NHC Group
Report Q1 2021

NHC

CONTENT

Key figures

(All figures in NOK million)

	Q1 21	Q4 20	YTD 21	Q1 20	Q4 19	FY 20
Total revenues and income	1 413,2	1 442,5	1 413,2	1 320,3	1 340,8	5 389,5
EBITDA	193,1	222,8	193,1	151,9	133,2	770,1
EBITDA (%)	13,7 %	15,4 %	13,7 %	11,5 %	9,9 %	14,3 %
EBITA	73,8	101,4	73,8	46,5	24,3	312,3
EBITA (%)	5,2 %	7,0 %	5,2 %	3,5 %	1,8 %	5,8 %
EBIT	63,6	88,1	63,6	36,6	14,0	268,8
EBIT (%)	4,5 %	6,1 %	4,5 %	2,8 %	1,0 %	5,0 %
EBT	73,1	28,4	73,1	(90,3)	(71,6)	(48,8)
EBT (%)	5,2 %	2,0 %	5,2 %	-6,8 %	-5,3 %	-0,9 %
EBITDA - adjusted for IFRS 16	70.2	157.9	70.2	45.7	67.3	360.4
EBITA - adjusted for IFRS 16	58.5	144.6	58.5	33.6	50.1	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.

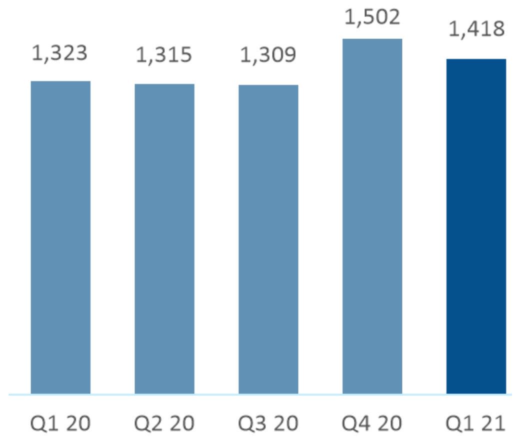
Q1 21 Highlights

- Q1'21 revenues of NOK 1,413 million, EBITDA of NOK 193 million and EBITA of NOK 74 million
- EBITDA adjusted for IFRS 16 effects, of NOK 70 million, and adjusted EBITA of NOK 59 million
- Strong quarter with all segments delivering improved EBITDA year over year, except Care
- Solid performance from Preschools in all five markets, with an adj. EBITDA and EBITA of NOK 66 / 58 million respectively, up around 50% YoY
- Care segment continues to be materially negatively affected by Covid-19, and delivered a negative adj. EBITA of -11 million for the quarter
- Individual & Family and Integration Services combined generating an adj. EBITDA of NOK 11 million for the quarter, an improvement of NOK 13 million YoY

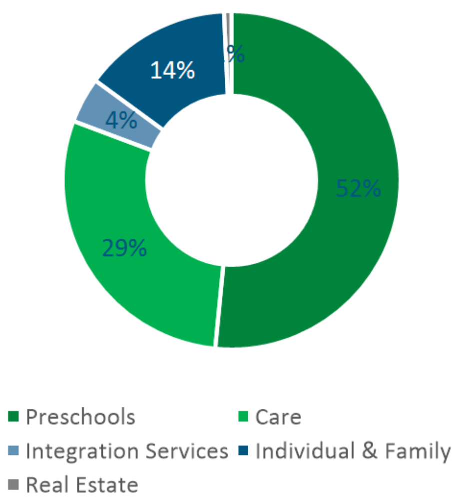
After the balance sheet date:

- 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 1,700 million. The net proceeds will be used to refinance existing bonds
- In connection with the refinancing, NHC's owners will inject NOK 150 million in new equity and 51% of the shares of NH Europe. Post the transaction, NH Europe will be owned 100% by NHC

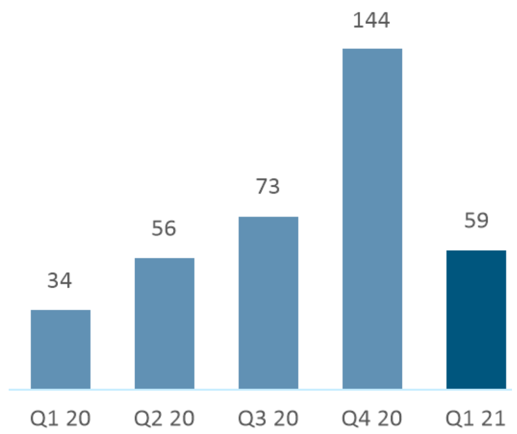
ADJ. REVENUE PER QUARTER (MNOK)



