416 357**	**2 549 524**	**2 409 450**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	31.03.2020	31.03.2019	31.12.2019
Equity				
Share capital		300 000	300 000	300 000
Other paid-in capital		-	-	-
Retained earnings		-61 151	34 639	74 502
Total equity		**238 849**	**334 639**	**374 502**
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Bond loans	1	1 883 329	1 756 507	1 777 289
Total non-current liabilities		**1 883 329**	**1 756 507**	**1 777 289**
Current liabilities				
Accounts payable		-	15	2
Short term interest bearing debt	1	188 915	211 406	204 337
Other current liabilities		105 265	246 958	53 320
Total current liabilities		**294 180**	**458 378**	**257 660**
Total liabilities		**2 177 509**	**2 214 885**	**2 034 948**
Total equity and liabilities		**2 416 357**	**2 549 524**	**2 409 450**

Notes

1. FINANCE COSTS

Finance Costs in Q1'20 includes NOK 25.2 million in interest expense related to the bond loan. Net currency movement for the period was NOK -118.6 million for the first quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

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www.hero.no

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