NHC Group
Report Q3 2020

CONTENT

Key figures

(All figures in NOK million)

	Q3 20	Q2 20	YTD 20	Q3 19	Q2 19	YTD 19	FY 19
Total revenues	1 311,8	1 314,7	3 946,8	1 204,9	1 235,6	3 705,8	5 046,6
EBITDA	215,9	179,2	547,0	162,0	131,3	444,0	577,3
EBITDA (%)	16,5 %	13,6 %	13,9 %	13,4 %	10,6 %	12,0 %	11,4 %
EBITA	93,1	71,1	210,8	59,0	28,1	136,4	160,7
EBITA (%)	7,1 %	5,4 %	5,3 %	4,9 %	2,3 %	3,7 %	3,2 %
EBIT	82,9	60,9	180,4	49,7	18,8	108,6	122,6
EBIT (%)	6,3 %	4,6 %	4,6 %	4,1 %	1,5 %	2,9 %	2,4 %
EBT	15,2	(2,4)	(77,5)	(2,4)	(23,3)	5,6	(66,0)
EBT (%)	1,2 %	-0,2 %	-2,0 %	-0,2 %	-1,9 %	0,2 %	-1,3 %
EBITDA - adjusted for IFRS 16	89.5	67.3	202.4	58.7	28.5	134,7	202.1
EBITA - adjusted for IFRS 16	73.2	55.7	162.6	46.1	14.4	96,8	146.9

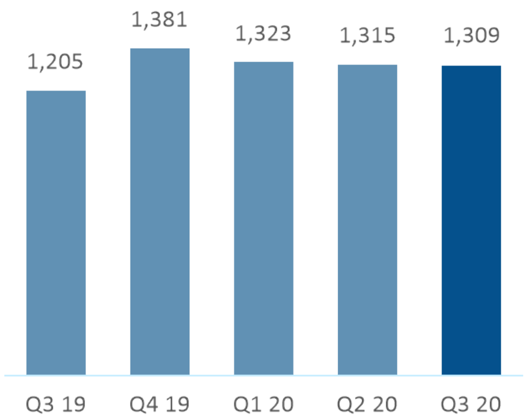
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

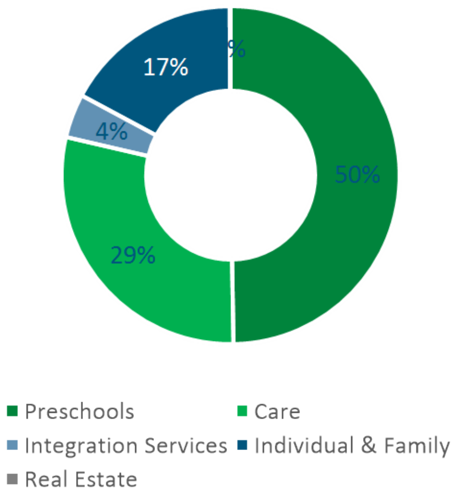
Q3 20 Highlights

- Q3’20 revenues of NOK 1,312 million, EBITDA of NOK 216 million and EBITA of NOK 93 million
- EBITDA adjusted for IFRS 16 effects, of NOK 90 million, and adjusted EBITA of NOK 73 million
- Continued strong performance from Preschools, with an adjusted EBITDA and EBITA of NOK 64 / 52 million respectively
- Individual & Family and Integration Services progressing as planned, with both segments showing healthy profitability for the quarter and stronger underlying fundamentals. Material improvement year on year
- Care segment still negatively affected by Covid-19, but strong improvement on prior quarter, with adjusted EBITA of 6 million
- LSS operations sold on 1st August, giving net gain of NOK 15 million within Individual & Family in Q3
- A preschool chain with 4 owned units was acquired in August
- Still large uncertainty around longer term effects of Covid-19. Care segment will see continued negative effects during 2020 while Preschools could see lower occupancy on the back of increased unemployment. Total effects largely dependent on Covid-19 development and on the extent and structure of the various state support programs
- A significant pipeline of property portfolios being made available for sale during 2020

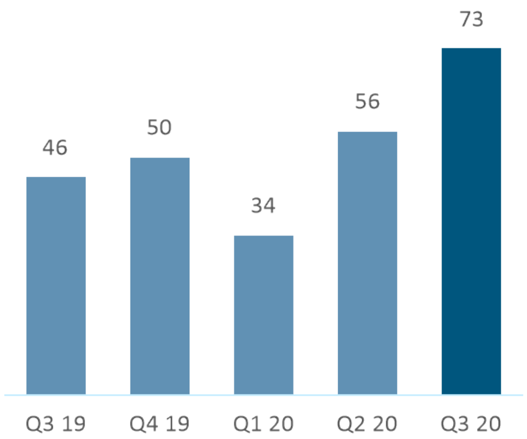
ADJ. REVENUE PER QUARTER (MNOK)



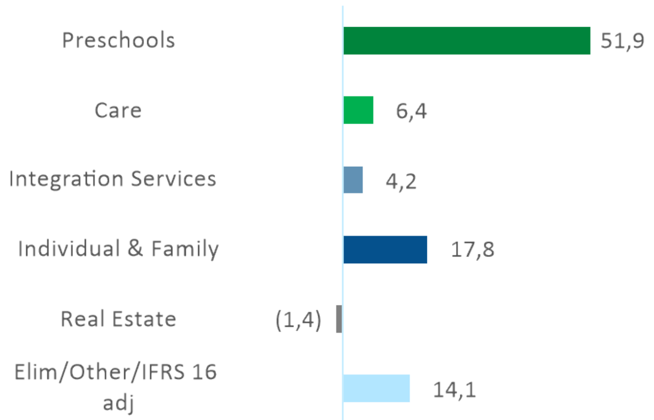
SEGMENT DISTRIBUTION Q3 20 (%)