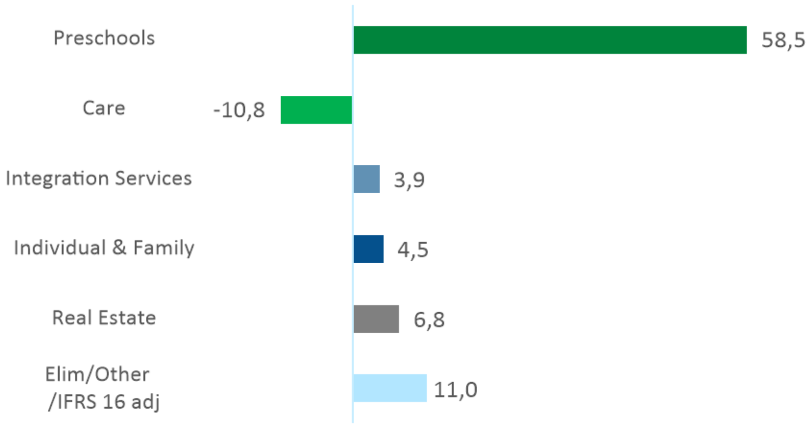
SEGMENT DISTRIBUTION Q1 21 (%)



ADJ. EBITA PER QUARTER (MNOK)

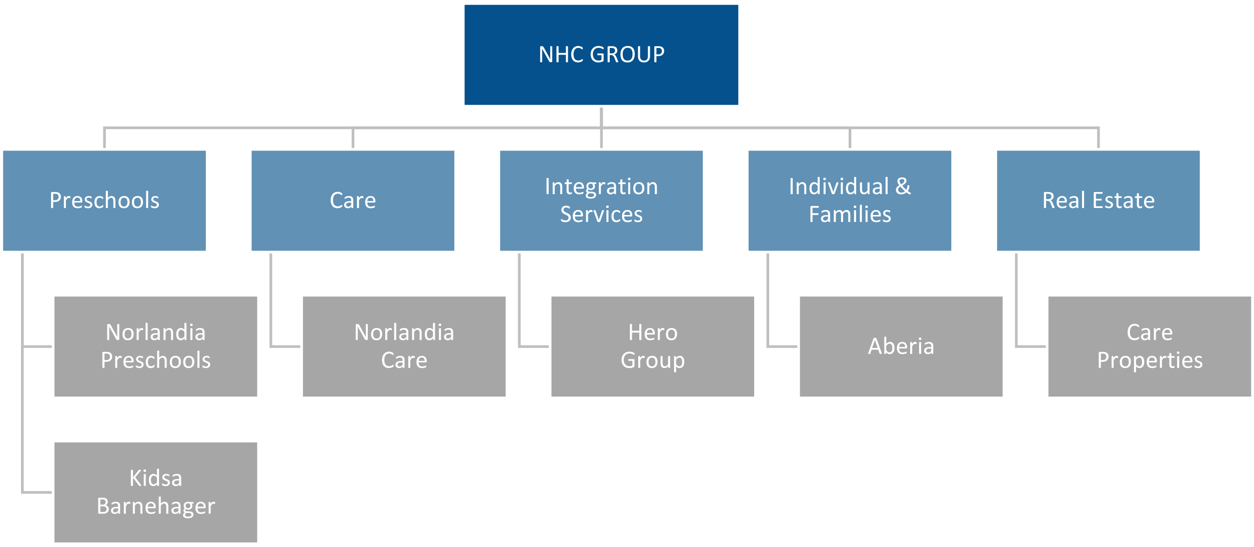


EBITA DISTRIBUTION Q1 21 (MNOK)



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 1,413.2 million in Q1'21, a 7% increase YoY, on the back of revenue growth within all segments. EBITA for the quarter amounted to NOK 73.8 million, up from NOK 46,5 million in 1Q'20, driven by improvements within all segments except for Care.

Net finance amounted to NOK 10.4 million for the quarter, mainly due to unrealized currency gains of NOK 65.0 million. This was partially offset by interest expenses on borrowings of NOK 23.1 million and interest related to capitalized leasing of NOK 28.8 million.

Profit before tax amounted to NOK 73.1 million for the quarter, up from negative NOK 90.3 million one year prior. The increase of NOK 163.4 million reflects unrealized currency effects and operational improvements.

Adjusted for IFRS 16 effects, profit before tax came in at NOK 87.0 million for the quarter.

Thus, the net effect of IFRS 16 amounted to NOK -14.0 million for the quarter, reflecting increased depreciation charges of NOK 107.6 million and finance charges of 28.8 million. This was partly offset by reduced leasing expenses of NOK 127.3 million. See note 9 for more details.

The Group generated operating cash flows of NOK 139.2 million for the quarter, negatively affected by a negative movement on working capital of NOK 52.2 million.

Cash flows from investing activities amounted to NOK -25.6 million, reflecting the acquisition of a preschool company, maintenance capex of NOK 10 million, two property acquisitions, and net book value proceeds from the sale of a preschool property, of NOK 18.6 million.

