NHC Group
Report Q2 2021

NHC

CONTENT

Key figures

(All figures in NOK million)

	Q2 21	Q1 21	YTD 21	Q2 20	Q1 20	YTD 20	FY 20
Total revenues and income	1 477,5	1 413,2	2 890,7	1 314,7	1 320,3	2 635,0	5 389,5
EBITDA	175,6	193,1	368,7	179,2	151,9	331,2	770,1
EBITDA (%)	11,9 %	13,7 %	12,8 %	13,6 %	11,5 %	12,6 %	14,3 %
EBITA	54,7	73,8	128,5	71,1	46,5	117,7	312,3
EBITA (%)	3,7 %	5,2 %	4,4 %	5,4 %	3,5 %	4,5 %	5,8 %
EBIT	44,7	63,6	108,3	60,9	36,6	97,5	268,8
EBIT (%)	3,0 %	4,5 %	3,7 %	4,6 %	2,8 %	3,7 %	5,0 %
EBT	(54,2)	73,1	18,8	(2,4)	(90,3)	(92,7)	(48,8)
EBT (%)	-3,7 %	5,2 %	0,7 %	-0,2 %	-6,8 %	-3,5 %	-0,9 %
EBITDA - adjusted for IFRS 16	50.2	70.2	120.9	67.3	45.7	112.9	360.4
EBITA - adjusted for IFRS 16	35.6	58.5	94.5	55.7	33.6	89.4	307.4

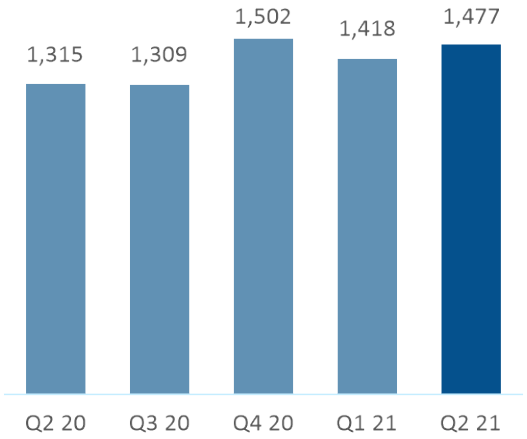
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

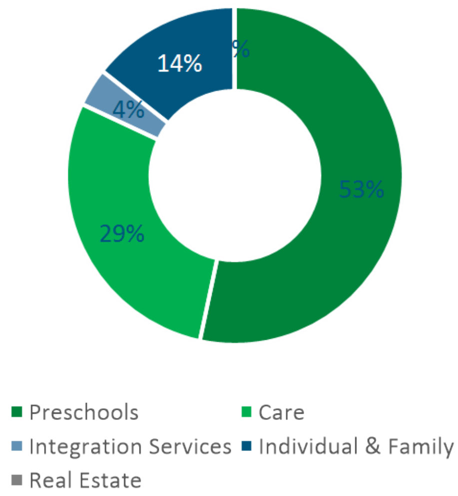
Q2 21 Highlights

- Q2’21 revenues of NOK 1,477 million, EBITDA of NOK 176 million and EBITA of NOK 55 million
- EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 50 million, and adj. EBITA of NOK 36 million
- Overall profitability heavily affected by Care, which recorded a negative adj. EBITDA / EBITA of NOK -17 / -19 million respectively (NOK -5 / -6 million in 2Q’20), on the back of continued Covid-related low occupancy and reduced Government support
- Another strong quarter from Preschools with an adj. EBITDA of NOK 69 million and an adj. EBITA of NOK 58 million, in-line with the all-time high quarter prior year
- Individual & Family and Integration Services continues to progress as planned, with both segments showing positive profitability for the quarter and material improvements year on year
- In May, NHC successfully placed a senior secured sustainability-linked bond, due in May 2025. The bond consists of a NOK and SEK tranche with a total amount of NOK 1.7 billion. The net proceeds were used to refinance the former NOK 1.85 billion bond
- In connection with the refinancing, NHC’s owners injected NOK 150 million in new equity and 51% of the shares of NH Europe. Consequently, NH Europe is owned 100% by NHC and fully consolidated in the financial accounts

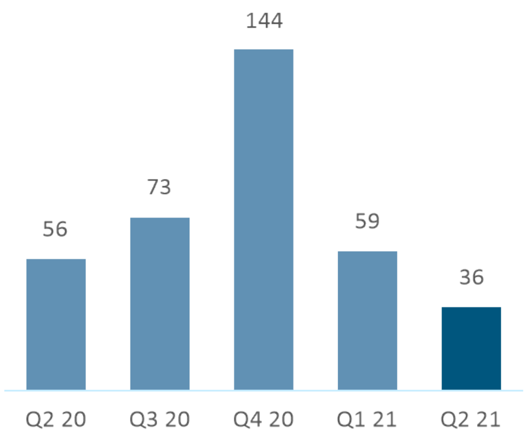
ADJ. REVENUE PER QUARTER (MNOK)



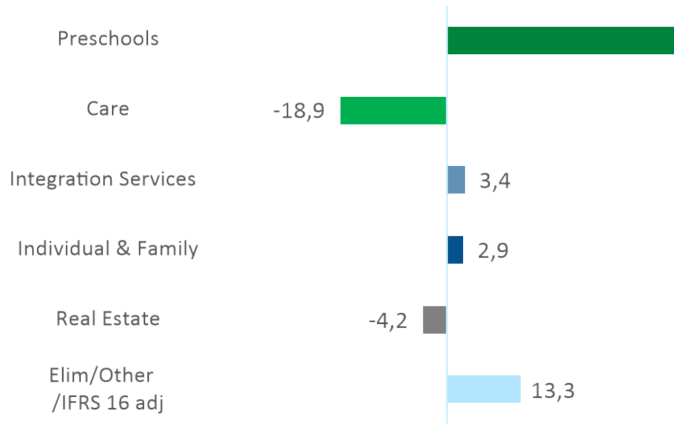
SEGMENT DISTRIBUTION Q2 21 (%)