ADJ. EBITA PER QUARTER (MNOK)

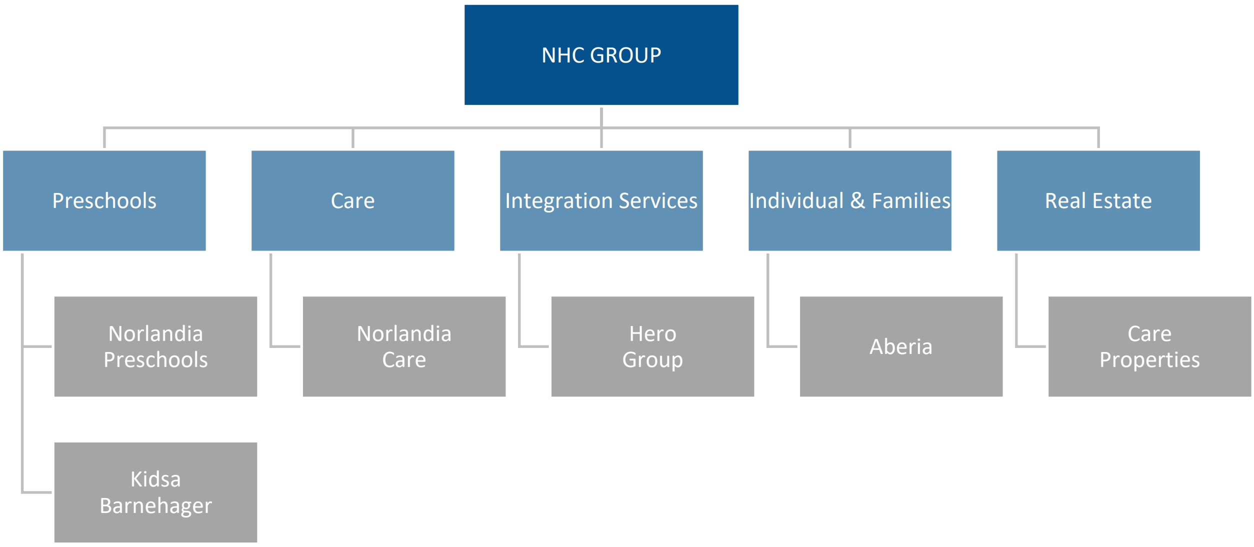


EBITA DISTRIBUTION Q3 20 (MNOK)



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 1,311.8 million in Q3'20, flat on the prior quarter. Year on year, revenues are up from NOK 1,204.9 million, reflecting growth within Preschools and Individual & Family, partially offset by Integration Services.

EBITA amounted to NOK 93.1 million, versus NOK 71.1 million in Q2'20, an increase of 31%. EBITA, adjusted for leasing effects from IFRS 16, amounted to NOK 73.2 million, significantly up from NOK 55.7 million in the prior quarter, and NOK 46.1 million in 3Q'19. The year on year increase in profitability reflects stronger performance from all segments except for Care.

Net finance amounted to NOK -66.5 million for the quarter, due to interest expenses on borrowings of NOK 27.5 million and interest related to capitalized leasing of NOK 26.8 million. In addition, net finance was negatively affected by net unrealized currency losses of NOK -12.8 million.

Profit before tax amounted to NOK 15.2 million for the quarter. Adjusted for IFRS 16 effects, profit before tax came in at NOK 22.1 million.

Thus, the net effect of IFRS 16 amounted to NOK -6.9 million for the quarter, reflecting increased depreciation charges of NOK 106.5 million and finance charges of 26.8 million. This was partly offset by reduced leasing expenses of NOK 123.4 million. See note 9 for more details.

The Group generated operating cash flows of NOK 78.7 million for the quarter, negatively affected by an increase in working capital, totaling NOK 96.1 million, and non-cash adjustments of NOK 41.1. The non-cash adjustments relate to the sale of LSS, where a large part of the recorded sales price is structured as an earn-out mechanism and hence the cash is not received, and the difference between pensions costs recorded and actual cash paid towards pensions for the quarter. The negative working capital movement reflects a reversal of the positive movement in the prior quarter.

Cash flows from investing activities amounted to NOK -126.9 million, reflecting the acquisition of a preschool chain and of shares from non-controlling interests in our subsidiaries within Personal Assistance in Sweden, as well as capex relating to the construction of properties in Finland, Norway and Poland, as well as ordinary maintenance capex.

Financing cash flows amounted to NOK -59.5 million, due to the amortization of lease liability of NOK 123.2 million, and increased draw-down on the revolving credit facility of NOK 92.7 million, thereby bringing the amount drawn on the RCF to the same amount. The Group generated total cash flows of NOK -107.8 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 30 JUNE 2020 (UNAUDITED)

As of 30 September 2020, the Group had total non-current assets of NOK 6,582.7 million, of which NOK 3,349.9 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets". The increase in assets reflects the acquisition of a preschool chain, which included operations and four preschool properties.

Cash and cash equivalents amounted to NOK 162.1 million, down from NOK 269.4 million at the end of the prior quarter. 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 per Q3'20, NOK 92.7 million was drawn.