Financing cash flows amounted to NOK -163.7 million, explained by net repayment of debt of NOK 13.6 million. In addition, lease payments amounted to NOK 127.3 million, while cash interest expenses were NOK 22.8 million. The Group generated total cash flows of NOK -50.2 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 31 MARCH 2021 (UNAUDITED)

As of 31 March 2021, the Group had total non-current assets of NOK 6,595.6 million, of which NOK 3,674.7 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets".

Cash and cash equivalents amounted to NOK 246.6 million, up from NOK 173.6 million one year prior. 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 31st March 2021, the facility was un-drawn.

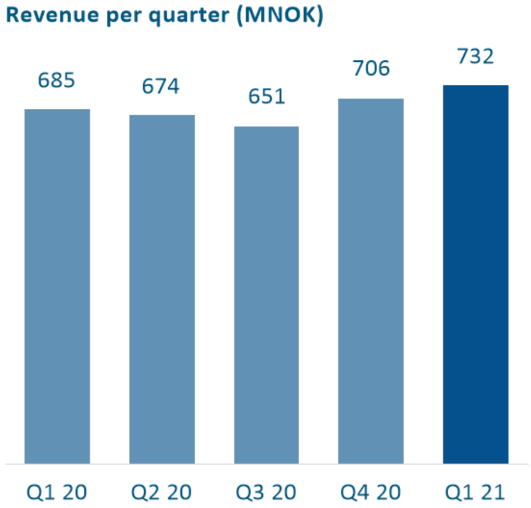
Total assets amounted to NOK 7,321.5 million at the end of the quarter.

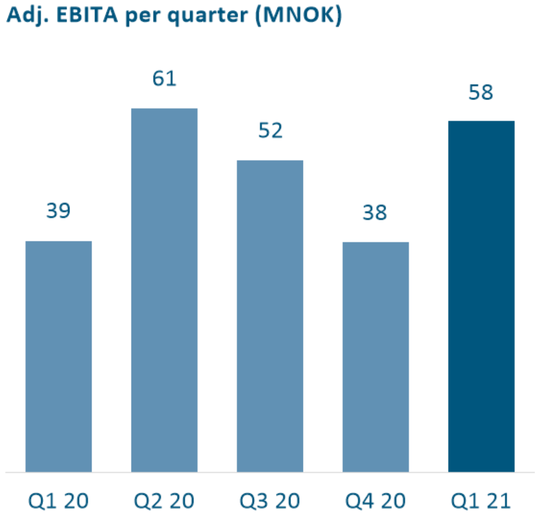
Total non-current liabilities amounted to 3,863.5 million, heavily affected by the re-classification of NOK 1,819.8 million from non-current to current liabilities, reflecting the maturity of the bond loan now being less than 12 months away. These bonds will be called at par on 5th July and replaced with a new bond loan of NOK 1,700 million. The remaining long term loans of NOK 106.5 million mainly relates to property debt on Norwegian preschool properties. Consequently, current liabilities increased from NOK 1,364.0 million as per Q1'20, to NOK 3,118.9 million, due to the inclusion of the amount owing on the bond loan.

Per 31 March 2021, the Group's total equity amounted to NOK 339.0 million.

BUSINESS SEGMENTS

Preschools





The first quarter of 2021 generated revenues of NOK 732 million, up from NOK 685 million in Q1'20, a YoY increase of 7%.

The segment reported an adjusted EBITA of NOK 58 million for the quarter, up from NOK 39 million on year prior. The improvement reflects strong performance in all markets, and a continuing maturing of units, following a reduced growth pace since late 2019.

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.

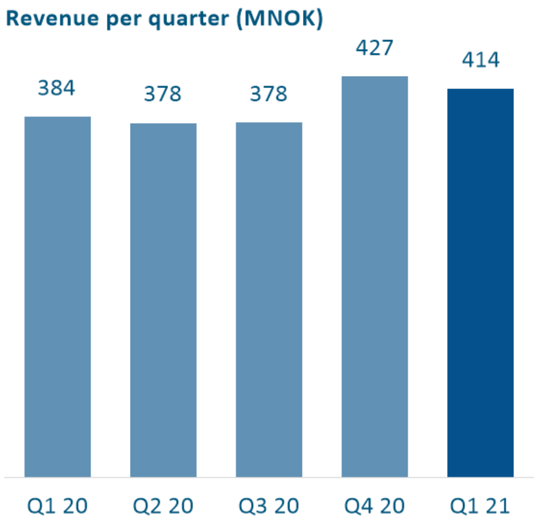
While the international operations are the main drivers behind the growth in revenues and EBITA, Norway has generated decent profitability during 2020. The proposed regulatory changes relating to a reduction in grants to cover pension costs and rent were not implemented, and we continue to urge decision-makers 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.