ADJ. EBITA PER QUARTER (MNOK)

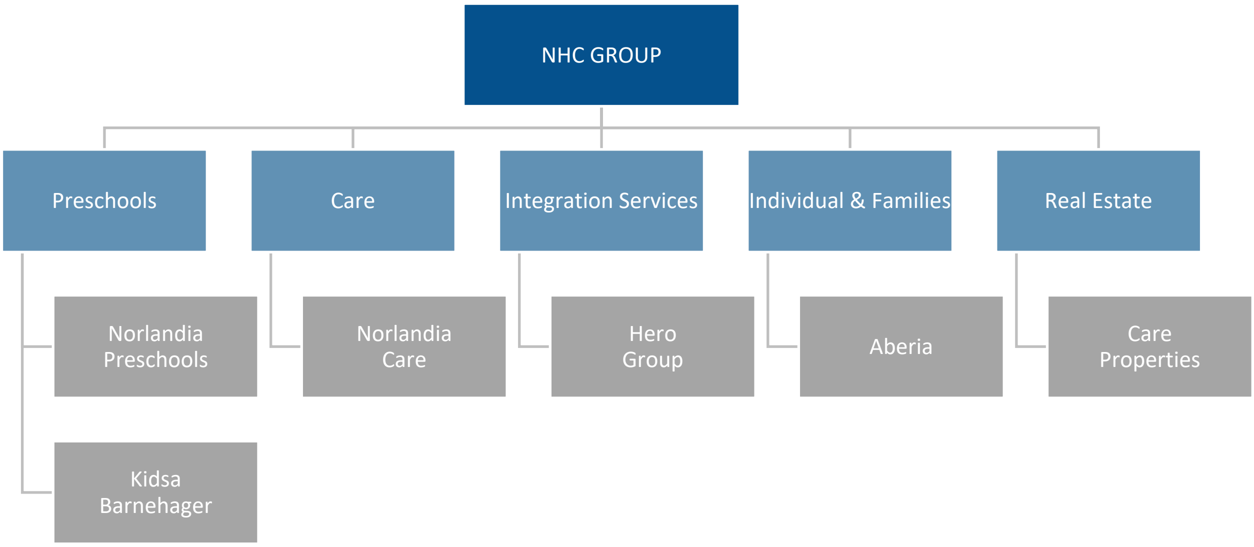


EBITA DISTRIBUTION Q2 21 (MNOK)



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 2020 Annual Report and the respective subsidiaries' web pages.



Financials

CONSOLIDATED INCOME STATEMENT AND CASH FLOWS (UNAUDITED)

The Group reported consolidated revenues of NOK 1,477.5 million in Q2'21, a 12% increase YoY, on the back of revenue growth within all segments except Integration services. EBITA for the quarter amounted to NOK 54.7 million, down from NOK 71.1 million in Q2'20, mainly driven by significantly reduced profitability within the Care segment, which was heavily affected by Covid-19.

Net finance amounted to NOK -93.0 million for the quarter, due to unrealized currency losses of NOK 35.5 million, interest expenses on borrowings of NOK 23.8 million and interest related to capitalized leasing of NOK 28.3 million.

Profit before tax amounted to negative NOK 54.2 million for the quarter, down from negative NOK 2.4 million one year prior. The reduction of NOK 51.8 million reflects unrealized currency effects and, as stated above, the significantly reduced profitability within the Care segment.

Adjusted for IFRS 16 effects, profit before tax came in at negative NOK 45.1 million for the quarter.

Thus, the net effect of IFRS 16 amounted to NOK -9.2 million for the quarter, reflecting increased depreciation charges of NOK 106.2 million and finance charges of 28.3 million. This was partly offset by reduced leasing expenses of NOK 125.2 million. See note 9 for more details.

The Group generated operating cash flows of NOK 229.9 million for the quarter, positively affected by a movement on working capital of NOK 57.9 million.

Cash flows from investing activities amounted to NOK -62.4 million, reflecting the acquisition of a preschool and several properties, construction capex, as well as maintenance capex of NOK 16 million.

Financing cash flows amounted to NOK -119.8 million, explained by lease payments of NOK 125.2 million, cash interest expenses of NOK 23.5 million and increased net debt of NOK 31.0 million. The Group generated total cash flows of NOK 47.7 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 30 JUNE 2021 (UNAUDITED)

As of 30th June 2021, the Group had total non-current assets of NOK 6,757.6 million, of which NOK 3,673.3 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets".

Cash and cash equivalents amounted to NOK 282.8 million, up from NOK 269.4 million one year prior. The Group has a revolving credit facility of NOK 350 million with DNB 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 30th June 2021, NOK 107.3 million was drawn.

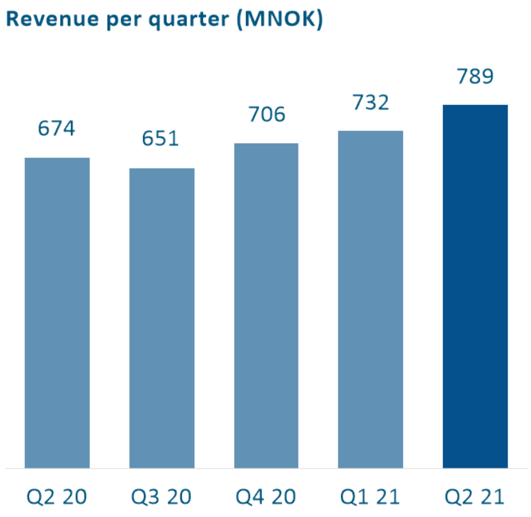
Total assets amounted to NOK 7,539.8 million at the end of the quarter.

