

NHC Group Report Q3 2021



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Key figures

(All figures in NOK million)

	Q3 21	Q2 21	YTD 21	Q3 20	Q2 20	YTD 20	FY 20
Total revenues and income	1 444,9	1 477,5	4 335,6	1 311,8	1 314,7	3 946,8	5 389,5
EBITDA	204,6	175,6	573,3	215,9	179,2	547,0	770,1
EBITDA (%)	14,2 %	11,9 %	13,2 %	16,5 %	13,6 %	13,9 %	14,3 %
EBITA	86,4	54,7	214,9	93,1	71,1	210,8	312,3
EBITA (%)	6,0 %	3,7 %	5,0 %	7,1 %	5,4 %	5,3 %	5,8 %
EBIT	73,2	44,7	181,5	82,9	60,9	180,4	268,8
EBIT (%)	5,1 %	3,0 %	4,2 %	6,3 %	4,6 %	4,6 %	5,0 %
EBT	18,9	(54,2)	37,7	15,2	(2,4)	(77,5)	(48,8)
EBT (%)	1,3 %	-3,7 %	0,9 %	1,2 %	-0,2 %	-2,0 %	-0,9 %
EBITDA - adjusted for IFRS 16	105.1	50.2	226.0	89.5	67.3	202.4	360.4
EBITA - adjusted for IFRS 16	91.1	35.6	185.7	73.2	55.7	162.6	307.4

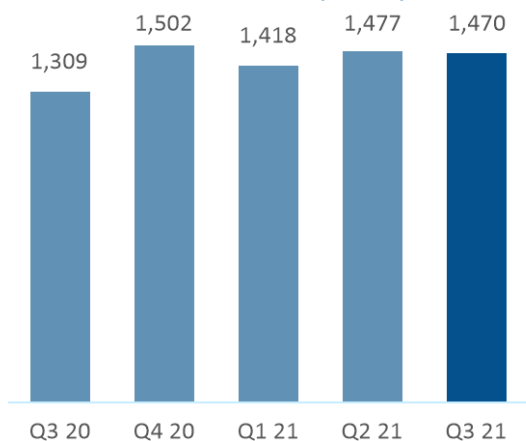
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

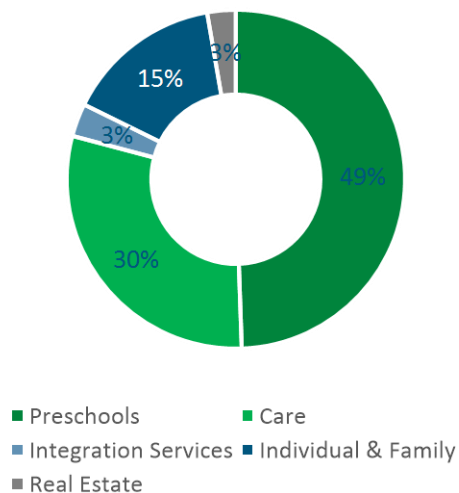
Q3 21 Highlights

- Q3'21 revenues of NOK 1,445 million, EBITDA of NOK 205 million and EBITA of NOK 86 million
- EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 105 million, and adj. EBITA of NOK 91 million
- Care delivers a significant improvement compared to prior quarters with an adj. EBITDA of NOK 10 million, on the back of increased occupancy combined with the third quarter being seasonally strong
- New solid quarter from Preschools, with an adj. EBITDA of NOK 55 million. Still down on recent, record-high quarters due to lower occupancy and higher costs in certain markets
- Continued strong performance from Individual & Family with an adj. EBITDA of NOK 13 million, which is the highest ever recorded when adjusting the Q3'20 figures for gain from the sale of the LSS operations
- Integration Services reports a positive EBITDA for six consecutive quarters, with an adj. EBITDA of NOK 1 million in Q3'21
- Three properties sold during the quarter, generating an adj. EBITDA of NOK 34 million
- After the balance sheet date, a Norwegian preschool chain with 17 operational units, and 5 owned properties was acquired