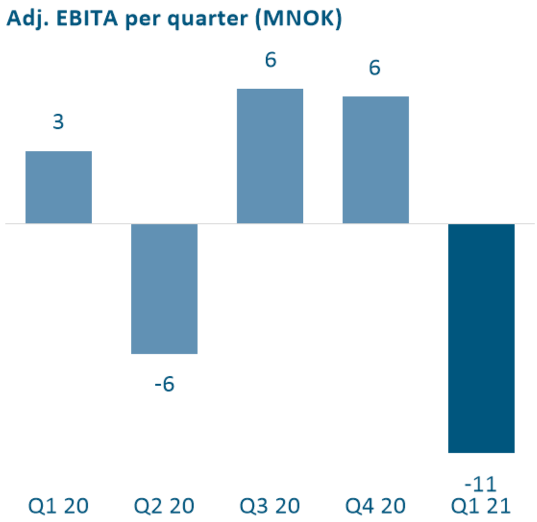
We continue to see attractive opportunities in Finland and Sweden, with both markets now performing well. In Netherlands, we focus our efforts on increasing efficiency, while Poland is still in a ramp-up phase, and still generating losses. While occupancy in the more mature units is already at a higher 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.

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

As of 31st March 2021, Norlandia Preschools operates 367 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 414 million in Q1'21, with the increase year on year explained by new contract commencements and currency effects.

The segment reported a negative adj. EBITA of NOK 11 million for the quarter, driven by heavy losses in Sweden, while Norway and Finland delivered positive profitability.

The Care segment has been heavily affected by Covid-19 since the outbreak in March 2020. 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 have seen a large decrease in occupancy, which have had a significant impact on profitability. In addition, personnel and procurement costs have increased. This situation persisted in Q1.

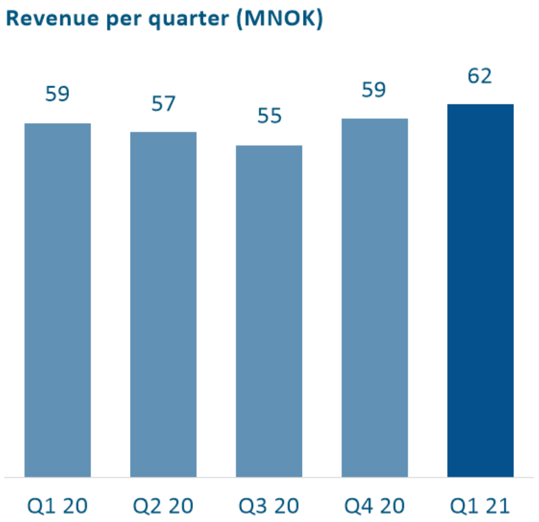
Care will continue to be negatively affected by Covid-19 in the coming quarters. In Sweden, we need to see a material increase in occupancy, towards pre-Covid levels, in order to deliver profitable operations. In the meantime, the extent of the losses will be highly dependent on the various Government support programs.

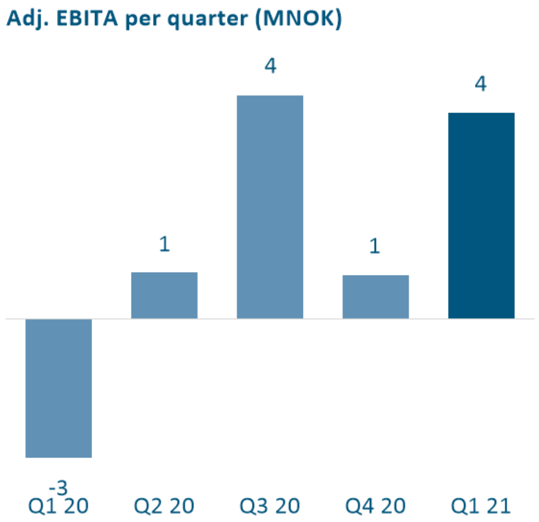
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both 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 one unit 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 62 million in Q1’21, up YoY, reflecting increased revenues within Accommodation Services, through the commencement of new reception centers in both Norway and Germany. Adj. EBITA amounted to NOK 4 million for the quarter, up NOK 7 million year on year.

Within Accommodation Services, 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.