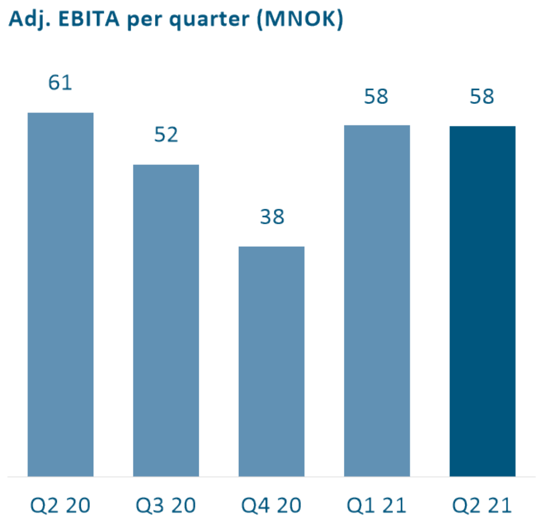
Total non-current liabilities as of 30th June 2021 amounted to NOK 5,664.7 million up from NOK 3,863.5 million as of 31st March 2021, with the large increase reflecting the new senior secured sustainability-linked bond of NOK 1,700 million. The former bond loan was classified as current liabilities as the maturity of these bonds were less than 12 months away. Consequently, current liabilities as of 30th June 2021 amounted to NOK 1,419.5 million, down from NOK 3,188.9 million as of 31st March 2021. The remaining long-term loans of NOK 135.0 million mainly relates to property debt on Norwegian preschool properties.

Per 30th June 2021, the Group's total equity amounted to NOK 455.6 million.

BUSINESS SEGMENTS

Preschools





The second quarter of 2021 generated revenues of NOK 789 million, up from NOK 732 million in Q1’21. The 17% YoY increase reflects the consolidation of NH Europe as of 1st April 2021, now owned 100% by NHC. Adjusted for the consolidation of NH Europe, the Preschools segment has experienced 10% YoY growth in revenues.

The segment reported an adj. EBITDA of NOK 69 million and an adj. EBITA of NOK 58 million, in-line with the all-time high quarters in Q2’20 and Q1’21. The continued strong profitability reflects stable performances in all markets, and further maturing of units, following a reduced growth pace since late 2019. Year to date, the Preschools segment has generated an adj. EBITA of NOK 117 million, up from NOK 100 million in 2020, an increase of 17%.

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 more than 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.

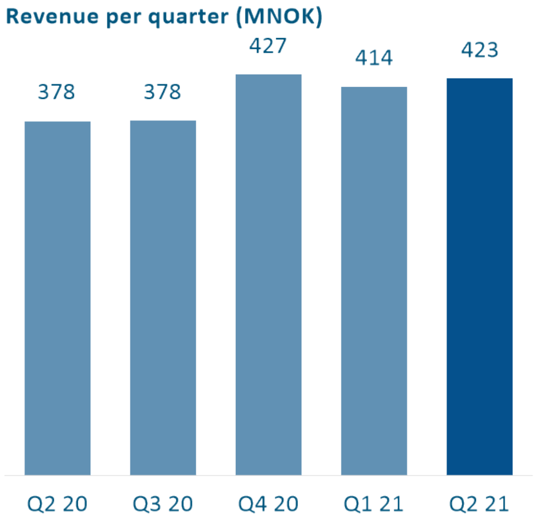
Although being negatively affected by the staffing norm implemented in 2019, Norway has generated decent profitability during 2020 and the first two quarters in 2021. Further regulatory changes have been proposed, including handing over more governing responsibility to the local municipalities, a proposal that might imply less predictability for private preschools. However, this debate is still on-going, and we will seek to adjust our operations according to the final outcome. Although the short-term political landscape is challenging, we remain positive to the long-term merits of our Norwegian preschool operations. During 1H’21, we acquired two preschool units in Norway, both with solid operations and attractive properties.

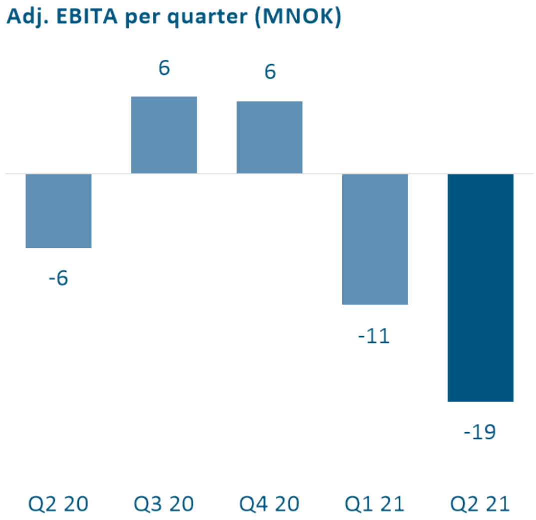
We continue to seek attractive opportunities in Finland and Sweden, with both markets continuing their strong performance. Poland is still in a ramp-up phase and generating losses, but is approaching break-even as occupancy levels overall continue to increase, despite some new units’ ramp-up rate being hampered by the lock-down situation. Our operations in the Netherlands are now performing well, after being negatively affected by Covid-19 in 2020, and we continue to focus our efforts on increasing efficiency and occupancy levels going forward. Overall, the Preschools segment is progressing well and we will continue to target effective and sticky growth in all our international markets.

