NHC Group
Report Q4 2020

CONTENT

Key figures

(All figures in NOK million)

	Q4 20	Q3 20	FY 20	Q4 19	Q3 19	FY 19
Total revenues	1 442,5	1 311,8	5 389,3	1 340,8	1 204,9	5 046,6
EBITDA	222,8	215,9	769,8	133,2	162,0	577,3
EBITDA (%)	15,4 %	16,5 %	14,3 %	9,9 %	13,4 %	11,4 %
EBITA	101,3	93,1	312,1	24,3	59,0	160,7
EBITA (%)	7,0 %	7,1 %	5,8 %	1,8 %	4,9 %	3,2 %
EBIT	88,0	82,9	268,5	14,0	49,7	122,6
EBIT (%)	6,1 %	6,3 %	5,0 %	1,0 %	4,1 %	2,4 %
EBT	28,3	15,2	(49,2)	(71,6)	(2,4)	(66,0)
EBT (%)	2,0 %	1,2 %	-0,9 %	-5,3 %	-0,2 %	-1,3 %
EBITDA - adjusted for IFRS 16	157.9	89.5	360.2	67.3	58.7	202.1
EBITA - adjusted for IFRS 16	144.6	73.2	307.2	50.1	46.1	146.9

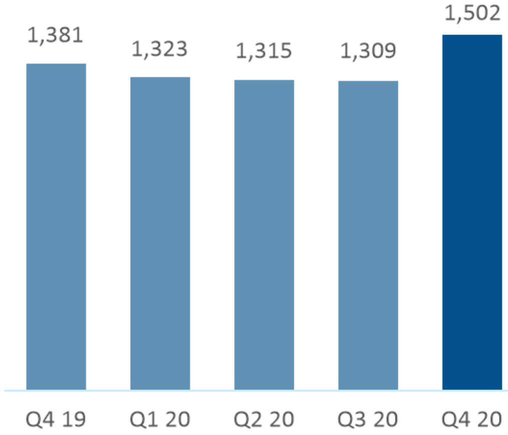
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

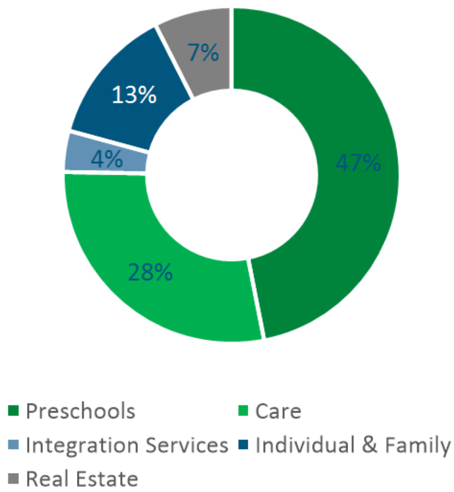
Q4 20 Highlights

- Q4’20 revenues of NOK 1,443 million, EBITDA of NOK 223 million and EBITA of NOK 101 million
- EBITDA adjusted for IFRS 16 effects, of NOK 158 million, and adjusted EBITA of NOK 145 million
- Full-year adj. EBITDA of NOK 360 million, up from NOK 202 million in 2019, an increase of ~80%
- Solid performance from Preschools in all five markets, with an adj. EBITDA and EBITA of NOK 47 / 38 million respectively, in a seasonally weak quarter. Full year adj. EBITDA of NOK 223 million, up from NOK 165 million in 2019
- Individual & Family and Integration Services combined generating an adj. EBITDA of NOK 27 million for the full year, an improvement of NOK 68 million on 2019
- Care segment continues to be negatively affected by Covid-19, but positive profitability during the quarter and for the year overall
- Two property portfolios sold during the quarter, generating an adj. EBITDA of NOK 100 million for the quarter. Sales agreement signed for the sale of additional properties in 2021

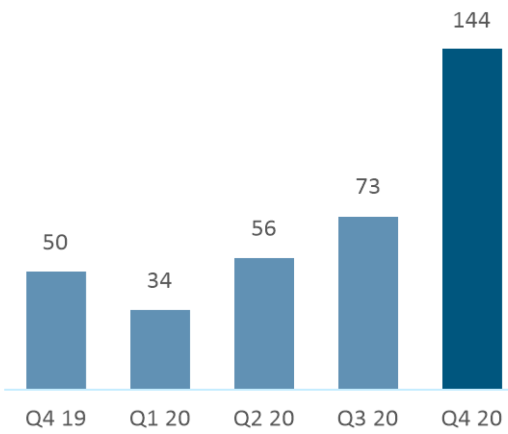
ADJ. REVENUE PER QUARTER (MNOK)



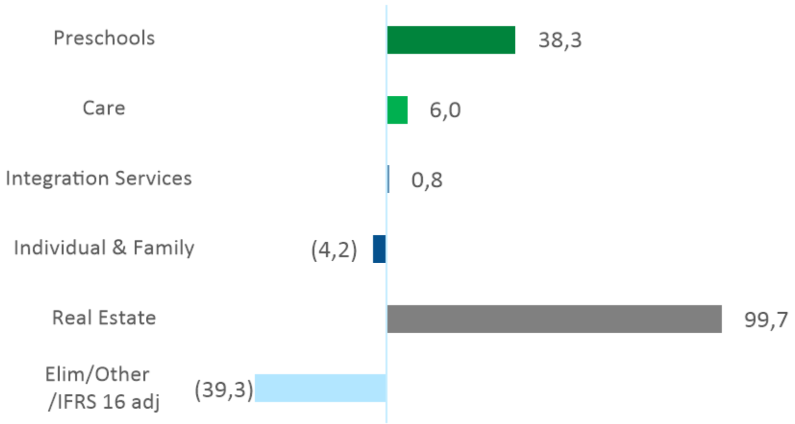
SEGMENT DISTRIBUTION Q4 20 (%)



ADJ. EBITA PER QUARTER (MNOK)