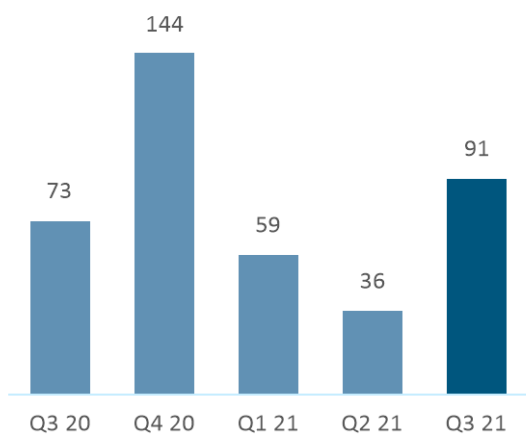
ADJ. REVENUE PER QUARTER (MNOK)



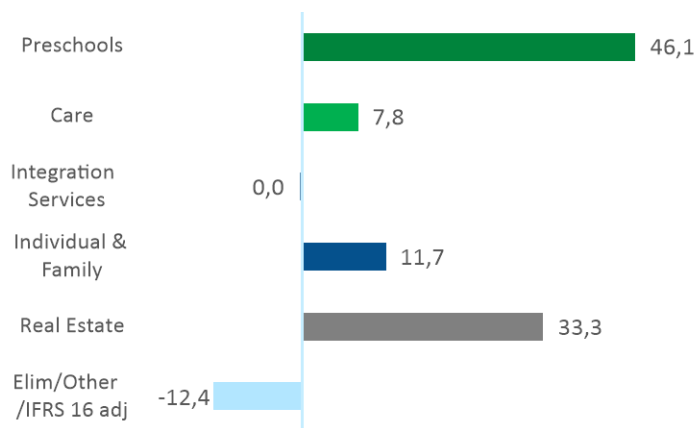
SEGMENT DISTRIBUTION Q3 21 (%)



ADJ. EBITA PER QUARTER (MNOK)

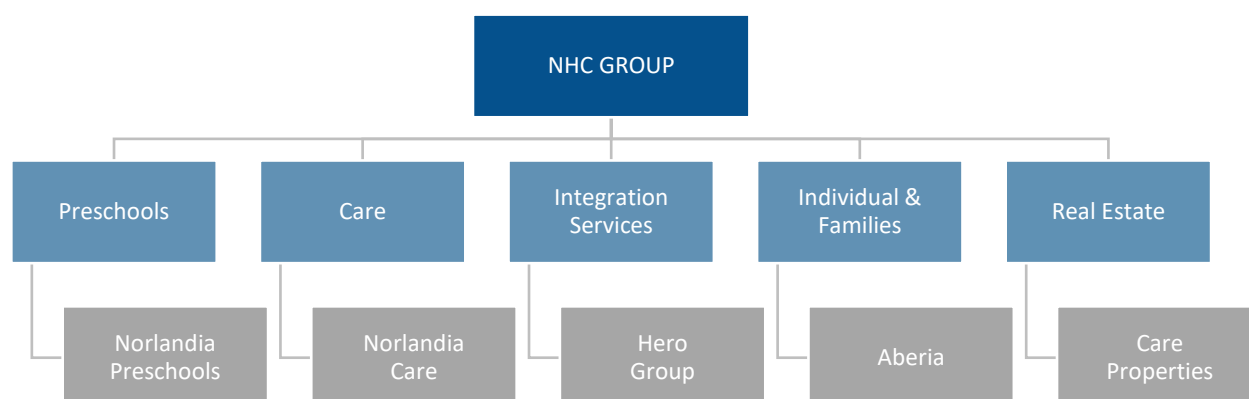


EBITA DISTRIBUTION Q3 21 (MNOK)



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 1,444.9 million in Q3'21, a 10% increase YoY, on the back of revenue growth within the Preschool and Care segments. EBITA for the quarter amounted to NOK 86.4 million, down from NOK 93.1 million in Q3'20, driven by the sale of the LSS operations in Q3'20.

Net finance amounted to NOK -54.2 million for the quarter, due to unrealized currency gains of NOK 2.3 million, interest expenses on borrowings of NOK 29.3 million and interest related to capitalized leasing of NOK 27.4 million.