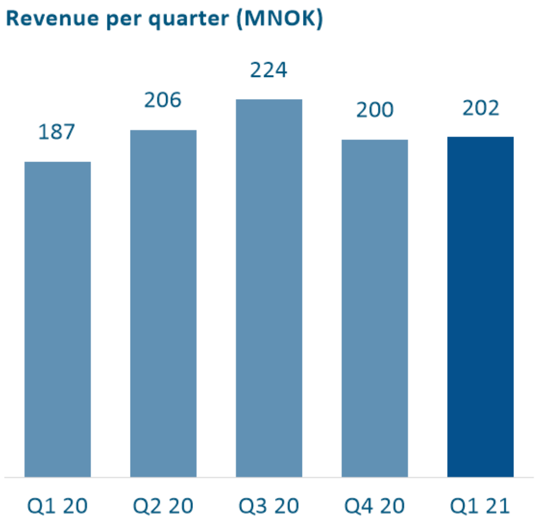
In Germany, following two new contract commencements during the prior quarter, we now operate 6 reception centers. Although we now have the necessary volume to deliver break-even operations in Germany, still more scale is needed in order to generate a meaningful contribution. However, we are actively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

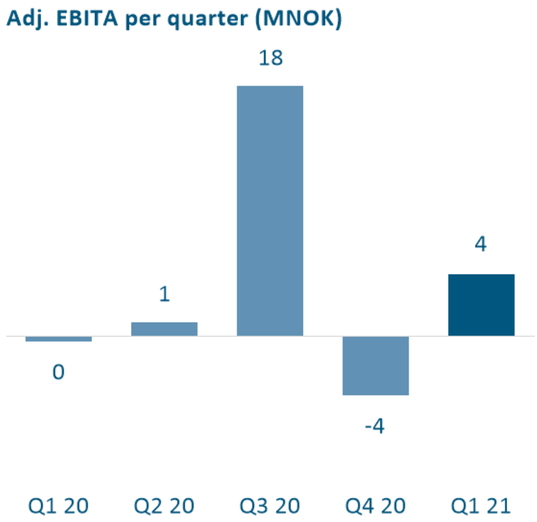
The turnaround of the Interpretation segment is completed. The Finnish operation has been terminated, a centralized Nordic customer center has been established, and we have exited unprofitable contracts in Sweden. The new contract with the Norwegian Police is progressing as planned, although the segment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

After the balance sheet date, the Education division was sold to Sonans Karrierre, 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 1Q’21. 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 202 million in Q1’21, up 8% YoY, reflecting strong growth within core operations and continued ramp-up of Aurora, delivering child care in Northern Norway.

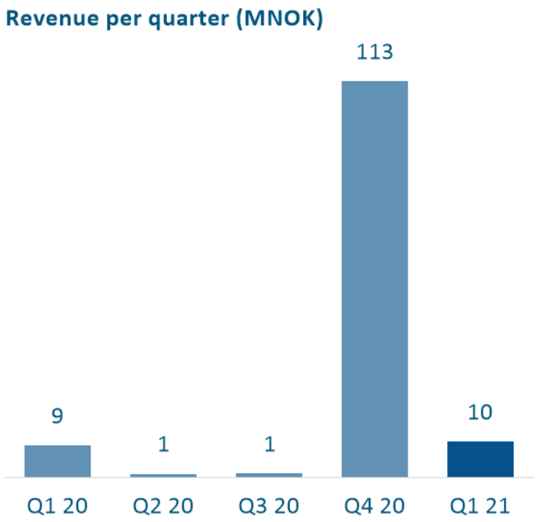
Aberia recorded an adj. EBITA of NOK 4 million for the quarter, up from a slight loss one year prior.

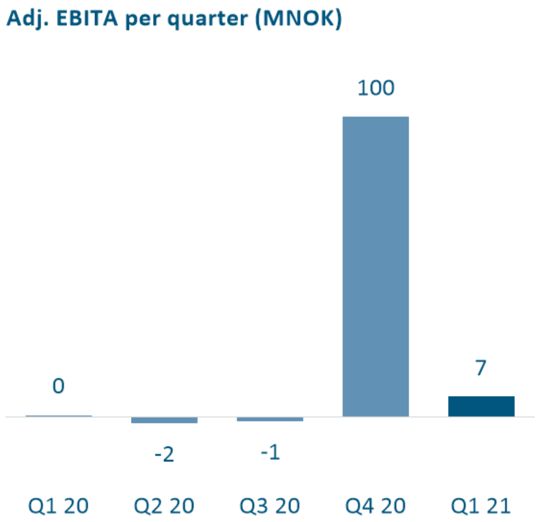
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 800 million. This has been achieved through heavy investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified,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

Child Care and 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 Aurora, 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 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 an adjusted EBITA of NOK 7 million in Q1'21, reflecting the sale of one preschool property 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 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.

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. While the pandemic is putting an enormous strain on all our employees and users, the financial impact for most of our operations have been 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 quarter following a strong 2020. 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 both segments are now generating healthy profitability.

After the balance sheet date, we secured a successful refinancing of our outstanding bonds, with a new NOK 1,700 million 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 current bonds will be called at par on 5th July.