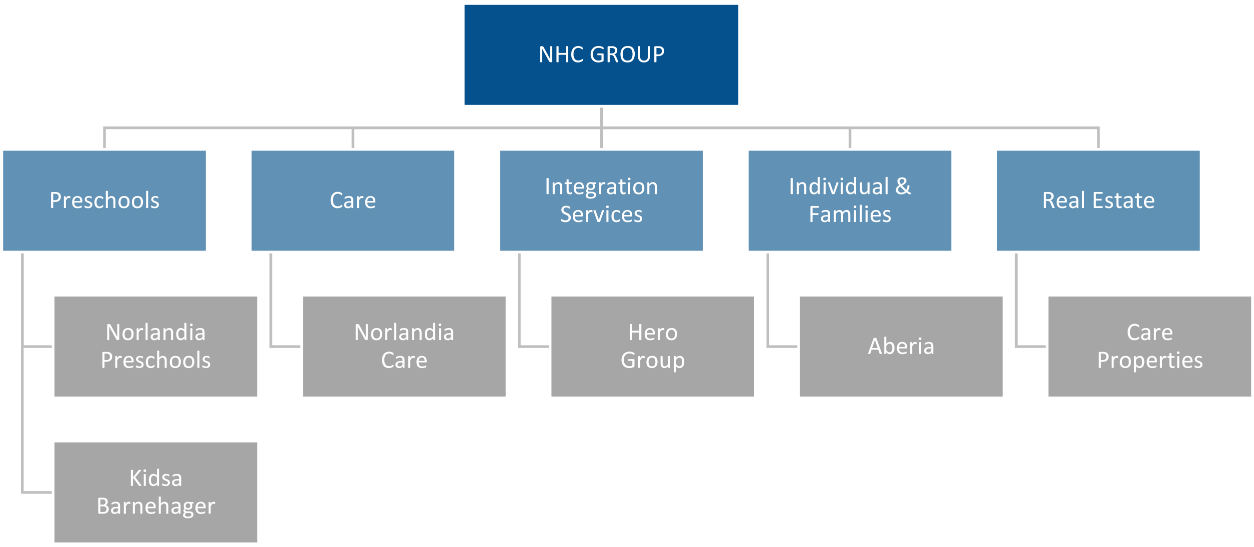


EBITA DISTRIBUTION Q4 20 (MNOK)



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 consolidated revenues of NOK 1,442.5 million in Q4'20, a 7.6% increase YoY. For the full year, revenues amounted to NOK 5,389.3, up 6.8% on 2019. The revenue increase is mainly explained by Preschools, which grew by 11%, while Integration Services saw a continued reduction in revenues for the full year.

EBITA for the quarter amounted to NOK 101.3 million, up from NOK 24,3 million in 4Q'19. For the full year, EBITA reached NOK 312.1 million, almost double that of 2019 (NOK 160.7 million).

Net finance amounted to NOK -58.0 million for the quarter, due to interest expenses on borrowings of NOK 21.8 million and interest related to capitalized leasing of NOK 27.9 million. In addition, net finance was negatively affected by net unrealized currency losses of NOK 5.0 million.

Profit before tax amounted to NOK 28.3 million for the quarter, while for the full year, there was a loss before tax of NOK 49.2 million, heavily affected by unrealized currency losses of NOK 108.2 million.

Adjusted for IFRS 16 effects, profit before tax came in at NOK 99.2 million for the quarter, and NOK 48.7 million for the full year.

Thus, the net effect of IFRS 16 amounted to NOK -70.9 million for the quarter, reflecting reduced revenues from the sale of properties of NOK 59.9 million, increased depreciation charges of NOK 108.0 million and finance charges of 27.9 million. This was partly offset by reduced leasing expenses of NOK 124.9 million. See note 9 for more details.

The Group generated operating cash flows of NOK 293.9 million for the quarter, including EBITDA cash adjustments of NOK 65.2 million, mainly relating to the IFRS adjustment of the sale of properties.

Cash flows from investing activities amounted to NOK 255.5 million, primarily reflecting net book value proceeds from the sale of two property portfolios, of NOK 251.1 million.

Financing cash flows amounted to NOK -429.4 million, explained by net repayment of debt of NOK 260.8 million, of which NOK 168.1 million relates to repayment of property debt and the remainder, NOK 92.7 million, to the clean-down of the revolving credit facility. In addition, lease payments amounted to NOK 124.9 million, while cash interest expenses were NOK 43.8 million, reflecting an additional quarterly bond coupon payment, of around NOK 22 million, recorded as paid just before year-end. The Group generated total cash flows of NOK 120.0 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 31 DECEMBER 2020 (UNAUDITED)

As of 31 December 2020, the Group had total non-current assets of NOK 6,698.2 million, of which NOK 3,791.9 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets". The increase in assets reflects increased lease periods for the two property portfolios sold during the quarter.

Cash and cash equivalents amounted to NOK 285.4 million, up from NOK 169.1 million at the end of 2019. The Group has a revolving credit facility of NOK 200 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 of year-end 2020, the facility was un-drawn.

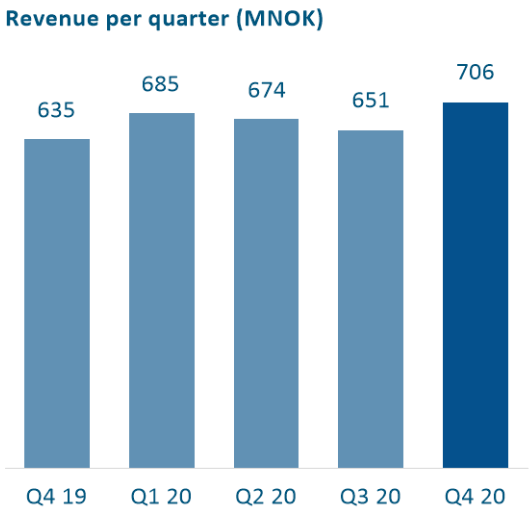
Total assets amounted to NOK 7,416.0 million at the end of the quarter.