Following the bond refinancing, NH Europe is now owned 100% by NHC and thus fully consolidated in our accounts. The company was established in 2019 as an acquisition vehicle owned 49% by NHC and 51% by owner Hospitality Invest, and has grown to 36 units in the Netherlands, Finland and Sweden. While we expect NH Europe to contribute with more than NOK 200 million in annual revenues and above-group margins, Covid-19 has had a material negative impact on recent results. In Q2’21, NH Europe delivered NOK 3 million in adj. EBITDA which is the same as in Q1’21.

As of 30th June 2021, Norlandia Preschools operates 374 units. Of these, 32 units are 50% owned by Wekita (Germany).

Care





The Care segment reported revenues of NOK 423 million in Q2'21, up from NOK 378 million in Q2’20, a YoY increase of 12% explained by new contract commencements and currency effects.

The segment reported a negative adj. EBITA of NOK 19 million for the quarter, driven by heavy losses in Sweden, where occupancy remains at low levels, while Government support packages have been terminated or reduced. Although we have seen a slight but steady increase in occupancy during the quarter and after the balance sheet date, we do not anticipate a normalized level until we are well into 2022.

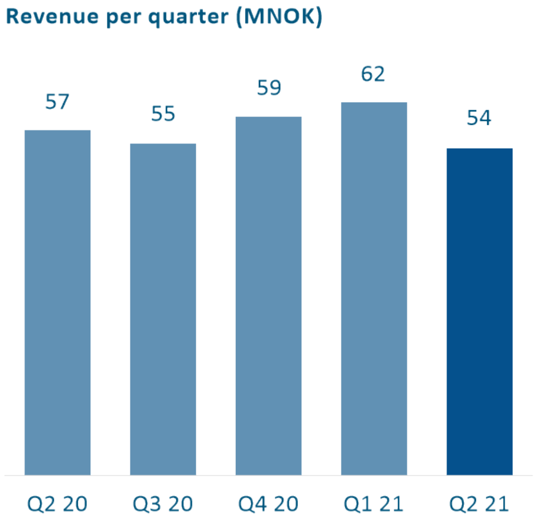
Our operations in Norway have seen some negative effects of Covid-19, specially within home care, but the effects are to a large degree offset by Government support packages such as increased sick leave compensation and the award of compensation for Covid-related costs. In Finland, there is less Government support, and the reduced occupancy in our patient hotel, and increased costs within home care, had a clear and meaningful negative effect on profitability.

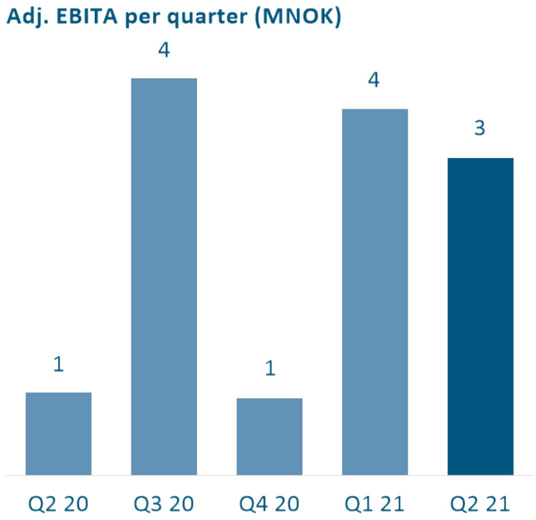
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both 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, while one unit is scheduled to open during 2021. Normally, these units will be loss-making during a 12 – 18 month ramp-up period, while once normalized, the profit margins for these operations should be considerably higher than within tender operations. During the quarter and after the balance sheet date, we signed another two own management projects in Finland and one in Sweden. In addition, we won one own management tender in Denmark, which is a project involving both property and operations. No final agreements have been signed, but we expect operations to commence in late 2024.

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 the care segment with strong expectations for future growth and profitability through own-management contracts and new service offerings and concepts.

Integration services





Integration Services generated revenues of NOK 54 million in Q2'21, down YoY, reflecting the sale of the Education division to Sonans Karriere and the loss of two reception center contracts, offset by increased revenues in the Interpretation segment.

Adj. EBITA amounted to NOK 3 million for the quarter, up NOK 2 million year on year.

Within Accommodation Services, all our remaining reception centers in Norway, after the planned termination of one contract during the quarter, continue to deliver 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.

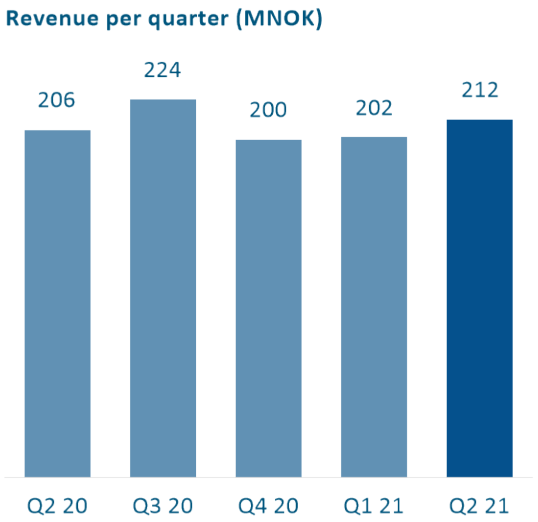
In Germany, following the termination of one temporary contract during the quarter, we now operate 5 reception centers. Although we have the necessary volume to deliver break-even operations in Germany, still more scale is needed in order to generate a meaningful contribution. However, we are actively pursuing various tender opportunities, and remain comfortable in our position and the potential upside in a large and attractive market.