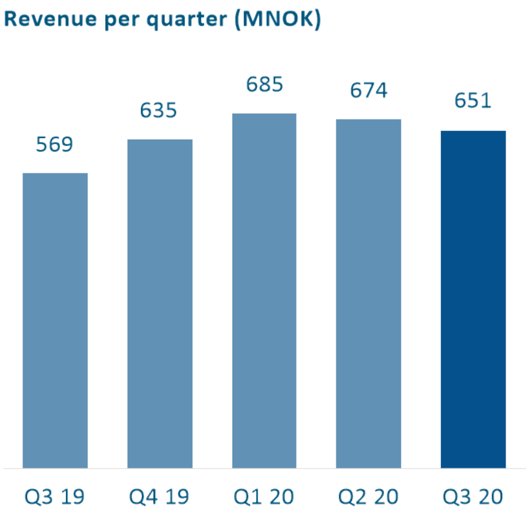
Total assets amounted to NOK 7,196.9 million at the end of the quarter.

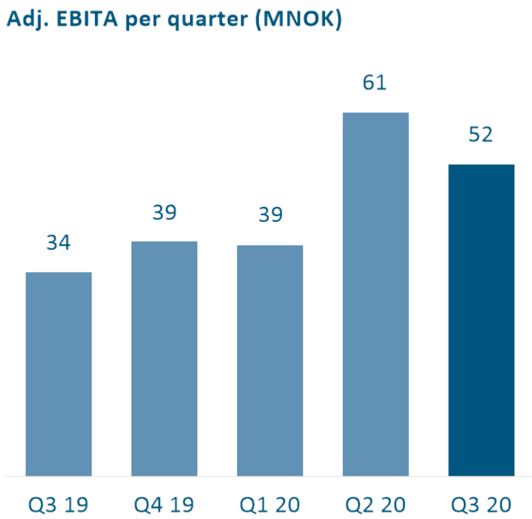
Total non-current liabilities amounted to 5,555.3 million, including NOK 3,113.0 million classified as "Lease liability" under IFRS 16. Total loans and borrowings amounted to NOK 2,175.8 million, mainly consisting of the NOK- and SEK-denominated bond loan, as well as property debt of NOK 267.8 million. The increase in property debt reflects debt assumed on the four acquired preschool properties. Total current liabilities increased from NOK 1,360.1 million at prior quarter-end, to NOK 1,376.6 million per Q3'20.

Per 30 September 2020, the Group's total equity amounted to NOK 265.1 million.

BUSINESS SEGMENTS

Preschools





The third quarter of 2020 generated revenues of NOK 651 million, down from NOK 674 million in Q2'20. The revenue reduction is explained by seasonality in Norway and Sweden, where there is no parent pay in July, as well as currency effects for the international operations. Year on year, revenues were up 15%.

The segment reported an adjusted EBITA of NOK 52 million for the quarter, down from the seasonally strong EBITA in Q2, but up more than 50% year on year. The continued strong profitability was driven by recent years' greenfield growth in Finland and Sweden now maturing, as well as Norway, offset by reduced profitability in Netherlands and Poland, which were both negatively affected by Covid-19.

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.

Year to date, the Preschools segment has generated an adjusted EBITA of NOK 151 million, up from NOK 95 million in 2019, an increase of appr. 60%. The significant improvement in profitability is mainly driven by Sweden and Finland, where we have seen the highest growth costs in recent years.

While the international operations are the main drivers behind the growth in revenues and EBITA, Norway has generated decent profitability during 2020. Margins are significantly reduced since 2016, but through increased efficiency and solid operations, we have managed to maintain decent profitability. Further regulatory changes have been proposed, including a reduction in grants to cover pension costs, which would, all else being equal, negatively affect Norlandia. 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 and regulatory landscape is challenging, we remain positive to the long-term merits of our Norwegian preschool operations. During the quarter, we acquired a chain of four large units with modern and attractive properties and solid operations with strong demographics.

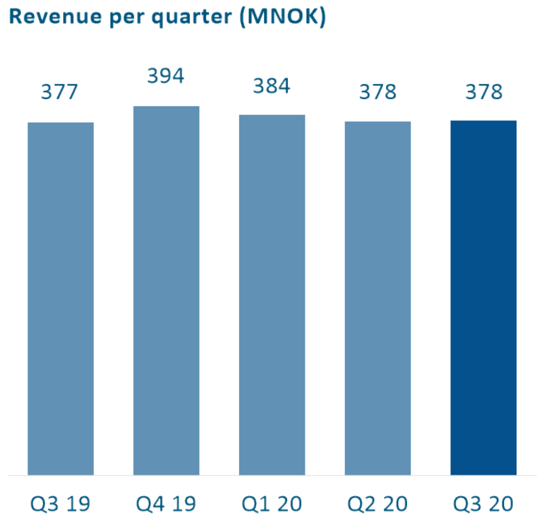
While we are on track to deliver a very strong 2020, we expect further improvement in 2021 and onwards. Netherlands has been and continue to be negatively affected by Covid-19, while Poland is still in a ramp-up phase and generating losses. We expect increased efficiency and stronger results in Netherlands going forward, while we see promising progress in Poland in increasing occupancy within our preschools, however, now materially affected by a worsening of the Covid-19 situation. Finland is performing well and we expect to see continued improvement as our new units mature. Sweden is also delivering very strong results and continues to be a market in which we expect to grow further going forward. However, Covid-19 still poses a large uncertainty and risk for our preschool operations, now specially in Netherlands and Poland, which we see affect occupancy and hence revenues.