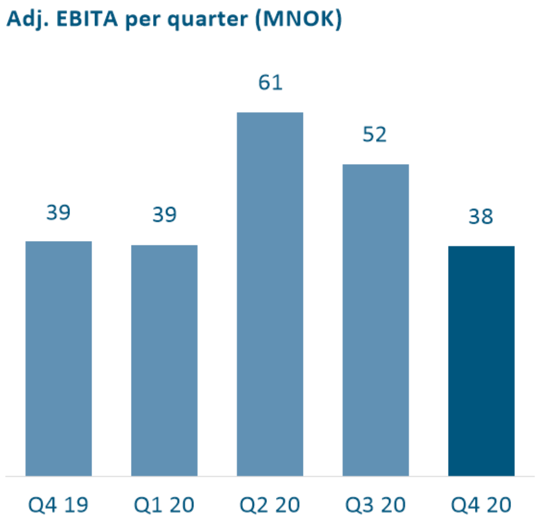
Total non-current liabilities amounted to 3,978.1 million, heavily affected by the re-classification of NOK 1,892.3 million from non-current to current liabilities, reflecting the maturity of the bond loan now being less than 12 months away. The remaining long term loans of NOK 118.0 million mainly relates to property debt on Norwegian preschool properties. Consequently, current liabilities increased from NOK 1,281.1 million as per year-end 2019, to NOK 3,180.4 million, due to the inclusion of the amount owing on the bond loan.

Per 31 December 2020, the Group's total equity amounted to NOK 257.5 million.

BUSINESS SEGMENTS

Preschools





The fourth quarter of 2020 generated revenues of NOK 706 million, up from NOK 651 million in Q3'20. Year on year, revenues were up 11%.

The segment reported an adjusted EBITA of NOK 38 million for the quarter, flat on Q4'19, which was helped by a positive one-off of NOK 31 million. Adjusting for this, Q4'20 was significantly stronger than the fourth quarter of recent years, which is characterized by weaker occupancy following the start of the school year in August / September.

For the full year, the Preschools division recorded an adj. EBITA of NOK 189 million, up more than 40% on 2019, and 82% when adjusting for the positive one-offs in Q4'19. The significant improvement in profitability reflects reduced growth costs, particularly in Sweden and Finland, as well as solid performance within our more mature units.

As communicated in earlier reports, to compensate for a tighter regulatory regime and pressure on profitability in Norway, we have focused on growth through our international segment. We have added around 150 new units since 2016, which has contributed with more than NOK 1 billion in revenues, but also depressed margins as new unit openings generate losses during a start-up period. As we reduced our growth pace in late 2019, we have seen the anticipated margin expansion.

While the international operations are the main drivers behind the growth in revenues and EBITA, Norway has generated decent profitability during 2020. The proposed regulatory changes relating to a reduction in grants to cover pension costs and rent were not implemented, and we continue to urge decision-makers to conduct a full review of the revenue model, as we factually argue that the private sector is being under-compensated overall. Meanwhile, our operational focus remains – to continue to offer high quality services, in order to secure high occupancy.

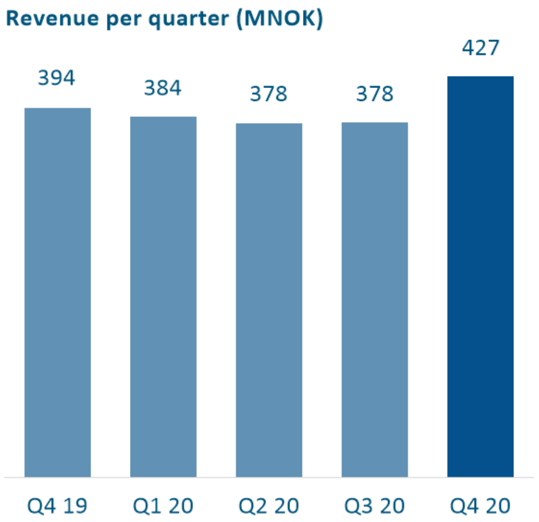
We are encouraged by the strong results in 2020, and we expect continued strong performance in 2021 and onwards. Covid-19 had a mixed impact on the division, with Netherlands and Poland being negatively affected, while Sweden was helped by Government support programs, such as reduced employment taxes and compensation for sick leave. In all markets, occupancy will have been negatively affected, but to varying degrees and consequences.

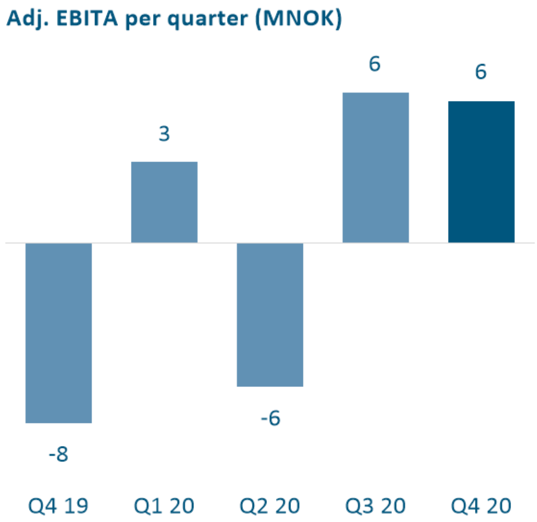
We continue to see attractive opportunities in Finland and Sweden, with both markets now performing well. In Netherlands, we focus our efforts on increasing efficiency, while our operations in Norway remain strong, and will be helped further by additional compensation for the staffing norm implemented in 2019, the full effect of which to be seen in 2022. Poland is still in a ramp-up phase, with two new preschools opened during the quarter, and still generating losses. While occupancy in the more mature units is already at a higher level than forecasted, ramp-up of the newer units is clearly negatively affected by the lock-down situation in Poland. The Preschools segment is progressing well and we will continue to target effective and sticky growth in all our international markets.