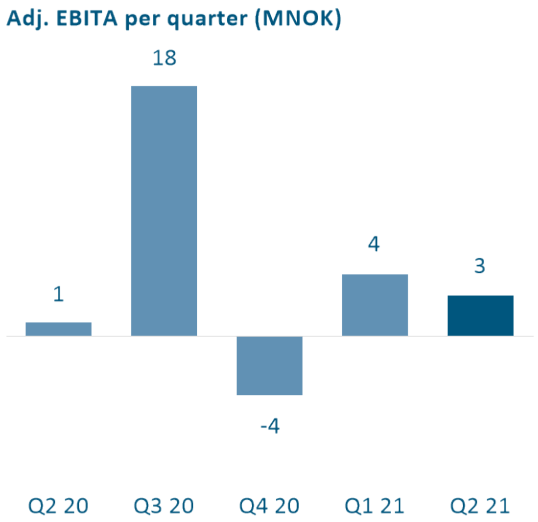
The turnaround of the Interpretation segment is completed. The Finnish operation has been terminated, a centralized Nordic customer center has been established, and we have exited unprofitable contracts in Sweden. Our Interpretation operations in Norway has experienced a material growth in revenues the last quarters, reflecting a YoY growth of over 100%. The main driver behind the growth is the contract with the Norwegian Police which is progressing as planned and offsetting the negative effects of Covid-19 in the segment as a whole. The Interpretation segment now also delivers a healthy profitability reflecting the measures implemented in the restructuring process.

During the quarter, the Education division was sold to Sonans Karriere, a company controlled by NHC's owner, Hospitality Invest. The division has been slightly loss-making during recent quarters and should benefit from an integration with Sonans. The final purchase price will be based on various earn-out mechanisms.

Following a thorough restructuring of the Integration Services segment since 2019, we are encouraged by the strong performance in 2020 and per 2Q'21. With a much reduced cost base, a more focused and efficient Interpretation segment, and break-even operations in Germany, we aim to continue to deliver profitable operations, while retaining the upside from an increase in demand for our services.

Individual & family





Aberia generated revenues of NOK 212 million in Q2’21, up 3% year on year, driven by growth in all segments except our Swedish operations after the sale of the LSS business in Q3’20. Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and has now more than tripled its revenues compared to Q2’20.

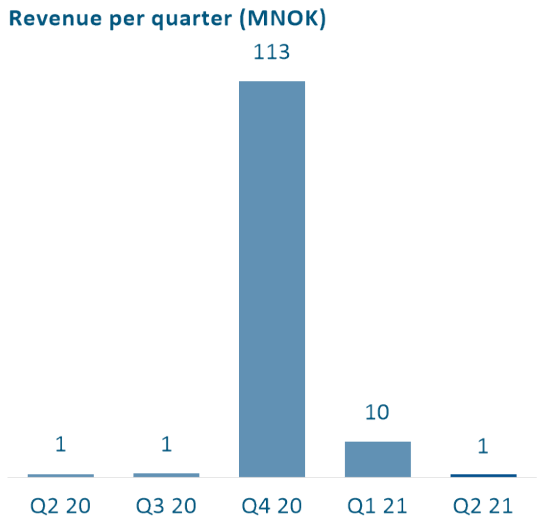
Aberia recorded an adj. EBITA of NOK 3 million for the quarter, up NOK 2 million year on year.

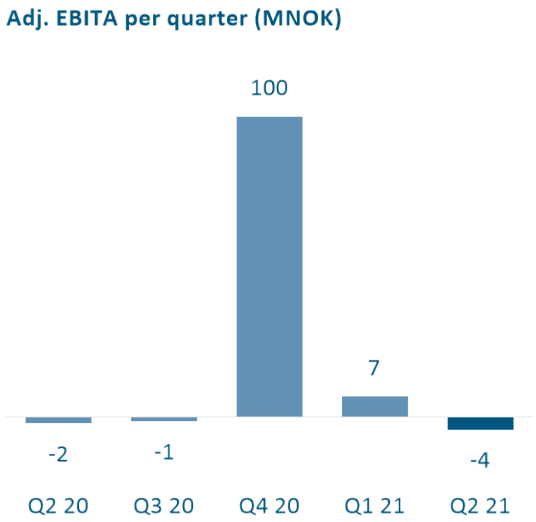
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 800 million. This has been achieved through heavy investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified, and subsequently sold or terminated. This restructuring has now been completed.

Child 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 and material improvements compared to prior year. For the first time since establishing in early 2020, Aurora delivers positive profitability in Q2’21. We expect Aurora to continue the positive development and persistently generate profits going forward. Our Family Homes operations are also still in a ramp-up phase and currently delivering negative EBITA, but is expected to reach break-even during 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 revenues of NOK 1 million in Q2’21, with an adjusted EBITA of NOK -4 million.

No transactions were recorded during the quarter.

As communicated in December 2020, 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 would 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 2H’21, 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.

NHC will continue to gain property positions, and several new property development initiatives have been committed during the recent quarters. We believe we are well positioned to maintain the profitability level seen in the years. 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

While we continue to deliver strong growth and increasing profitability, the Covid-19 pandemic remains a major uncertainty and risk going forward. Although the vaccination process appears to be progressing well, we are on the alert for new shocks and negative developments. 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 has delivered two strong quarters following a strong 2020. We believe we have an attractive portfolio of preschools and solid 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 and although various Government support programs in Norway and Sweden offset a large part of the losses during 2020, Care Sweden has had a challenging start to the current year on the back of reduced Government support. 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 both segments are now delivering profitable operations.

In Q2'21, we secured a successful refinancing of our outstanding bonds, with a new NOK 1.7 billion sustainability-linked bond, with a 4-year tenor. Through the injection of new equity by our owner, NHC will emerge as a stronger company, and be well positioned to pursue the many attractive opportunities within our existing markets and services.