Profit before tax amounted to NOK 18.9 million for the quarter, up from NOK 15.2 million one year prior.

Adjusted for IFRS 16 effects, profit before tax came in at NOK 51.0 million for the quarter.

Thus, the net effect of IFRS 16 amounted to NOK -32.1 million for the quarter, reflecting reduced revenues from the sale of properties of NOK 25.1 million, increased depreciation charges of NOK 104.2 million and finance charges of 27.4 million. This was partly offset by reduced leasing expenses of NOK 124.6 million. See note 9 for more details.

The Group generated operating cash flows of NOK 97.8 million for the quarter, negatively affected by a movement on working capital of NOK -129.9 million.

Cash flows from investing activities amounted to NOK 24.8 million, reflecting the sale of three properties, construction capex, as well as maintenance capex of NOK -10 million.

Financing cash flows amounted to NOK -108.0 million, explained by lease payments of NOK 124.6 million, cash interest expenses of NOK 29.1 million and increased net debt of NOK 45.7 million. The Group generated total cash flows of NOK 14.6 million for the quarter.

CONSOLIDATED BALANCE SHEET STATEMENT PER 30 SEPTEMBER 2021 (UNAUDITED)

As of 30th September 2021, the Group had total non-current assets of NOK 6,604.1 million, of which NOK 3,561.6 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets".

Cash and cash equivalents amounted to NOK 298.1 million, up from NOK 162.1 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 September 2021, NOK 154.8 million was drawn.

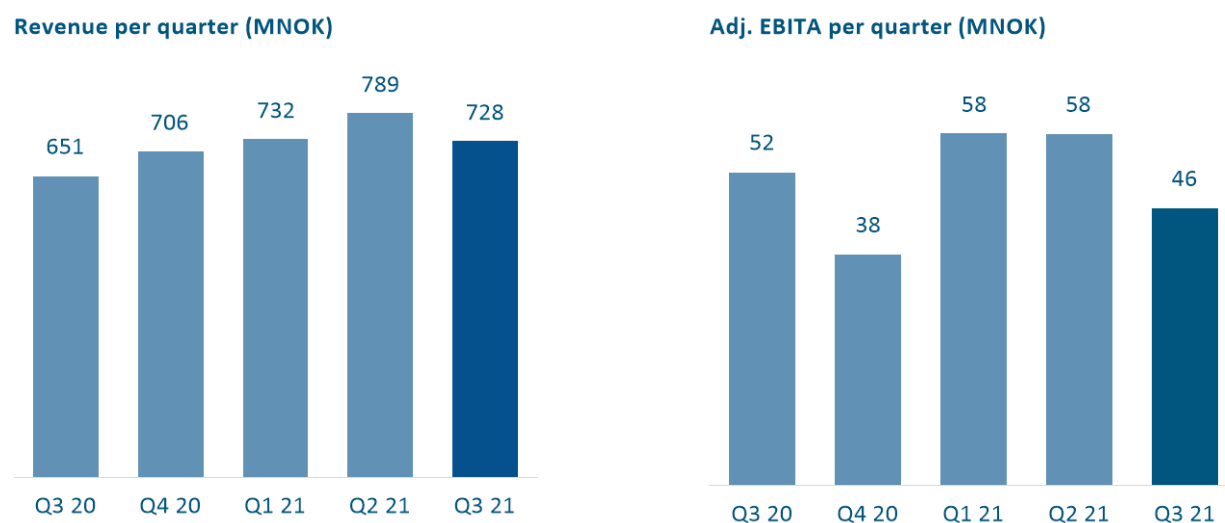
Total assets amounted to NOK 7,404.7 million at the end of the quarter.

Total non-current liabilities as of 30th September 2021 amounted to NOK 5,631.0, including NOK 3,438.9 million classified as "Lease liability" under IFRS 16. Total loans and borrowings amounted to NOK 1,928.2 million, mainly consisting of the NOK- and SEK-denominated bond loan, as well as debt mainly related to Norwegian preschool properties of NOK 133.1 million.

Per 30th September 2021, the Group's total equity amounted to NOK 476.8 million.