NH Europe, the JV with parent company Hospitality Invest, is the acquisition vehicle for Norlandia Preschools, with 36 units in operations in Netherlands, Finland and Sweden. While we believe NH Europe has a strong foundation, 2020 was a challenging year, where the 22 units in Netherlands, mainly located in Rotterdam, were materially negatively affected by Covid-19. Together with Wekita, owned 50% by NHC with 30 units, the two companies generated an adjusted EBITDA of NOK 8 million for the year. 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 December 2020, Norlandia Preschools operates 365 units. Of these, 36 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 427 million in Q4'20, up both quarter on quarter and year on year, explained by new contract commencements and currency effects.

In the seasonally weakest quarter of the year, Care reported an adjusted EBITA of NOK 6 million, a large improvement on 4Q'19, which was characterized by several negative one-offs. For the full year, adjusted EBITA amounted to NOK 10 million, compared to NOK 23 million in 2019.

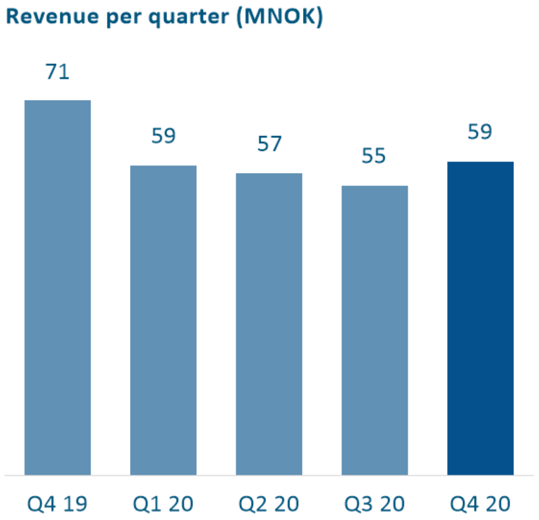
The Care segment has been heavily affected by Covid-19 since the outbreak in March. The least effects were seen in Norway, where the operational effects were largely offset by Government support packages such as increased sick leave compensation. In Finland, there was less Government support, and the reduced occupancy in our patient hotel, and increased costs within home care, had a clear and meaningful negative effect on profitability. In Sweden, by far our biggest market, we saw negative operational effects of more than SEK 50 million, through reduced occupancy and increased costs related to personnel and procurement. However, Government support, mainly in the form of sick leave compensation and Covid cost coverage, compensated for a large part of this. Overall, the net financial effects were clearly negative, and accounts for more than the drop in adj. EBITA relative to 2019, but still less than feared earlier in the year, due to the various Government support programs.

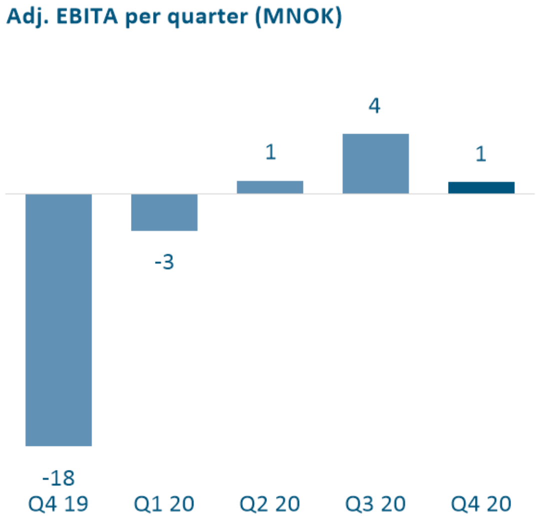
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both the capacity and quality innovations provided by the private welfare companies will be required, in order to meet the growing demand for elderly care services, also with respect to quality. We believe this represents an upside to the Norwegian operations, although in the current political climate, we do not expect any short term improvement. In the meantime, we remain focused on providing quality services, as well as new innovations and expanding our service offerings.

In Sweden, competition is intense and profit margins are thin. Although efficient operations and normalized occupancy will enable positive profitability, a shift towards own management operations is required and ongoing in order to see a meaningful improvement of profit margins. 3 new own management units were opened during 2020, which were loss-making during 2020 and will remain so during a 12 – 18 month ramp-up period. We cautiously continue to build this pipeline, with two units planned to open during 2021.

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 in Q4'20, down YoY, but up on the prior quarter, reflecting increased revenues within Accommodation Services, through the commencement of 4 new reception centers. Adj. EBITA amounted to NOK 1 million for the quarter.

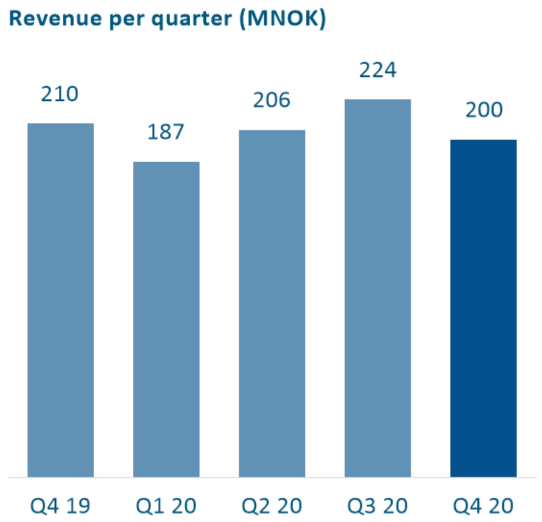
Within Accommodation Services, we have 7 reception centers in Norway. Operations of two reception centers on 10-year contracts started in December, while one contract ended. Adjusting for start-up costs on new contracts, all reception centers in Norway are generating healthy profitability. The activity within the asylum market is still at a very low level, hence our objective remains to keep each reception center operating profitably, while keeping overhead expenses at a minimum.