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, 25 August 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

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q2 21	YTD 21	Q2 20	YTD 20	FY 20
Operating revenue and income						
Revenue		1 474,0	2 882,2	1 314,8	2 634,8	5 313,8
Other income		3,5	8,6	-0,1	0,2	75,7
Total operating revenue and income	3	**1 477,5**	**2 890,7**	**1 314,7**	**2 635,0**	**5 389,5**
Operating expenses						
Cost of goods sold		42,7	82,1	15,4	59,2	131,4
Personnel expenses		1 085,3	2 115,9	963,7	1 935,8	3 849,1
Other operating expenses	9	173,9	324,1	156,5	308,8	638,9
EBITDA		**175,6**	**368,7**	**179,2**	**331,2**	**770,1**
Depreciation	9	120,8	240,2	108,1	213,5	457,7
EBITA	3	**54,7**	**128,5**	**71,1**	**117,7**	**312,3**
Amortisation	4	10,0	20,2	10,2	20,1	43,6
EBIT		**44,7**	**108,3**	**60,9**	**97,5**	**268,8**
Finance						
Net finance	5, 9	-93,0	-82,6	-69,3	-197,6	-316,2
Share of post-tax profits of associates		-6,0	-6,9	6,0	7,5	-1,4
Profit before income tax		**-54,2**	**18,8**	**-2,4**	**-92,7**	**-48,8**
Income tax	6	1,3	3,6	2,2	4,0	33,3
Profit for the period		**-52,9**	**22,5**	**-0,2**	**-88,7**	**-15,5**

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q2 21	YTD 21	Q2 20	YTD 20	FY20
Other comprehensive income						
Profit for the period		-52,9	22,5	-0,2	-88,7	-88,7
Changes in pension liabilities		-	-	-	-	-20,8
Deferred tax related to these items		-	-	-	-	4,6
Changes in other items net of tax		-	-	-	-	-
Total items not reclassified		**-52,9**	**22,5**	**-0,2**	**-88,7**	**-104,9**
Currency translation differences		9,6	-17,8	-8,6	49,9	46,6
Items that will be reclassified		-	-	-		-
Other comprehensive income, net of tax		**9,6**	**-17,8**	**-8,6**	**49,9**	**30,4**
Total comprehensive income for the period		**-43,3**	**4,7**	**-8,8**	**-38,8**	**-58,3**
Attributable to						
Equity holders of the parent company		-41,8	6,7	-9,4	-45,9	11,6
Non-controlling interest		-1,5	-2,0	0,6	7,1	3,3
Total comprehensive income for the period		**-43,3**	**4,7**	**-8,8**	**-38,8**	**14,9**
Attributable to equity holders arising from						
Continuing operations		-43,3	4,7	-8,8	-38,8	14,9
Total comprehensive income for continuing		**-43,3**	**4,7**	**-8,8**	**-38,8**	**14,9**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	30.6.2021	30.6.2020	31.12.2020
Non-current assets				
Deferred tax assets		115,4	69,1	116,8
Goodwill	7	1 750,8	1 640,7	1 652,4
Intangible assets	7	575,4	615,8	599,2
Property, plant & equipment		560,0	571,5	470,8
Right-of-use assets		3 673,3	3 174,8	3 791,9
Investment in associated companies		25,8	53,0	54,3
Other investments		12,0	33,1	18,6
Other long term receivables		44,9	33,5	40,9
Total non-current assets		**6 757,6**	**6 191,4**	**6 744,8**
Current assets				
Inventories		5,7	5,1	5,2
Accounts receivables		256,7	223,0	199,7
Other short-term receivables		237,0	230,5	227,8
Cash and cash equivalents		282,8	269,4	285,4
Total current assets		**782,2**	**728,0**	**718,0**
Total assets		**7 539,8**	**6 919,5**	**7 462,8**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	30.6.2021	30.6.2020	31.12.2020
Equity				
Share capital		312,0	300,0	300,0
Other equity		130,1	-88,2	-26,7
Equity attributable to owners of the parent		**442,1**	**211,8**	**273,3**
Non-controlling interest		13,5	56,8	17,7
Total equity		**455,6**	**268,6**	**291,0**
Liabilities				
Pension liabilities		117,2	113,6	116,5
Deferred tax liability		148,0	156,3	149,9
Loans and borrowings	8	1 879,9	2 068,7	118,0
Lease liability		3 516,7	2 948,9	3 588,4
Other non-current liabilities		2,8	3,2	3,2
Total non-current liabilities		**5 664,7**	**5 290,8**	**3 976,0**
Accounts payable		106,2	88,3	125,1
Loans and borrowings	8	64,4	25,1	1 892,3
Lease liability		379,0	337,9	388,7
Taxes payable		8,0	0,1	12,6
Other current liabilities		861,9	908,6	777,0
Total current liabilities		**1 419,5**	**1 360,1**	**3 195,8**
Total liabilities		**7 084,2**	**6 650,9**	**7 171,8**
Total equity and liabilities		**7 539,8**	**6 919,5**	**7 462,8**