BUSINESS SEGMENTS

Preschools



The third quarter of 2021 generated revenues of NOK 728 million, down from NOK 789 million in Q2'21. The 12% 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 5% YoY growth in revenues.

The segment reported an adj. EBITDA of NOK 55 million and an adj. EBITA of NOK 46 million, down on the previous quarters that are among the all-time high. Year to date, the Preschools segment has generated an adj. EBITDA of NOK 190 million, up from NOK 177 million in 2020, an increase of 7%. The strong profitability reflects stable performances in all markets, and further 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.

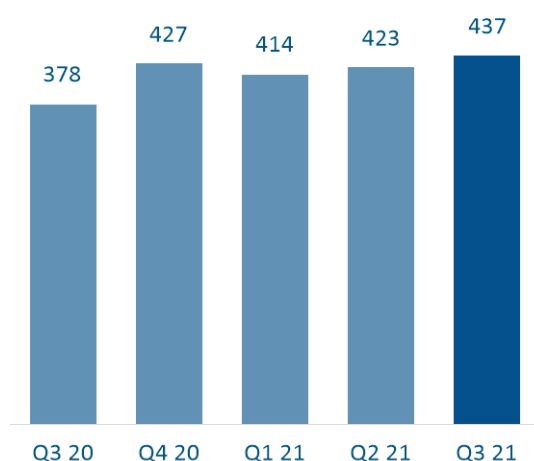
Although being negatively affected by the staffing norm implemented in 2019, Norway has generated decent profitability during 2020 and year to date in 2021. In November 2021, the new Norwegian government proposed further regulatory changes for private preschools, by reducing the pension cost component of the municipality grants from 13% to 10%. If implemented, this would have a significant negative effect for our Norwegian operations. However, this debate is still on-going, and we will seek to adjust our operations according to the final outcome, expected by the end of November. Although the short-term political landscape is challenging, we remain positive to the long-term merits of our Norwegian preschool operations. As stated before, we believe that the private preschool sector is under-compensated relative to the municipal preschools and that this situation should be corrected in the medium term. After the balance sheet date, a Norwegian preschool chain with 17 operational units, and 5 owned properties was acquired.

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 the overall occupancy levels are expected to increase going forward, due to an improvement of the Covid situation and further maturing of units. 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.

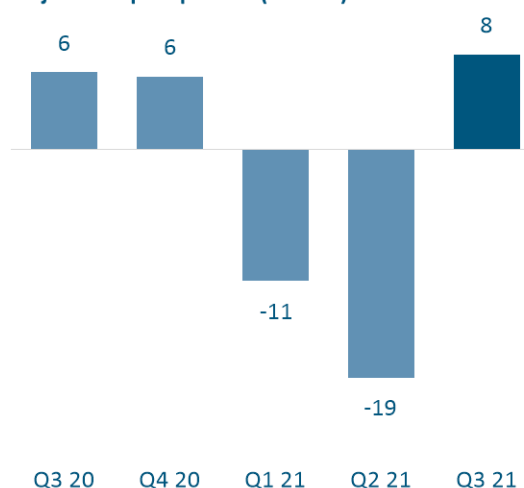
As of 30th September 2021, Norlandia Preschools operates 379 units. Of these, 32 units are 50% owned by Wekita (Germany).

Care

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The Care segment reported revenues of NOK 437 million in Q3'21, up from NOK 378 million in Q3'20, a YoY increase of 15% explained by new contract commencements and currency effects.

In Q3'21, a seasonally strong quarter for Care, the segment reported an adj. EBITA of NOK 8 million, a material improvement compared to the two previous quarters. The improvement was driven by increased occupancy in Sweden and improved profitability in Finland. Although the Swedish operations has experienced a significant improvement in occupancy QoQ, 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. Since the outbreak of Covid-19, profitability has been weak in Finland due to reduced occupancy in our patient hotel and increased costs in home care, while there has been little governmental support. In Q3'21, however, Finland delivered a strong quarter on the back of increased occupancy and solid operations, combined with the third quarter being seasonally strong.