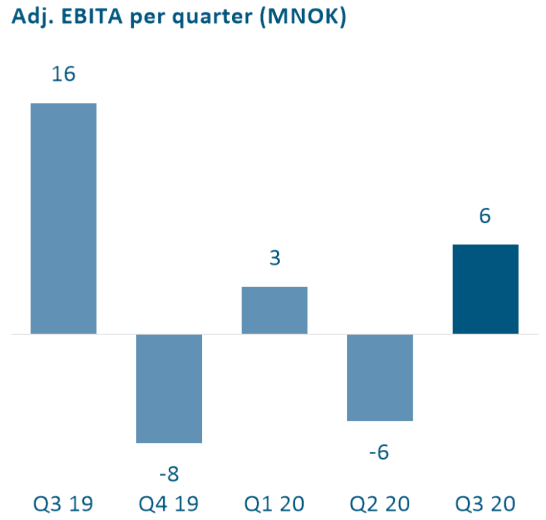
NH Europe, the JV with parent company Hospitality Invest, is the acquisition vehicle for Norlandia Preschools. Two units in Sweden were acquired during the quarter, giving a total of 36 operated units as per 30th September 2020.

Additionally, Wekita, owned 50% by NHC, had 30 units (and an additional 12 units as franchisor) at quarter-end. The third quarter was challenging with negative effects from Covid-19 for both NH Europe and Wekita, resulting in an adjusted EBITDA of NOK 2 million. 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 30th September 2020, Norlandia Preschools operates 363 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 379 million in Q3'20, flat both quarter on quarter and year on year.

Following a very challenging Q2, where the Care segment recorded a negative adjusted EBITA of 6 million, we saw an improvement in all markets in Q3, resulting in an adjusted EBITA of NOK 6 million.

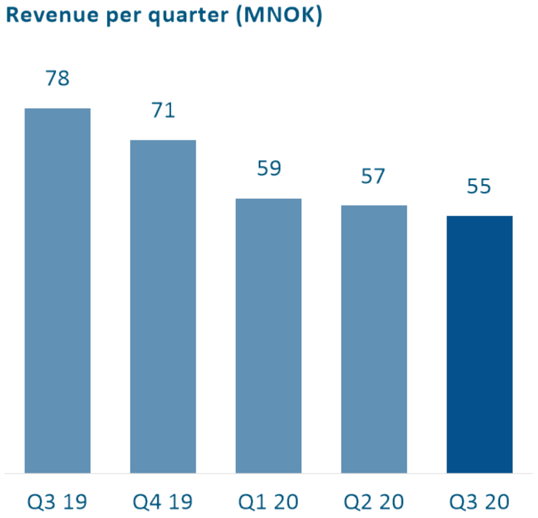
The Care segment continues to be heavily affected by Covid-19, specially in Sweden. Occupancy was low during the quarter and continues to be low also after the balance sheet date. In addition, staffing and procurement costs are higher than normal. However, Government support programs, such as reduced employment taxes and compensation for sick leave in Sweden, and the award of cost compensation in Norway, helped secure a positive EBITA for the quarter.

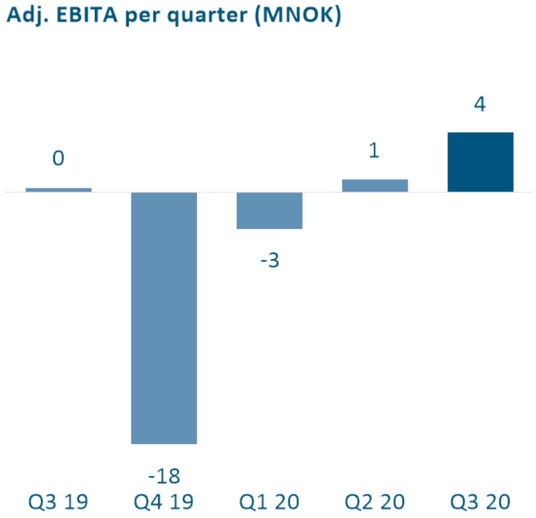
While Finland is progressing well, and the long-term fundamentals for Care remain strong, the short-term outlook is challenging. Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both the capacity and quality innovations provided by the private 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 high occupancy will enable positive profitability, a shift towards own management operations is required and ongoing in order to generate solid profit margins. 3 new own management units have opened during 2020, which are expected to be loss-making during a 12 to 18 month ramp-up period. We cautiously continue to build this pipeline, through a balanced risk approach.

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 55 million and an EBITA of NOK 4 million in Q3'20. Revenues are down both QoQ and YoY, reflecting reduced activity across all segments, while profitability is up, on the back of significant cost cuts and operational restructuring processes.

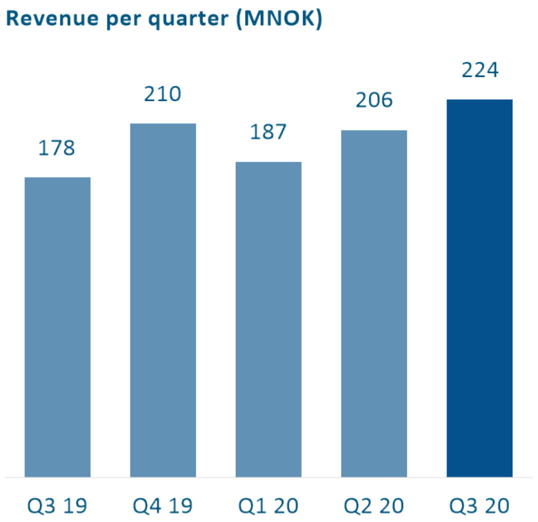
Within Accommodation Services, we have 6 reception centers in Norway, all generating healthy profitability. One transit center in Oslo was closed in September, while two important new 10-year contracts were won in September, with operations starting in December. The activity within the asylum market 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.