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q2 21	YTD 21	Q2 20	YTD 20	FY 20
Cash flow from operating activities						
EBITDA		175,6	368,7	179,2	331,2	770,1
Net taxes paid and other EBITDA cash adjustments		-3,6	-5,4	18,3	12,1	40,0
Change in net working capital		57,9	5,8	244,8	206,5	121,4
Net cash flow from operating activities		**229,9**	**369,1**	**442,3**	**549,7**	**931,4**
Cash flow from investing activities						
Net investment in property, plant and equipment		-42,0	-72,6	-46,6	-68,6	-145,1
Investment in shares in business		-17,6	-30,5	0,4	0,0	-59,6
Net book value proceeds from sale of assets		0,0	18,6	0,0	33,8	295,4
Net change in financial receivables		-2,9	-3,6	-0,9	-4,6	11,5
Net cash flow from investing activities		**-62,4**	**-88,0**	**-47,1**	**-39,3**	**102,1**
Cash flow from financing activities						
Net change in interest-bearing debt		31,0	17,4	-161,3	-122,5	-281,9
Lease lialibility - amortisation and interest		-125,2	-252,5	-112,0	-221,3	-469,6
Payment to non-controlling interest		-2,2	-2,2	-	-	-31,3
Net interest paid and other financial items		-23,5	-46,3	-27,4	-54,8	-126,7
Distributions to owners		-	-	-	-	-
Net cash flow from financing activities		**-119,8**	**-283,5**	**-300,7**	**-398,5**	**-909,5**
Changes in cash and cash equivalents						
Net change in cash and cash equivalents		47,7	-2,4	94,5	111,9	124,1
Effects of changes in exchange rates on cash		-11,5	-0,1	1,3	-11,6	-7,8
Cash and cash equivalents at the beginning of period		246,6	285,4	173,6	169,1	169,1
Cash and cash equivalents at end of period		**282,8**	**282,8**	**269,4**	**269,4**	**285,4**

Consolidated Statement of Changes in Equity (unaudited)

(All figures in NOK million)

	Notes	Share capital	Retained earnings	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
Balance as of 31-December-19		300,0	-47,5	5,2	257,8	49,6	307,4
Profit		-	-9,3	-	-9,3	-6,2	-15,5
Other comprehensive Income		-	-16,2	37,1	20,9	9,5	30,4
Total comprehensive Income		**-**	**-25,5**	**37,1**	**11,6**	**3,3**	**14,9**
Increased non-controlling interest from business combination		-	-	-	-	-	-
Distrubution to non-controlling interest		-	-	-	-	-15,5	-15,5
Distribution to owners		-	-	-	-	-	-
Acquisition of shares from non-controlling interest		-	-	-	-	-15,8	-15,8
Total contributions and distributions		-	3,9	-	3,9	-35,2	-31,3
Balance as of 31-December-20		300,0	-69,0	42,4	273,3	17,7	291,0
Profit		-	23,8	-	23,8	-1,3	22,5
Other comprehensive Income		-	-	-17,1	-17,1	-0,7	-17,8
Total comprehensive Income		**-**	**23,8**	**-17,1**	**6,7**	**-2,0**	**4,7**
Contributions by and distributions to owners							
Incorporation NH Europe Holding AS	-		-17,7	-	-17,7	-	-17,7
Capital increase		12,0	167,8	-	179,8	-	179,8
Distribution to owners		- -		-	-	-	-
Non-controlling interest acquired from business combination		-	-	-	-	-	-
Distrubution to non-controlling interest		-	-	-	-	-2,2	-2,2
Acquisition of shares from non-controlling interest		-	-	-	-	-	-
Other		-	-	-	-	-	-
Total contributions and distributions		**12,0**	**150,1**	**-**	**162,1**	**-2,2**	**159,9**
Balance as of 30-June-21		**312,0**	**104,8**	**25,3**	**442,1**	**13,6**	**455,6**

Oslo, 25 August 2021

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 2020 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 2020. The accounting policies are the same as those described in the annual report for 2020. 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.

NOK million	Q2 21	Q1 21	2021 YTD	Q2 20	Q1 20	2020
Revenue by segment						
Preschools	788,7	731,7	1 520,4	673,8	685,2	2 716,2
Care	423,0	413,6	836,6	377,5	384,0	1 567,3
Integration services	54,2	61,8	116,1	57,2	58,7	230,3
Individual & Family	212,0	201,8	413,9	205,7	186,9	816,3
Real Estate	0,8	10,3	11,1	1,1	9,3	124,1
Other/Elim./IFRS 16 adj	-1,2	-6,1	-7,3	-0,5	-3,8	-64,9
Total	**1 477,5**	**1 413,2**	**2 890,7**	**1 314,7**	**1 320,3**	**5 389,3**

NOK million	Q2 21	Q1 21	2021 YTD	Q2 20	Q1 20	2020
EBITDA by segment						
Preschools	68,6	65,6	134,2	68,0	44,6	223,3
Care	-17,3	-9,1	-26,4	-4,7	6,7	17,5
Integration services	4,7	5,6	10,3	1,9	-1,7	8,3
Individual & Family	3,8	5,4	9,2	2,1	0,5	18,4
Real Estate	-4,1	6,8	2,8	-1,6	0,7	97,9
Other/Elim./IFRS 16 adj	119,7	118,8	238,5	113,6	101,1	404,5
Total	**175,6**	**193,1**	**368,7**	**179,2**	**151,9**	**769,8**

NOK million	Q2 21	Q1 21	2021 YTD	Q2 20	Q1 20	2020
EBITA by segment						
Preschools	58,3	58,5	116,8	60,6	38,5	189,3
Care	-18,9	-10,8	-29,8	-6,2	3,4	9,7
Integration services	3,4	3,9	7,3	0,9	-2,6	3,3
Individual & Family	2,9	4,5	7,4	1,0	-0,4	14,3
Real Estate	-4,2	6,8	2,6	-1,9	0,5	96,8
Other/Elim./IFRS 16 adj	13,3	11,0	24,2	16,7	7,1	-1,4
Total	**54,7**	**73,8**	**128,5**	**71,1**	**46,5**	**312,0**

NOK million	Q2 21	Q1 21	2021 YTD	Q2 20	Q1 20	2020
EBIT by segment						
Preschools	53,6	53,8	107,5	56,0	34,1	170,2
Care	-22,2	-14,4	-36,6	-9,8	-0,0	-6,6
Integration services	3,3	3,8	7,2	0,7	-2,7	2,8
Individual & Family	2,3	3,8	6,1	0,3	-1,0	11,6
Real Estate	-4,2	6,8	2,6	-1,9	0,4	96,8
Other/Elim./IFRS 16 adj	12,0	9,7	21,7	15,5	5,8	-6,4
Total	**44,7**	**63,6**	**108,3**	**60,9**	**36,6**	**268,5**