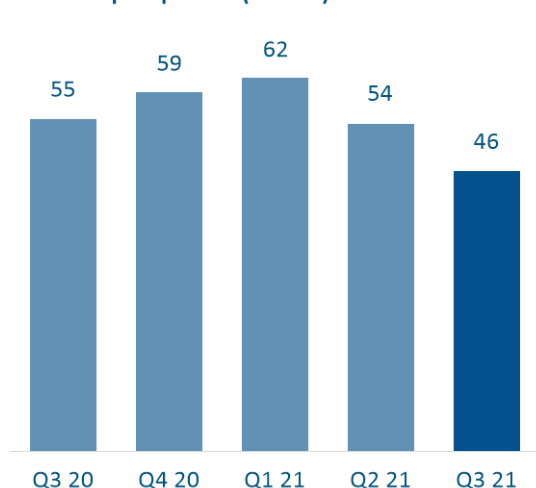
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both 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 opened 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 2022, we plan to open three new own management units in Finland and one in Sweden.

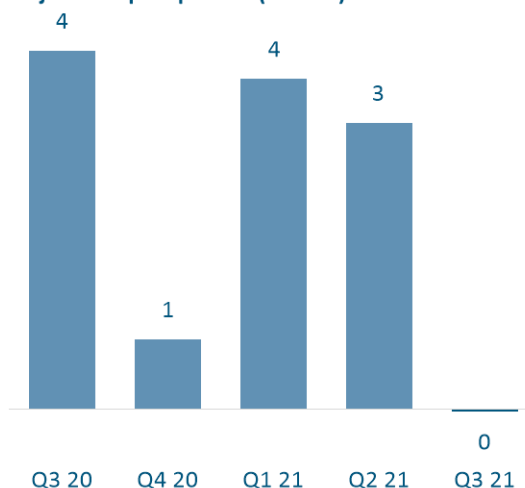
Lead times within the Care segment are long and the Covid-19 situation could pro-long these further. However, we remain positive on the long-term merits of the care segment with strong expectations for future growth and profitability through own-management contracts and new service offerings and concepts.

Integration services

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



Integration Services generated revenues of NOK 46 million in Q3'21, down YoY, mainly reflecting the sale of the Education division to Sonans Karriere, partially offset by increased revenues in the Interpretation segment.

Adj. EBITA amounted to NOK 0 million for the quarter, down NOK 4 million year on year. Year to date, Integration Services has generated an adj. EBITDA of NOK 12 million, up from NOK 6 million YoY, reflecting material improvements in the Interpretation segment.

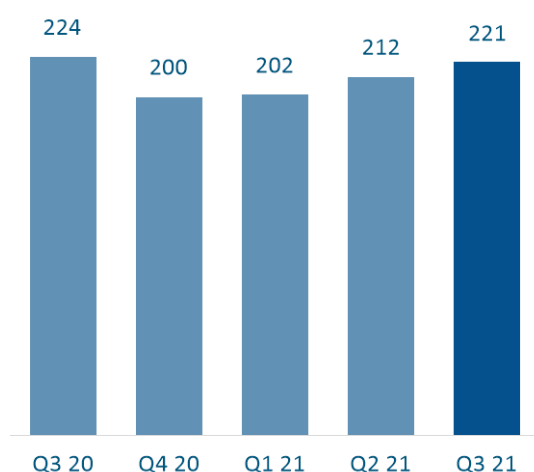
Within Accommodation Services, our reception centers in Norway, continue to deliver healthy profitability. The activity within the asylum market is still at a very low level, hence our objective remains to keep each reception center operating profitably, while keeping overhead expenses at a minimum. In December, we will commence a new 10-year contract for a reception center in Finmark, the most northern reception center in the world. In Germany, we now operate 5 reception centers.

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 year-to-date YoY growth of almost 60%. 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 delivers a healthy profitability reflecting the measures implemented in the restructuring process.