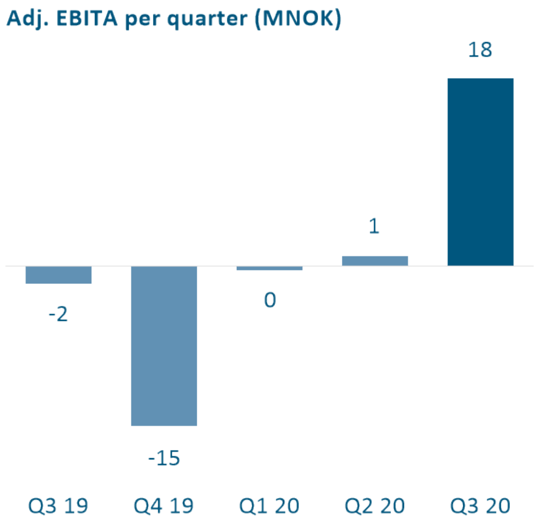
In Germany, we also won 2 tenders during the quarter and will by December operate 6 reception centers. The operations still need more scale in order to generate a meaningful contribution, but represent a potential upside in an attractive market. We are actively pursuing various tender opportunities.

The turnaround of the Interpretation segment is completed. The Finnish operations will be terminated by the end of the year, a centralized Nordic customer center has been established, and we have exited unprofitable contracts in Sweden. Based on the new tender win for the Norwegian Police, we currently see an increase in demand that more than compensates for the Covid-19 related reduction on other contracts. In September, we reached the highest number of assignments since 2018.

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 were insufficient to prevent losses within the segment. We are encouraged by the strong performance in recent quarters and now expect a strong 2020.

Individual & family





Aberia generated revenues of NOK 224 million in Q3'20, up both quarter on quarter and year on year, reflecting growth in the core operations in Norway. The adj. EBITA was NOK 18 million, mainly explained by positive effects from the sale of the LSS operation.

On August 1st 2020, the LSS operations were sold to Frøsunda Omsorg AB, a company indirectly owned by the owners of NHC Group. Although we are positive to the long-term merits of the 12 LSS units previously operated by Aberia, we acknowledge that we lacked the necessary volume to run an efficient LSS operation. Frösunda operates a significant and profitable LSS operation and should be better positioned to operate the 12 LSS units, and with a more efficient overhead allocation.

The effective date of the transaction was 1st August, and Frøsunda paid SEK 10 million for the operations upon closing in September. In addition, there is an earn-out mechanism in place, based on the financial results of the 12 LSS units in 2021, 2022 and 2023. Based on, in our opinion, conservative profitability forecasts for these years, we estimate a total purchase price of SEK 35 million, all included. The transaction was negotiated for several months and was concluded following a due diligence performed by Frösunda.

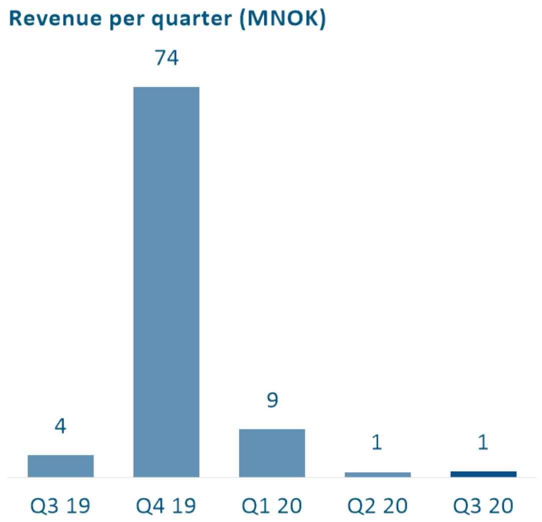
The transaction resulted in a net gain and EBITA effect of SEK 15 million.

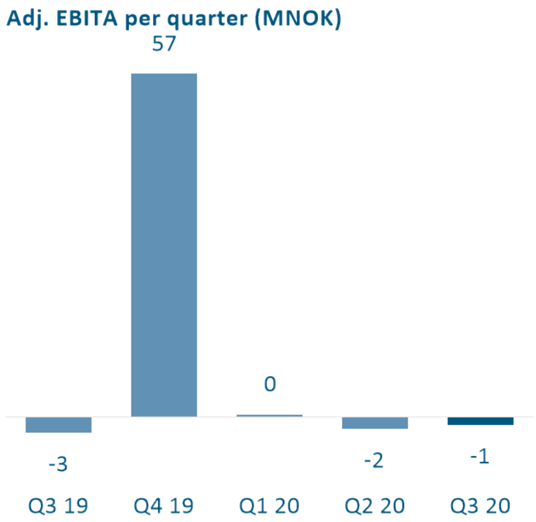
After the sale of the LSS business and the termination of child care (HVB), Aberia Sweden will consist of the profitable Personal Assistance operations, through the two entities Marcus Assistans AB and Østgøteland Assistans AB. During the quarter, Aberia increased its shareholding in these companies from c. 50% to 75%.

Child care and family homes, along with rehabilitation and BPA, represent the core operations in Norway. Combined, these operations are generating healthy profitability. An extensive restructuring has now been completed and non-core operations are eliminated. Family homes and a newly established child care operation in Northern Norway are still in a ramp-up phase and generating 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 revenues of NOK 1 million, with an adjusted EBITA of NOK -1 million in Q3’20.