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	Q2 21	Q1 21	2021	Q2 20	Q1 20	2020
Net Finance						
Interest income	0,3	0,3	0,6	0,1	0,3	0,7
Interest expenses borrowings	-23,8	-23,1	-46,9	-27,5	-27,7	-104,5
Interest expenses lease liability	-28,3	-28,8	-57,1	-24,1	-24,2	-103,0
Non-realized currency effects	-35,5	65,0	29,5	-11,8	-78,7	-108,2
Other finance income	0,0	-	0,0	0,0	-0,2	-0,8
Other finance expenses	-5,6	-3,1	-8,7	-6,1	2,1	-7,7
Total	**-93,0**	**10,4**	**-82,6**	**-69,3**	**-128,3**	**-323,5**

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 AND GOODWILL

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. In May, the Group successfully placed a senior secured sustainability-linked bond due in May 2025. The bond consists of a NOK and SEK tranche with a total amount of NOK 1,700 million. The new bond loan has a minimum liquidity covenant, of NOK 100 million.

Bond Loans	Maturity	Currency	Amount (million)
Norlandia Health & Care Group AS	5/2025	NOK	950
Norlandia Health & Care Group AS	5/2025	SEK	750

Property debt	Amount (million)
Within ringfence structure	35.0
Outside ringfence structure	100.0

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)	Q2 21	IFRS 16	Q2 21 - Adjusted	YTD 21	IFRS 16	YTD 21 - Adjusted
Operating income						
Revenue	1 474,0		1 474,0	2 882,2		2 882,2
Other operating revenue	3,5	-0,1	3,4	8,6	4,7	13,3
Total operating revenue	**1 477,5**	**-0,1**	**1 477,4**	**2 890,7**	**4,7**	**2 895,4**
	-			-		
Operating expenses	-			-		
Cost of goods sold	42,7		42,7	82,1		82,1
Personnel expenses	1 085,3		1 085,3	2 115,9		2 115,9
Other operating expenses	173,9	125,2	299,1	324,1	252,5	576,6
EBITDA	**175,6**	**-125,3**	**50,2**	**368,7**	**-247,8**	**120,9**
	-			-		
Depreciation	120,8	-106,2	14,7	240,2	-213,8	26,4
EBITA	**54,7**	**-19,2**	**35,6**	**128,5**	**-34,0**	**94,5**
	-			-		
Amortisation	10,0		10,0	20,2		20,2
EBIT	**44,7**	**-19,2**	**25,6**	**108,3**	**-34,0**	**74,3**
	-			-		
Finance	-			-		
Net finance	-93,0	28,3	-64,6	-82,6	57,1	-25,5
Share of post-tax profits of associates	-6,0	-	-6,0	-6,9	-	-6,9
Profit before income tax	**-54,2**	**9,2**	**-45,1**	**18,8**	**23,1**	**42,0**

10. EVENTS AFTER BALANCE SHEET DATE

No known material events have occurred after balance sheet date which would have had any effect on the reports figures as per 30.6.2021.

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q2 21	YTD 21	Q2 20	FY 20
Operating income					
Revenue		557	1 113	482	1 928
Total operating revenue		**557**	**1 113**	**482**	**1 928**
Operating expenses					
Costs of goods sold		-	-	-	-
Personnel expenses		-1 217	-1 508	-198	-1 739
Other operating expenses		**-1 661**	-3 717	-787	-5 141
EBITDA		**-2 321**	**-4 112**	**-503**	**-4 952**
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit (EBIT)		**-2 321**	**-4 112**	**-503**	**-4 952**
Finance					
Net Finance	1	-66 657	4 979	-17 967	-4 574
Profit before income tax		**-68 978**	**867**	**-18 471**	**-9 527**
Income tax		-	-	-	3 523
Profit for the period		**-68 978**	**867**	**-18 471**	**-6 004**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	30.06.2021	30.06.2020	31.12.2020
Non-current assets				
Deferred tax assets		21 202	17 679	21 202
Shares in subsidiaries/associates		1 656 454	1 626 670	1 626 670
Loans to group companies		761 703	683 795	689 381
Total non-current assets		**2 439 360**	**2 328 144**	**2 337 253**
Current assets				
Other short-term receivables		0	99 325	185 051
Cash and cash equivalents		-	-	68 096
Total current assets		**0**	**99 325**	**253 147**
Total assets		**2 439 360**	**2 427 469**	**2 590 400**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	30.06.2021	30.06.2020	31.12.2020
Equity				
Share capital		312 000	300 000	300 000
Retained earnings		237 148	-79 722	68 498
Total equity		**549 148**	**220 278**	**368 498**
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Long term interest bearing debt	1	55 729	-	-
Bond loans	1	1 682 951	1 885 281	-
Total non-current liabilities		**1 738 680**	**1 885 281**	**-**
Current liabilities				
Accounts payable		374	18	374
Short term interest bearing debt	1	51 568	24 310	1 892 184
Other current liabilities		99 590	297 581	329 343
Total current liabilities		**151 532**	**321 910**	**2 221 902**
Total liabilities		**1 890 212**	**2 207 191**	**2 221 902**
Total equity and liabilities		**2 439 360**	**2 427 469**	**2 590 400**

Notes

1. FINANCE COSTS

Finance Costs in Q2’21 includes NOK 21.8 million in interest expense related to the bond loan. Net currency movement for the period was NOK -47.3 million for the second quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

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www.hero.no

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