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, 20 May 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 20 May 2021. The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q1 21	Q1 20	FY 20
Operating revenue and income				
Revenue		1 408,2	1 320,0	5 313,8
Other income		5,0	0,3	75,7
Total operating revenue and income	3	**1 413,2**	**1 320,3**	**5 389,5**
Operating expenses				
Cost of goods sold		39,3	43,9	131,4
Personnel expenses		1 030,6	972,1	3 849,1
Other operating expenses	9	150,2	152,4	638,9
EBITDA		**193,1**	**151,9**	**769,8**
Depreciation	9	119,4	105,4	457,7
EBITA	3	**73,8**	**46,5**	**312,3**
Amortisation	4	10,2	9,9	43,6
EBIT		**63,6**	**36,6**	**268,8**
Finance				
Net finance	5, 9	10,4	-128,3	-316,2
Share of post-tax profits of associates		-0,9	1,4	-1,4
Profit before income tax		**73,1**	**-90,3**	**-48,8**
Income tax	6	2,3	1,8	33,3
Profit for the period		**75,4**	**-88,5**	**-15,5**

Consolidated Statement of Comprehensive

(All figures in NOK million)

	Notes	Q1 21	Q1 20	FY20
Other comprehensive income				
Profit for the period		75,4	-88,5	-15,5
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		**75,4**	**-88,5**	**-31,7**
Currency translation differences		-27,4	58,5	46,6
Items that will be reclassified		-	-	-
Other comprehensive income, net of tax		**-27,4**	**58,5**	**30,4**
Total comprehensive income for the period		**48,0**	**-30,0**	**14,9**
Attributable to				
Equity holders of the parent company		48,5	-36,9	11,6
Non-controlling interest		-0,5	6,9	3,3
Total comprehensive income for the period		**48,0**	**-30,0**	**14,9**
Attributable to equity holders arising from				
Continuing operations		48,0	-30,0	14,9
Total comprehensive income for continuing		**48,0**	**-30,0**	**14,9**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	31.3.2021	31.3.2020	31.12.2020
Non-current assets				
Deferred tax assets		115,7	70,8	116,8
Goodwill	7	1 623,2	1 654,1	1 652,4
Intangible assets	7	585,1	625,7	599,2
Property, plant & equipment		480,7	559,5	470,8
Right-of-use assets		3 674,7	3 316,0	3 791,9
Investment in associated companies		59,8	43,1	54,3
Other investments		14,3	33,5	18,6
Other long term receivables		42,0	39,1	40,9
Total non-current assets		**6 595,6**	**6 341,8**	**6 744,8**
Current assets				
Inventories		5,0	5,4	4,9
Accounts receivables		214,4	260,7	199,7
Other short-term receivables		260,0	251,7	227,8
Cash and cash equivalents		246,6	173,6	285,4
Total current assets		**725,9**	**691,4**	**717,8**
Total assets		**7 321,5**	**7 033,2**	**7 462,6**

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	31.3.2021	31.3.2020	31.12.2020
Equity				
Share capital		300,0	300,0	300,0
Other equity		22,4	-79,2	-26,7
Equity attributable to owners of the parent		**322,4**	**220,8**	**273,3**
Non-controlling interest		16,7	56,6	17,7
Total equity		**339,0**	**277,4**	**291,0**
Liabilities				
Pension liabilities		114,8	100,8	116,5
Deferred tax liability		146,4	159,6	149,9
Loans and borrowings	8	106,5	2 053,0	118,0
Lease liability		3 493,4	3 075,2	3 588,4
Other non-current liabilities		2,5	3,1	3,2
Total non-current liabilities		**3 863,5**	**5 391,8**	**3 976,0**
Accounts payable		90,2	93,2	125,1
Loans and borrowings	8	1 819,8	191,3	1 892,3
Lease liability		375,6	345,4	388,7
Taxes payable		10,6	7,9	12,6
Other current liabilities		822,8	726,1	777,0
Total current liabilities		**3 118,9**	**1 364,0**	**3 195,8**
Total liabilities		**6 982,5**	**6 755,8**	**7 171,8**
Total equity and liabilities		**7 321,5**	**7 033,2**	**7 462,8**

Consolidated Statement of Cash Flows

(All figures in NOK million)