No transactions were recorded during the quarter.

Material sales processes are on-going and are expected to be completed before year-end. We see strong interest from various parties to partner with NHC group on property projects and together with own initiated projects, NHC is building the pipeline for 2021 and onwards. 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 exceed 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

The Covid-19 pandemic continues to have a major impact on our operations, and recently, the situation has deteriorated in all our markets. While the pandemic is putting an enormous strain on all our employees and users, the financial impact to date is moderate. We know that there are challenges ahead and we are planning and preparing for negative developments through our contingency procedures. The Covid-19 pandemic continues to represent a major uncertainty and risk going forward.

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 Q3, and year to date adjusted EBITA is up 60% on 2019. 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, reflected in the operating losses incurred in Q2. In Q3, the segment generated decent profitability on the back of Government support programs in Norway and Sweden, as well as operational improvements. While we now see deteriorating developments in Sweden, and continued low occupancy within our elderly care homes in the Stockholm region, we expect a positive result also in Q4.

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. We expect Hero to deliver positive results for 2020.

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, 19 November 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

For more information:

Erik Nicolay Sandøy
CFO
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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 20 November 2020. The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q3 20	YTD 20	Q3 19	YTD 19	FY 19
Operating income						
Revenue		1 282,2	3 899,2	1 204,1	3 647,5	4 942,2
Other operating revenue		29,6	47,6	0,8	58,3	104,4
Total operating revenue	3	**1 311,8**	**3 946,8**	**1 204,9**	**3 705,8**	**5 046,6**
Operating expenses						
Cost of goods sold		33,2	92,5	41,2	115,0	157,8
Personnel expenses		916,4	2 852,2	866,5	2 711,2	3 668,3
Other operating expenses	9	146,3	455,1	135,3	435,6	643,2
EBITDA		**215,9**	**547,0**	**162,0**	**444,0**	**577,3**
Depreciation	9	122,7	336,3	103,0	307,6	416,6
EBITA	3	**93,1**	**210,8**	**59,0**	**136,4**	**160,7**
Amortisation	4	10,2	30,3	9,3	27,8	38,0
EBIT		**82,9**	**180,4**	**49,7**	**108,6**	**122,6**
Finance						
Net finance	5, 9	-66,5	-264,1	-52,5	-104,4	-187,2
Share of post-tax profits of associates		-1,3	6,2	0,4	1,5	-1,4
Profit before income tax		**15,2**	**-77,5**	**-2,4**	**5,6**	**-66,0**
Income tax	6	-0,5	3,4	0,9	-0,4	2,2
Profit for the period		**14,6**	**-74,1**	**-1,4**	**5,2**	**-63,8**

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q3 20	YTD 20	Q3 19	YTD 19	FY19
Other comprehensive income						
Profit for the period		14,6	-74,1	-1,4	5,2	-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		**14,6**	**-74,1**	**-1,4**	**5,2**	**-55,3**
Currency translation differences		13,1	63,0	14,3	-15,7	-14,8
Items that will be reclassified		-	-	-		-
Other comprehensive income, net of tax		**13,1**	**63,0**	**14,3**	**-15,7**	**-6,4**
Total comprehensive income for the period		**27,8**	**-11,1**	**12,9**	**-10,5**	**-70,2**
Attributable to						
Equity holders of the parent company		37,0	-9,0	11,0	-10,6	-80,5
Non-controlling interest		-9,2	-2,1	1,9	0,1	10,3
Total comprehensive income for the period		**27,8**	**-11,1**	**12,9**	**-10,5**	**-70,2**
Attributable to equity holders arising from						
Continuing operations		27,8	-11,1	12,9	-10,5	-70,2
Total comprehensive income for continuing		**27,8**	**-11,1**	**12,9**	**-10,5**	**-70,2**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	30.09.2020	30.09.2019	31.12.2019
Non-current assets				
Deferred tax assets		68,7	69,7	74,1
Intangible assets	7	2 301,2	2 223,6	2 210,2
Property, plant & equipment		714,1	579,4	550,0
Right-of-use assets		3 349,9	3 103,8	3 325,4
Investment in associated companies		52,6	48,8	41,6
Other investments		33,6	14,3	33,1
Other long term receivables		62,6	108,6	23,8
Total non-current assets		**6 582,7**	**6 148,1**	**6 258,2**
Current assets				
Inventories		4,5	3,5	6,8
Accounts receivables		229,5	238,1	207,2
Other short-term receivables		218,1	232,2	190,1
Cash and cash equivalents		162,1	124,3	169,1
Total current assets		**614,3**	**598,1**	**573,2**
Total assets		**7 196,9**	**6 745,9**	**6 831,4**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	30.09.2020	30.09.2019	31.12.2019
Equity				
Share capital		300,0	300,0	300,0
Other equity		-53,0	48,0	-42,2
Equity attributable to owners of the parent		**247,0**	**348,0**	**257,8**
Non-controlling interest		18,1	19,0	49,6
Total equity		**265,1**	**367,0**	**307,4**
Liabilities				
Pension liabilities		97,4	166,8	93,4
Deferred tax liability		161,6	160,8	159,7
Loans and borrowings	8	2 175,8	1 995,8	1 904,4
Lease liability		3 113,0	2 830,7	3 081,6
Other non-current liabilities		7,4	6,0	3,7
Total non-current liabilities		**5 555,3**	**5 160,2**	**5 242,9**
Accounts payable		90,6	83,9	112,0
Loans and borrowings		118,0	246,9	204,8
Lease liability		358,0	308,7	324,3
Taxes payable		-0,0	0,7	1,0
Other current liabilities		809,9	578,4	638,9
Total current liabilities		**1 376,6**	**1 218,7**	**1 281,1**
Total liabilities		**6 931,8**	**6 378,9**	**6 524,0**
Total equity and liabilities		**7 196,9**	**6 745,9**	**6 831,4**