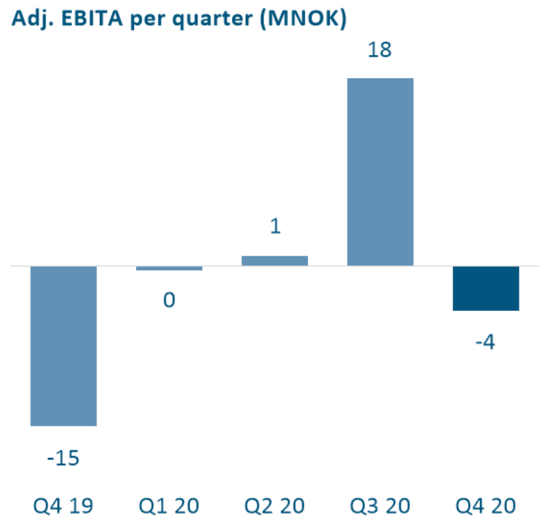
In Germany, following two new contract commencements during the quarter, we now operate 6 reception centers. Although we now have the necessary volume to deliver break-even operations in Germany, still more scale is needed in order to generate a meaningful contribution. However, we are actively pursuing various tender opportunities, and remain comfortable in our position and the potential upside in a large and attractive market.

The turnaround of the Interpretation segment is completed. The Finnish operation has been terminated, a centralized Nordic customer center has been established, and we have exited unprofitable contracts in Sweden. The new contract with the Norwegian Police is progressing as planned, although the segment as a whole is negatively affected by reduced demand for interpretation services due to Covid-19.

For the full year, Integration Services delivered an adj. EBITDA of NOK 8 million and an adj. EBITA of NOK 3 million. Following a thorough restructuring since 2019, we are encouraged by the strong performance in 2020. With a much reduced cost base, a more focused and efficient Interpretation segment, and break-even operations in Germany, we aim to continue and grow the strong trend.

Individual & family





Aberia generated revenues of NOK 200 million in Q4'20, down on the prior quarter, reflecting the sale of the LSS operation. Adjusting for the one-off effect from the acquisition of Ringen Rehabilitering, where the full year turnover was recorded in 4Q'19, revenues were up year on year.

In the prior quarter, Aberia increased its shareholding from c. 50% to 75% in our two Personal Assistance companies in Sweden, and taken a more active role in these companies, amongst others, through the adoption of stricter accounting policies. Consequently, during the current quarter, a provision of more than NOK 8 million was recorded against accrued revenues and overdue receivables. This resulted in an adj. EBITA of NOK -4 million for the quarter.

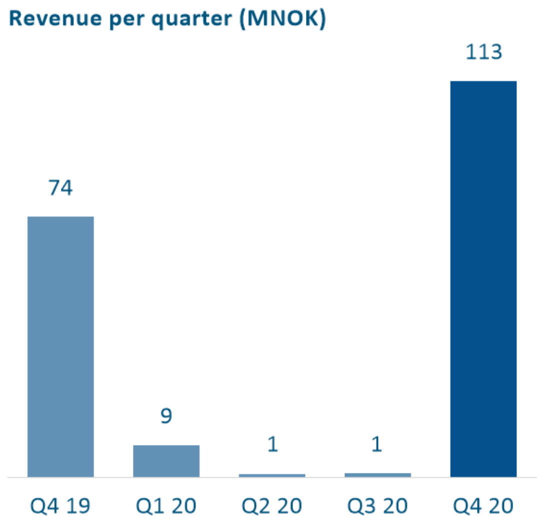
For the full year, Aberia recorded an adj. EBITA of NOK 14 million, including both positive and negative one-offs, as well as substantial restructuring initiatives.

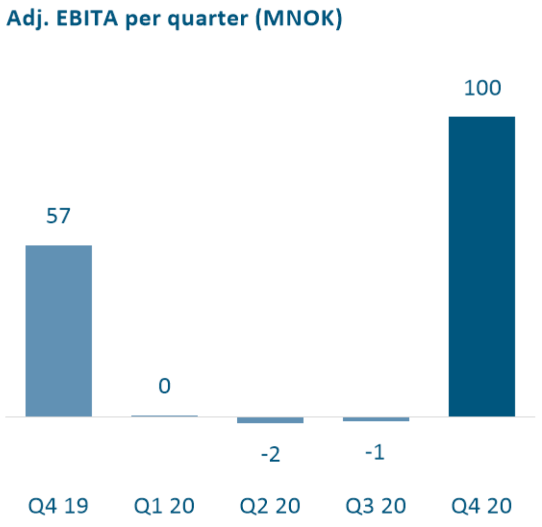
On August 1st 2020, the LSS operations were sold to Frøsunda Omsorg AB, a company indirectly owned by the owners of NHC Group. The transaction resulted in a net gain and EBITA effect of SEK 15 million. In addition, following the termination of the Child Care operations (HVB) in Sweden, Aberia Sweden now consists of the profitable Personal Assistance operations, through the two entities Marcus Assistans AB and Östergötlands Human Assistans AB.

In Norway, several companies have been divested or terminated during the year, in an effort to focus our portfolio. Child Care and Care and Respite Care services, along with Family Homes and Personal Assistance, represent the core operations in Norway. Combined, these operations are generating healthy profitability. Family Homes and a newly established child care operation in Northern Norway are still in a ramp-up phase and generated around NOK 15 million in losses in 2020, but are expected to turn profitable in 2021.

Aberia has been through a major restructuring in order to stream-line operations and focus its portfolio. Loss-making operations have been terminated or divested, the core operations are strong on quality and reputation, profitable and growing, and the segment as a whole is clearly moving in the right direction and should be generating healthy profitability going forward.

Real Estate





Care Properties recorded an adjusted EBITA of NOK 100 million in Q4’20.

As communicated to the market through our stock exchange notice on 18th December, NHC completed two property transactions during the quarter.