	Notes	Q1 21	Q1 20	FY 20
Cash flow from operating activities				
EBITDA		193,1	151,9	770,1
Net taxes paid and other EBITDA cash adjustments		-1,8	-6,2	40,0
Change in net working capital		-52,2	-38,3	121,4
Net cash flow from operating activities		**139,2**	**107,5**	**931,4**
Cash flow from investing activities				
Net investment in property, plant and equipment		-30,6	-22,0	-145,1
Investment in shares in business		-12,9	-0,4	-59,6
Net book value proceeds from sale of assets		18,6	33,8	295,4
Net change in financial receivables		-0,7	-3,7	11,5
Net cash flow from investing activities		**-25,6**	**7,8**	**102,1**
Cash flow from financing activities				
Net change in interest-bearing debt		-13,6	38,9	-281,9
Lease lialibility - amortisation and interest		-127,3	-109,3	-469,6
Payment to non-controlling interest		-	-	-31,3
Net interest paid and other financial items		-22,8	-27,4	-126,7
Distributions to owners		-	-	-
Net cash flow from financing activities		**-163,7**	**-97,9**	**-909,5**
Changes in cash and cash equivalents				
Net change in cash and cash equivalents		-50,2	17,4	124,1
Effects of changes in exchange rates on cash		11,4	-12,9	-7,8
Cash and cash equivalents at the beginning of period		285,4	169,1	169,1
Cash and cash equivalents at end of period		**246,6**	**173,6**	**285,4**

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-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		-	-	75,7	-	75,7	-0,3	75,4
Other comprehensive Income		-	-	-	-26,6	-26,6	-0,8	-27,4
Total comprehensive Income		**-**	**-**	**75,7**	**-26,6**	**49,1**	**-1,1**	**48,0**
Contributions by and distributions to owners								
Distribution to owners		-	- -		-	-	-	-
Non-controlling interest acquired from business combination		-	-	-	-	-	-	-
Distrubution to non-controlling interest		-	-	-	-	-	-	-
Acquisition of shares from non-controlling interest		-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
Total contributions and distributions		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as of 31-March-21		**300,0**	**-**	**6,6**	**15,8**	**322,4**	**16,7**	**339,0**

Oslo, 20 May 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	Q1 21	Q4 20	2021 YTD	Q1 20	Q4 19	2020
Revenue by segment						
Preschools	731,7	705,9	731,7	685,2	635,0	2 716,2
Care	413,6	427,3	413,6	384,0	393,7	1 567,3
Integration services	61,8	59,4	61,8	58,7	71,1	230,3
Individual & Family	201,8	200,0	201,8	186,9	209,7	816,3
Real Estate	10,3	112,6	10,3	9,3	74,0	124,1
Other/Elim./IFRS 16 adj	-6,1	-62,7	-6,1	-3,8	-42,8	-64,9
Total	**1 413,2**	**1 442,5**	**1 413,2**	**1 320,3**	**1 340,8**	**5 389,3**

NOK million	Q1 21	Q4 20	2021 YTD	Q1 20	Q4 19	2020
EBITDA by segment						
Preschools	65,6	46,7	65,6	44,6	46,4	223,3
Care	-9,1	7,7	-9,1	6,7	-6,2	17,5
Integration services	5,6	2,4	5,6	-1,7	-11,7	8,3
Individual & Family	5,4	-2,9	5,4	0,5	-13,6	18,4
Real Estate	6,8	99,9	6,8	0,7	57,2	97,9
Other/Elim./IFRS 16 adj	118,8	68,9	118,8	101,1	61,2	404,5
Total	**193,1**	**222,8**	**193,1**	**151,9**	**133,2**	**769,8**

NOK million	Q1 21	Q4 20	2021 YTD	Q1 20	Q4 19	2020
EBITA by segment						
Preschools	58,5	38,3	58,5	38,5	39,1	189,3
Care	-10,8	6,0	-10,8	3,4	-7,7	9,7
Integration services	3,9	0,8	3,9	-2,6	-18,0	3,3
Individual & Family	4,5	-4,2	4,5	-0,4	-15,2	14,3
Real Estate	6,8	99,7	6,8	0,5	57,0	96,8
Other/Elim./IFRS 16 adj	11,0	-39,3	11,0	7,1	-31,0	-1,4
Total	**73,8**	**101,3**	**73,8**	**46,5**	**24,3**	**312,0**

NOK million	Q1 21	Q4 20	2021 YTD	Q1 20	Q4 19	2020
EBIT by segment						
Preschools	53,8	32,7	53,8	34,1	34,2	170,2
Care	-14,4	0,4	-14,4	-0,0	-11,3	-6,6
Integration services	3,8	0,7	3,8	-2,7	-18,1	2,8
Individual & Family	3,8	-4,9	3,8	-1,0	-15,8	11,6
Real Estate	6,8	99,7	6,8	0,4	56,9	96,8
Other/Elim./IFRS 16 adj	9,7	-40,6	9,7	5,8	-31,9	-6,4
Total	**63,6**	**88,0**	**63,6**	**36,6**	**14,0**	**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	Q1 21	Q4 20	2021	Q1 20	Q4 19	2020
Net Finance						
Interest income	0,3	0,2	0,3	0,3	-	0,7
Interest expenses borrowings	-23,1	-21,8	-23,1	-27,7	-41,5	-104,5
Interest expenses lease liability	-28,8	-27,9	-28,8	-24,2	-25,0	-103,0
Non-realized currency effects	65,0	-5,0	65,0	-78,7	-18,1	-108,2
Other finance income	-	-0,6	-	-0,2	1,1	-0,8
Other finance expenses	-3,1	-4,2	-3,1	2,1	1,9	-7,7
Total	**10,4**	**-59,4**	**10,4**	**-128,3**	**-81,5**	**-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. 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 Q1'21 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	14.6
Outside ringfence structure	86.4

As defined by the bond loan agreement, the total net debt as per Q1’21, amounted to NOK 1,606.1 million. NHC has a revolving credit facility of NOK 200 million with Danske Bank, of which zero was drawn as per end of Q1’21 (included in net debt calculation).