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q3 20	YTD 20	Q3 19	YTD 19	FY 19
Cash flow from operating activities						
EBITDA		215,9	547,0	162,0	444,0	577,3
Net of taxes paid and non-cash adjustments in		-41,1	-29,0	2,2	-9,8	37,6
Change in net working capital		-96,1	110,4	20,4	11,1	9,0
Net cash flow from operating activities		**78,7**	**628,5**	**184,6**	**445,3**	**623,9**
Cash flow from investing activities						
Net investment in property, plant and equipment		-47,1	-115,7	-112,4	-196,0	-275,0
Investment in shares in business		-87,4	-87,4	1,0	-38,2	-67,8
Net book value proceeds from sale of assets		10,5	44,3	-0,0	5,8	115,6
Net change in financial receivables		-2,9	-7,5	0,1	-0,4	90,1
Net cash flow from investing activities		**-126,9**	**-166,2**	**-111,3**	**-228,9**	**-137,0**
Cash flow from financing activities						
Issuance of interest-bearing debt		92,7	155,2	40,1	133,7	133,7
Repayment of interest-bearing debt		-1,4	-186,4	-11,2	-11,5	-121,7
Lease liability - amortisation and interest		-123,4	-344,7	-103,3	-309,3	-415,0
Payment to non-controlling interest		-	-	-	-	-
Net interest paid and other financial items		-27,4	-82,2	-25,5	-73,8	-103,9
Distributions to owners		-	-	-15,0	-45,0	-45,0
Net cash flow from financing activities		**-59,5**	**-458,1**	**-114,9**	**-305,9**	**-551,9**
Changes in cash and cash equivalents						
Net change in cash and cash equivalents		-107,8	4,1	-41,5	-89,4	-65,1
Effects of changes in exchange rates on cash		0,5	-11,1	-7,6	-18,2	2,3
Cash and cash equivalents at the beginning of		269,4	169,1	173,5	231,9	231,9
Cash and cash equivalents at end of period		**162,1**	**162,1**	**124,3**	**124,3**	**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		-	-	-72,2	-	-72,2	-1,8	-74,1
Other comprehensive Income		-	-	-	61,4	61,4	2,1	63,4
Total comprehensive Income		**-**	**-**	**-72,2**	**61,4**	**-10,8**	**0,2**	**-10,6**
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		-	-	-	-	-	-16,2	-16,2
Own shares		-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
Total contributions and distributions		**-**	**-**	**-**	**-**	**-**	**-31,7**	**-31,7**
Balance as of 30-June-20		**300,0**	**-**	**-119,7**	**66,6**	**246,9**	**18,1**	**265,1**

Oslo, 19 November 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 Q3'20, LTM pro-forma EBITDA was NOK 232.8 million (excludes Real Estate.)

NOK million	Q3 20	Q2 20	2020 YTD	Q3 19	Q2 19	2019
Revenue by segment						
Preschools	651,3	673,8	2 010,3	568,9	612,4	2 429,2
Care	378,5	377,5	1 140,0	376,6	368,5	1 520,8
Integration services	54,9	57,2	170,8	78,0	78,5	309,5
Individual & Family	223,8	205,7	616,3	177,9	176,0	742,7
Real Estate	1,2	1,1	11,5	4,3	0,7	88,3
Other/Elim./IFRS 16 adj	2,1	-0,5	-2,2	-0,7	-0,5	-44,0
Total	**1 311,8**	**1 314,7**	**3 946,8**	**1 205,0**	**1 235,6**	**5 046,6**

NOK million	Q3 20	Q2 20	2020 YTD	Q3 19	Q2 19	2019
EBITDA by segment						
Preschools	63,9	68,0	176,6	41,8	43,9	165,2
Care	7,8	-4,7	9,8	17,9	6,5	29,0
Integration services	5,7	1,9	5,9	2,2	-9,9	-21,5
Individual & Family	18,7	2,1	21,3	-0,9	-7,8	-19,8
Real Estate	-1,1	-1,6	-2,0	-2,4	-3,8	55,7
Other/Elim./IFRS 16 adj	120,9	113,6	335,6	103,4	102,5	368,6
Total	**215,9**	**179,2**	**547,0**	**162,0**	**131,3**	**577,3**

NOK million	Q3 20	Q2 20	2020 YTD	Q3 19	Q2 19	2019
EBITA by segment						
Preschools	51,9	60,6	151,0	33,9	34,3	134,0
Care	6,4	-6,2	3,7	16,4	5,1	23,1
Integration services	4,2	0,9	2,5	0,3	-11,8	-33,4
Individual & Family	17,8	1,0	18,4	-1,7	-8,5	-23,5
Real Estate	-1,4	-1,9	-2,8	-2,6	-4,0	54,9
Other/Elim./IFRS 16 adj	14,1	16,7	37,9	12,7	13,0	5,6
Total	**93,1**	**71,1**	**210,7**	**59,0**	**28,1**	**160,6**