On December 18th, NHC entered into an agreement with Kinland AS, to sell 17 preschool properties in Finland, Norway, Poland and the Netherlands. NHC will remain the operator of the properties under long-term lease agreements. The transaction will be carried out in three separate tranches, with the first tranche, generating sales proceeds of NOK 318 million, being completed in December 2021. Approximately NOK 150 million of the sales proceeds were used to repay property debt.

The second and third tranche is expected to be completed during 2021, with sales proceeds of appr. NOK 150 million. These properties have no debt outstanding, and these transactions alone are expected to secure a strong 2021 for the Real Estate segment.

In addition, in December, NHC also completed the sale of a property portfolio to Samhällsbyggnadsbolaget AB (SBB). The portfolio is managed by North Bridge Management AS on behalf of SBB and consists of properties used within the Individual & Family segment, which will continue to operate the properties under long-term lease agreements.

The divestments to Kinland AS and SBB marks an important milestone for NHC, as they represent the first large property divestments to external parties, excluding Pioneer Property Group. Furthermore, all parties involved have a clear ambition to grow our relationship further through new property transactions.

NHC will continue to gain property positions, and several new property development initiatives were committed during the quarter. 2020 marked the most profitable year ever for the NHC property segment, and we believe we are well positioned to maintain or even exceed this profitability level in the years to come. Besides cash flow and profitability, most importantly, we expect these and future transactions to support NHC operating companies through access to good properties and solid long-term operations.

OUTLOOK AND MAIN RISK FACTORS

The Covid-19 pandemic remains a major uncertainty and risk going forward. All our markets and operations are affected, and the situation is rapidly changing. While the pandemic is putting an enormous strain on all our employees and users, the financial impact in 2020 was less than feared. The pandemic is still very much at the center of our attention, and we are planning and preparing for negative developments through our contingency procedures.

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 preschool operations are growing and margins are healthy. The segment delivered a strong year, significantly up on 2019 and prior years. We believe we have an attractive portfolio of preschools and strong positions in the markets in which we operate. As our newer units continue to mature, we expect operating margins to continue to increase. We acknowledge however, despite the strong underlying fundamentals, that Covid-19 could have negative effects on occupancy, as a result of higher unemployment.

The Care segment has seen the largest financial affects from the pandemic, although helped by various Government support programs in Norway and Sweden. Going forward, the financial effects for Care will be 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. 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. It is our ambition to be at the forefront in the supply of these services.

Within Individual & family and Integration Services, we have undergone a full restructuring of the operations and several businesses and sub-segments have been terminated. With the sale of the LSS business, as well as the termination of the child care operations in Sweden, Aberia is now well positioned to generate strong profitability going forward. For Hero, we have managed to reduce costs to a sustainable level, to reflect the much reduced revenue base.

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, 23 February 2021

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 23 February 2021. The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q4 20	FY 20	Q4 19	FY 19
Operating income					
Revenue		1 393,9	5 293,1	1 294,7	4 942,2
Other operating revenue		48,6	96,2	46,1	104,4
Total operating revenue	3	**1 442,5**	**5 389,3**	**1 340,8**	**5 046,6**
Operating expenses					
Cost of goods sold		39,0	131,4	42,8	157,8
Personnel expenses		996,9	3 849,1	957,1	3 668,3
Other operating expenses	9	183,8	639,0	207,6	643,2
EBITDA		**222,8**	**769,8**	**133,2**	**577,3**
Depreciation	9	121,4	457,7	109,0	416,6
EBITA	3	**101,3**	**312,1**	**24,3**	**160,7**
Amortisation	4	13,3	43,6	10,2	38,0
EBIT		**88,0**	**268,5**	**14,0**	**122,6**
Finance					
Net finance	5, 9	-58,0	-322,1	-81,5	-187,2
Share of post-tax profits of associates		-1,7	4,5	-4,1	-1,4
Profit before income tax		**28,3**	**-49,2**	**-71,6**	**-66,0**
Income tax	6	-3,4	-	2,7	2,2
Profit for the period		**24,9**	**-49,2**	**-68,9**	**-63,8**

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q4 20	FY 20	Q4 19	FY19
Other comprehensive income					
Profit for the period		24,9	-49,2	-68,9	-63,8
Changes in pension liabilities		-20,8	-20,8	10,0	10,0
Deferred tax related to these items		4,6	4,6	-2,2	-2,2
Changes in other items net of tax		-	-	0,6	0,6
Total items not reclassified		**8,7**	**-65,4**	**-60,5**	**-55,3**
Currency translation differences		-16,5	46,5	1,9	-14,8
Items that will be reclassified		-	-	-	-
Other comprehensive income, net of tax		**-32,7**	**30,3**	**10,3**	**-6,4**
Total comprehensive income for the period		**-7,8**	**-18,9**	**-58,6**	**-70,2**
Attributable to					
Equity holders of the parent company		-13,2	-22,1	-60,5	-80,5
Non-controlling interest		5,4	3,3	1,9	10,3
Total comprehensive income for the period		**-7,8**	**-18,9**	**-58,6**	**-70,2**
Attributable to equity holders arising from					
Continuing operations		-7,8	-18,9	-58,6	-70,2
Total comprehensive income for continuing		**-7,8**	**-18,9**	**-58,6**	**-70,2**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	31.12.2020	31.12.2019
Non-current assets			
Deferred tax assets		72,4	74,1
Intangible assets	7	2 251,5	2 210,2
Property, plant & equipment		470,8	550,0
Right-of-use assets		3 791,9	3 325,4
Investment in associated companies		56,3	41,6
Other investments		14,5	33,1
Other long term receivables		40,9	23,8
Total non-current assets		**6 698,2**	**6 258,2**
Current assets			
Inventories		4,9	6,8
Accounts receivables		199,7	207,2
Other short-term receivables		227,8	190,1
Cash and cash equivalents		285,4	169,1
Total current assets		**717,9**	**573,2**
Total assets		**7 416,0**	**6 831,4**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	31.12.2020	31.12.2019
Equity			
Share capital		300,0	300,0
Other equity		-60,2	-42,2
Equity attributable to owners of the parent		**239,8**	**257,8**
Non-controlling interest		17,7	49,6
Total equity		**257,5**	**307,4**
Liabilities			
Pension liabilities		116,5	93,4
Deferred tax liability		152,0	159,7
Loans and borrowings	8	118,0	1 904,4
Lease liability		3 588,4	3 081,6
Other non-current liabilities		3,2	3,7
Total non-current liabilities		**3 978,1**	**5 242,9**
Accounts payable		125,1	112,0
Loans and borrowings	8	1 892,3	204,8
Lease liability		388,7	324,3
Taxes payable		-2,7	1,0
Other current liabilities		777,0	638,9
Total current liabilities		**3 180,4**	**1 281,1**
Total liabilities		**7 158,5**	**6 524,0**
Total equity and liabilities		**7 416,0**	**6 831,4**