9. IFRS 16 - LEASING

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

(All figures in NOK million)	Q1 21	IFRS 16	Q1 21 - Adjusted	YTD 21	IFRS 16	YTD 21 - Adjusted
Operating income						
Revenue	1 408,2		1 408,2	1 408,2		1 408,2
Other operating revenue	5,0	4,8	9,9	5,0	4,8	9,9
Total operating revenue	**1 413,2**	**4,8**	**1 418,1**	**1 413,2**	**4,8**	**1 418,1**
	-			-		
Operating expenses	-			-		
Cost of goods sold	39,3		39,3	39,3		39,3
Personnel expenses	1 030,6		1 030,6	1 030,6		1 030,6
Other operating expenses	150,2	127,3	277,5	150,2	127,3	277,5
EBITDA	**193,1**	**-122,5**	**70,7**	**193,1**	**-122,5**	**70,7**
	-			-		
Depreciation	119,4	-107,6	11,7	119,4	-107,6	11,7
EBITA	**73,8**	**-14,8**	**58,9**	**73,8**	**-14,8**	**58,9**
	-			-		
Amortisation	10,2		10,2	10,2		10,2
EBIT	**63,6**	**-14,8**	**48,8**	**63,6**	**-14,8**	**48,8**
	-			-		
Finance	-			-		
Net finance	10,4	28,8	39,1	10,4	28,8	39,1
Share of post-tax profits of associates	-0,9	-	-0,9	-0,9	-	-0,9
Profit before income tax	**73,1**	**14,0**	**87,0**	**73,1**	**14,0**	**87,0**

10. EVENTS AFTER BALANCE SHEET DATE

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 1,700 million. The net proceeds will be used to refinance existing bonds, which will be called at par on 5th July.

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q1 21	Q1 20	FY 20
Operating income				
Revenue		557	482	1 928
Total operating revenue		**557**	**482**	**1 928**
Operating expenses				
Costs of goods sold		-	-	-
Personnel expenses		-291	-326	-1 739
Other operating expenses		**-2 056**	-1 492	-5 141
EBITDA		**-1 790**	**-1 336**	**-4 952**
Depreciation		-	-	-
Amortization		-	-	-
Operating profit (EBIT)		**-1 790**	**-1 336**	**-4 952**
Finance				
Net Finance	1	71 636	-134 417	-4 574
Profit before income tax		**69 845**	**-135 753**	**-9 527**
Income tax		-	-	3 523
Profit for the period		**69 845**	**-135 753**	**-6 004**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	31.12.2021	31.03.2020	31.12.2020
Non-current assets				
Deferred tax assets		21 202	17 679	21 202
Shares in subsidiaries/associates		1 626 670	1 622 750	1 626 670
Loans to group companies		697 782	675 747	689 381
Total non-current assets		**2 345 655**	**2 316 176**	**2 337 253**
Current assets				
Other short-term receivables		10 213	100 181	185 051
Cash and cash equivalents		128 529	-	68 096
Total current assets		**138 742**	**100 181**	**253 147**
Total assets		**2 484 397**	**2 416 357**	**2 590 400**

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	31.12.2021	31.03.2020	31.12.2020
Equity				
Share capital		300 000	300 000	300 000
Other paid-in capital		-	-	-
Retained earnings		13 343	-61 151	68 498
Total equity		**313 343**	**238 849**	**368 498**
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Bond loans	1	-	1 883 329	-
Total non-current liabilities		**-**	**1 883 329**	**-**
Current liabilities				
Accounts payable		374	0	374
Short term interest bearing debt	1	1 819 681	188 915	1 892 184
Other current liabilities		350 999	105 265	329 343
Total current liabilities		**2 171 054**	**294 180**	**2 221 902**
Total liabilities		**2 171 054**	**2 177 508**	**2 221 902**
Total equity and liabilities		**2 484 397**	**2 416 357**	**2 590 400**

Notes

1. FINANCE COSTS

Finance Costs in Q1’21 includes NOK 23.7 million in interest expense related to the bond loan. Net currency movement for the period was NOK 86.9 million for the first quarter.

Group web pages

NORLANDIA CARE GROUP AS
www.norlandia.no

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www.hero.no

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