NOK million	Q3 20	Q2 20	2020 YTD	Q3 19	Q2 19	2019
EBIT by segment						
Preschools	47,4	56,0	137,5	28,8	29,2	113,8
Care	2,8	-9,8	-7,0	12,9	1,5	9,0
Integration services	4,1	0,7	2,1	0,3	-11,8	-33,8
Individual & Family	17,1	0,3	16,5	-2,3	-9,1	-25,9
Real Estate	-1,4	-1,9	-2,8	-2,6	-4,0	54,8
Other/Elim./IFRS 16 adj	12,8	15,5	34,2	12,7	13,0	4,8
Total	**82,9**	**60,9**	**180,4**	**49,7**	**18,8**	**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	Q3 20	Q2 20	YTD 20	Q3 19	Q2 19	2019
Net Finance						
Interest income	0,2	0,1	0,5	2,8	-	16,7
Interest expenses borrowings	-27,5	-27,5	-82,7	-28,1	-26,1	-123,5
Interest expenses lease liability	-26,8	-24,1	-75,1	-25,0	-25,0	-99,6
Non-realized currency effects	-12,8	-11,8	-103,2	-4,6	11,4	27,0
Other finance income	0,0	0,0	-0,2	1,2	-0,0	4,3
Other finance expenses	0,5	-6,1	-3,5	1,2	-2,7	-11,0
Total	**-66,5**	**-69,3**	**-264,1**	**-52,5**	**-42,4**	**-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 2,301.2 million at 30 September 2020 compared to NOK 2,223.6 million at 30 September 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	70.1
Outside ringfence structure	197.7

As defined by the bond loan agreement, the total net debt as per Q3’20, amounted to NOK 2,053.1 million. NHC has a revolving credit facility of NOK 200 million with Danske Bank, of which NOK 92.7 million was drawn as per end of Q3’20 (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)	Q3 20	IFRS 16	Q3 20 - Adjusted	YTD 20	IFRS 16	YTD 20 - Adjusted
Operating income						
Revenue	1 282,2		1 282,2	3 899,2		3 899,2
Other operating revenue	29,6	-2,9	26,6	47,6	0,1	47,7
Total operating revenue	**1 311,8**	**-2,9**	**1 308,9**	**3 946,8**	**0,1**	**3 946,9**
Operating expenses						
Cost of goods sold	33,2		33,2	92,5		92,5
Personnel expenses	916,4		916,4	2 852,2		2 852,2
Other operating expenses	146,3	123,4	269,8	455,1	344,7	799,9
EBITDA	**215,9**	**-126,4**	**89,5**	**547,0**	**-344,7**	**202,4**
Depreciation	122,7	-106,5	16,2	336,3	-296,5	39,7
EBITA	**93,1**	**-19,9**	**73,2**	**210,8**	**-48,1**	**162,6**
Amortisation	10,2		10,2	30,3		30,3
EBIT	**82,9**	**-19,9**	**63,0**	**180,4**	**-48,1**	**132,3**
Finance						
Net finance	-66,5	26,8	-39,7	-264,1	75,1	-189,1
Share of post-tax profits of associates	-1,3	-	-1,3	6,2	-	6,2
Profit before income tax	**15,2**	**6,9**	**22,1**	**-77,5**	**26,9**	**-50,6**

10. EVENTS AFTER BALANCE SHEET DATE

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q3 20	YTD 20	Q3 19	FY 19
Operating income					
Revenue		-	-	-	-
Other operating revenue		**482**	**1 446**	**986**	**3 943**
Total operating revenue		**482**	**1 446**	**986**	**3 943**
Operating expenses					
Costs of goods sold		-	-	-	-
Personnel expenses		-272	-795	-272	-2 030
Other operating expenses		**-1 765**	**-4 044**	**-207**	**-2 316**
EBITDA		**-1 555**	**-3 394**	**507**	**-403**
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit (EBIT)		**-1 555**	**-3 394**	**507**	**-403**
Finance					
Net Finance	1	-31 194	-183 578	-24 901	65 447
Profit before income tax		**-32 748**	**-186 972**	**-24 394**	**65 044**
Income tax		-	-	-	7 553
Profit for the period		**-32 748**	**-186 972**	**-24 394**	**72 598**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	30.09.2020	30.09.2019	31.12.2019
Non-current assets				
Deferred tax assets		17 679	10 056	17 679
Shares in subsidiaries/associates		1 626 670	1 622 750	1 622 750
Loans to group companies		691 771	655 707	665 728
Total non-current assets		**2 336 120**	**2 288 513**	**2 306 157**
Current assets				
Other short-term receivables		99 658	8 476	100 141
Cash and cash equivalents		-		3 151
Total current assets		**99 658**	**8 476**	**103 292**
Total assets		**2 435 778**	**2 296 989**	**2 409 450**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	30.09.2020	30.09.2019	31.12.2019
Equity				
Share capital		300 000	300 000	300 000
Other paid-in capital		-	-	-
Retained earnings		-112 470	9 201	74 502
Total equity		**187 530**	**309 201**	**374 502**
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Bond loans	1	1 898 028	1 754 972	1 777 289
Total non-current liabilities		**1 898 028**	**1 754 972**	**1 777 289**
Current liabilities				
Accounts payable		141	0	2
Short term interest bearing debt	1	117 201	205 447	204 337
Other current liabilities		232 878	27 369	53 320
Total current liabilities		**350 220**	**232 816**	**257 660**
Total liabilities		**2 248 248**	**1 987 788**	**2 034 948**
Total equity and liabilities		**2 435 778**	**2 296 989**	**2 409 450**

Notes

1. FINANCE COSTS

Finance Costs in Q3’20 includes NOK 24.5 million in interest expense related to the bond loan. Net currency movement for the period was NOK -13.2 million for the third quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

HERO GROUP AS
www.hero.no

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