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q4 20	FY 20	Q4 19	FY 19
Cash flow from operating activities					
EBITDA		222,8	769,8	133,2	577,3
Net taxes paid and other EBITDA cash adjustments		65,2	36,2	-5,6	37,6
Change in net working capital		5,9	116,3	55,3	9,0
Net cash flow from operating activities		**293,9**	**922,3**	**182,9**	**623,9**
Cash flow from investing activities					
Net investment in property, plant and equipment		-29,5	-145,1	-55,4	-275,0
Investment in shares in business		15,5	-71,9	-29,5	-67,8
Net book value proceeds from sale of assets		251,1	295,5	109,8	115,6
Net change in financial receivables		18,3	10,8	87,9	90,1
Net cash flow from investing activities		**255,5**	**89,3**	**112,8**	**-137,0**
Cash flow from financing activities					
Net change in interest-bearing debt		-260,8	-291,9	-110,2	12,0
Lease lialibility - amortisation and interest		-124,9	-469,6	-105,7	-415,0
Payment to non-controlling interest		-	-	-	-
Net interest paid and other financial items		-43,8	-126,0	-33,0	-103,9
Distributions to owners		-	-	-	-45,0
Net cash flow from financing activities		**-429,4**	**-887,5**	**-248,9**	**-551,9**
Changes in cash and cash equivalents					
Net change in cash and cash equivalents		120,0	124,1	46,9	-65,1
Effects of changes in exchange rates on cash		3,3	-7,8	-2,2	2,3
Cash and cash equivalents at the beginning of period		162,1	169,1	124,4	231,9
Cash and cash equivalents at end of period		**285,4**	**285,4**	**169,1**	**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**
Increased non-controlling interest from business combination		-	-	-	-	-	-	-
Distribution to owners		-	-	-60,0	-	-60,0	-	-60,0
Acquisition of shares from non-controlling interest		-	-	-	-	-	-	-
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		-	-	-43,0	-	-43,0	-6,2	-49,2
Other comprehensive Income		-	-	-16,2	37,9	21,7	8,6	30,3
Total comprehensive Income		**-**	**-**	**-59,2**	**37,9**	**-21,3**	**2,4**	**-18,9**
Contributions by and distributions to owners								
Distribution to owners		-	- -		-	-	-	-
Non-controlling interest acquired from business combination		-	-	-	-	-	-	-
Distrubution to non-controlling interest		-	-	-	-	-	-15,5	-15,5
Acquisition of shares from non-controlling interest		-	-	-	-	-	-15,6	-15,6
Other		-	-	3,3	-	3,3	-3,3	-
Total contributions and distributions		**-**	**-**	**3,3**	**-**	**3,3**	**-34,4**	**-31,1**
Balance as of 31-December-20		**300,0**	**-**	**-103,3**	**43,1**	**239,8**	**17,7**	**257,5**

Oslo, 23 February 2021

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

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 Q4'20, LTM pro-forma EBITDA was NOK 274.4 million (excludes Real Estate.)

NOK million	**Q4 20**	**Q3 20**	**2020 YTD**	**Q4 19**	**Q3 19**	**2019**
Revenue by segment						
Preschools	705,9	651,3	2 716,2	635,0	568,9	2 429,2
Care	427,3	378,5	1 567,3	393,7	376,6	1 520,8
Integration services	59,4	54,9	230,3	71,1	78,0	309,5
Individual & Family	200,0	223,8	816,3	209,7	177,9	742,7
Real Estate	112,6	1,2	124,1	74,0	4,3	88,3
Other/Elim./IFRS 16 adj	-62,7	2,1	-64,9	-42,8	-0,7	-44,0
Total	**1 442,5**	**1 311,8**	**5 389,3**	**1 340,8**	**1 205,0**	**5 046,6**

NOK million	**Q4 20**	**Q3 20**	**2020 YTD**	**Q4 19**	**Q3 19**	**2019**
EBITDA by segment						
Preschools	46,7	63,9	223,3	46,4	41,8	165,2
Care	7,7	7,8	17,5	-6,2	17,9	29,0
Integration services	2,4	5,7	8,3	-11,7	2,2	-21,5
Individual & Family	-2,9	18,7	18,4	-13,6	-0,9	-19,8
Real Estate	99,9	-1,1	97,9	57,2	-2,4	55,7
Other/Elim./IFRS 16 adj	68,9	120,9	404,5	61,2	103,4	368,6
Total	**222,8**	**215,9**	**769,8**	**133,2**	**162,0**	**577,3**

NOK million	**Q4 20**	**Q3 20**	**2020 YTD**	**Q4 19**	**Q3 19**	**2019**
EBITA by segment						
Preschools	38,3	51,9	189,3	39,1	33,9	134,0
Care	6,0	6,4	9,7	-7,7	16,4	23,1
Integration services	0,8	4,2	3,3	-18,0	0,3	-33,4
Individual & Family	-4,2	17,8	14,3	-15,2	-1,7	-23,5
Real Estate	99,7	-1,4	96,8	57,0	-2,6	54,9
Other/Elim./IFRS 16 adj	-39,3	14,1	-1,4	-31,0	12,7	5,6
Total	**101,3**	**93,1**	**312,0**	**24,3**	**59,0**	**160,6**

NOK million	Q4 20	Q3 20	2020 YTD	Q4 19	Q3 19	2019
EBIT by segment						
Preschools	32,7	47,4	170,2	34,2	28,8	113,8
Care	0,4	2,8	-6,6	-11,3	12,9	9,0
Integration services	0,7	4,1	2,8	-18,1	0,3	-33,8
Individual & Family	-4,9	17,1	11,6	-15,8	-2,3	-25,9
Real Estate	99,7	-1,4	96,8	56,9	-2,6	54,8
Other/Elim./IFRS 16 adj	-40,6	12,8	-6,4	-31,9	12,7	4,8
Total	**88,0**	**82,9**	**268,5**	**14,0**	**49,7**	**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	Q4 20	Q3 20	2020	Q4 19	Q3 19	2019
Net Finance						
Interest income	0,2	0,2	0,7	2,4	-	16,7
Interest expenses borrowings	-21,8	-27,5	-104,5	-35,4	-26,1	-123,5
Interest expenses lease liability	-27,9	-26,8	-103,0	-24,2	-25,0	-99,6
Non-realized currency effects	-5,0	-12,8	-108,2	-18,1	-4,6	27,0
Other finance income	-0,6	0,0	-0,8	1,1	1,2	4,3
Other finance expenses	-2,8	0,5	-6,3	-7,4	1,9	-11,0
Total	**-58,0**	**-66,5**	**-322,1**	**-81,5**	**-52,5**	**-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 2,251.5 million at 31 December 2020 compared to NOK 2,210.2 million at 31 December 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.

As per Q4'20 the bond loan has a maturity of less than one year and has been reclassified as a short term liability as required by IFRS.

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	23.5
Outside ringfence structure	86.5

As defined by the bond loan agreement, the total net debt as per Q4'20, amounted to NOK 1,673.8 million. NHC has a revolving credit facility of NOK 200 million with Danske Bank, of which zero was drawn as per end of Q4'20 (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)	Q4 20	IFRS 16	Q4 20 - Adjusted	YTD 20	IFRS 16	YTD 20 - Adjusted
Operating income						
Revenue	1 393,9		1 393,9	5 293,1		5 293,1
Other operating revenue	48,6	59,9	108,5	96,2	60,0	156,2
Total operating revenue	**1 442,5**	**59,9**	**1 502,4**	**5 389,3**	**60,0**	**5 449,2**
Operating expenses						
Cost of goods sold	39,0		39,0	131,4		131,4
Personnel expenses	996,9		996,9	3 849,1		3 849,1
Other operating expenses	183,8	124,9	308,7	639,0	469,6	1 108,6
EBITDA	**222,8**	**-65,0**	**157,7**	**769,8**	**-409,7**	**360,1**
Depreciation	121,4	-108,0	13,4	457,7	-404,5	53,2
EBITA	**101,3**	**43,0**	**144,3**	**312,1**	**-5,2**	**306,9**
Amortisation	13,3		13,3	43,6		43,6
EBIT	**88,0**	**43,0**	**131,0**	**268,5**	**-5,2**	**263,3**
Finance						
Net finance	-58,0	27,9	-30,1	-322,1	103,0	-219,1
Share of post-tax profits of associates	-1,7	-	-1,7	4,5	-	4,5
Profit before income tax	**28,3**	**70,9**	**99,2**	**-49,2**	**97,8**	**48,7**

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	Q4 20	FY 20	Q4 19	FY 19
Operating income					
Revenue		-	-	-	-
Other operating revenue		**482**	**1 928**	**986**	**3 943**
Total operating revenue		**482**	**1 928**	**986**	**3 943**
Operating expenses					
Costs of goods sold		-	-	-	-
Personnel expenses		-344	-1 139	-275	-2 030
Other operating expenses		**-1 097**	-5 141	-1 049	-2 316
EBITDA		**-959**	**-4 352**	**-338**	**-403**
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit (EBIT)		**-959**	**-4 352**	**-338**	**-403**
Finance					
Net Finance	1	-5 754	-189 332	-41 914	65 447
Profit before income tax		**-6 713**	**-193 685**	**-42 252**	**65 044**
Income tax		-	-	-	7 553
Profit for the period		**-6 713**	**-193 685**	**-42 252**	**72 598**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	31.12.2020	31.12.2019
Non-current assets			
Deferred tax assets		17 679	17 679
Shares in subsidiaries/associates		1 626 670	1 622 750
Loans to group companies		689 381	665 728
Total non-current assets		**2 333 730**	**2 306 157**
Current assets			
Other short-term receivables		293	100 141
Cash and cash equivalents		64 668	3 151
Total current assets		**64 961**	**103 292**
Total assets		**2 398 691**	**2 409 450**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	31.12.2020	31.12.2019
Equity			
Share capital		300 000	300 000
Other paid-in capital		-	-
Retained earnings		-119 183	74 502
Total equity		**180 817**	**374 502**
Liabilities			
Non-current liabilities			
Group liabilities		-	-
Bond loans	1	0	1 777 289
Total non-current liabilities		**0**	**1 777 289**
Current liabilities			
Accounts payable		374	2
Short term interest bearing debt	1	1 892 184	204 337
Other current liabilities		325 316	53 320
Total current liabilities		**2 217 874**	**257 660**
Total liabilities		**2 217 874**	**2 034 948**
Total equity and liabilities		**2 398 691**	**2 409 450**

Notes

1. FINANCE COSTS

Finance Costs in Q4’20 includes NOK 19.3 million in interest expense related to the bond loan. Net currency movement for the period was NOK 7.3 million for the third quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

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www.hero.no

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