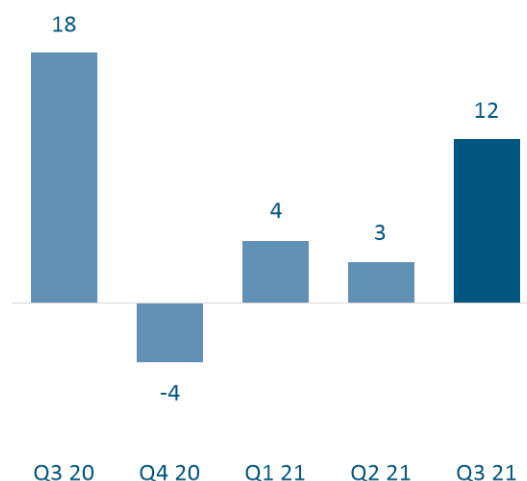
Following a thorough restructuring of the Integration Services segment since 2019, we are encouraged by the strong performance in 2020 and YTD per 3Q'21. With a much reduced cost base and a more focused and efficient Interpretation segment, we aim to continue to deliver profitable operations, while retaining the upside from an increase in demand for our services.

Individual & family

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



Aberia generated revenues of NOK 221 million in Q3'21, down 1% year on year, driven by the sale of the LSS business in Q3'20. Adjusted for this, revenues are up 11% YoY. Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and delivers a revenue growth of 20% QoQ.

Aberia recorded an adj. EBITA of NOK 12 million for the quarter, down from NOK 18 million year on year, where the sale of the LSS business accounted for NOK 15 million. The strong underlying performance in Q3'21 reflects top line growth and solid operations in Norway.

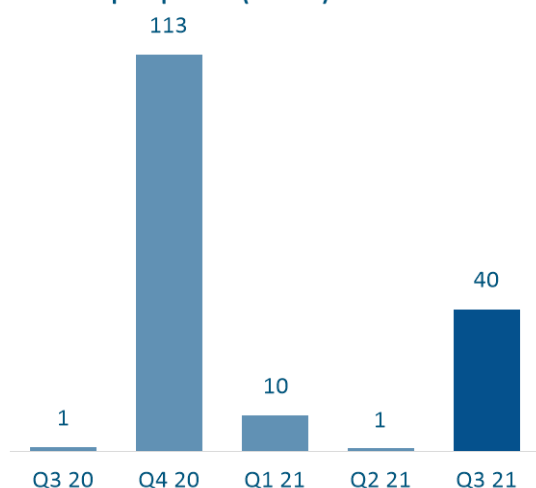
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 800 million. This has been achieved through heavy investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified, 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. Aurora Omsorg delivers another quarter with positive profitability in Q3'21 and we expect Aurora to continue the positive development going forward. Our Family Homes operations are still delivering negative EBITA, but continue to ramp up reflected by improved profitability in Q3'21 compared to Q2'21. We still expect Family Homes to reach break-even during 2021.

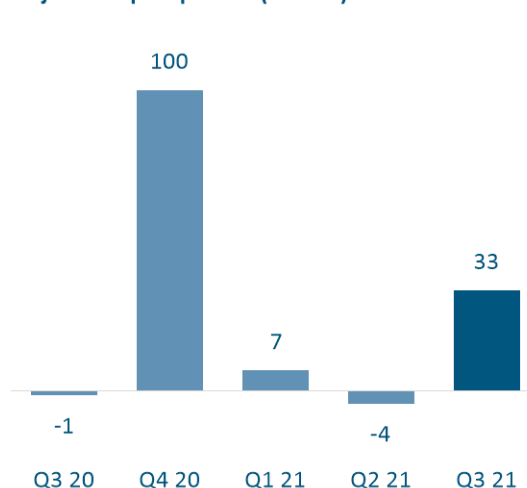
Aberia has been through a major restructuring in order to stream-line operations and focus its portfolio. Loss-making operations have been terminated or divested, the core operations are strong on quality and reputation, profitable and growing, and the segment as a whole is clearly moving in the right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

Real Estate

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The Real Estate segment recorded revenues of NOK 40 million in Q3'21, with an adjusted EBITA of NOK 33 million, reflecting the sale of three properties during the quarter, as part of the transaction completed with Kinland AS in 2020.

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 2020. Approximately NOK 150 million of the sales proceeds were used to repay property debt.

The second and third tranche was expected to be completed during 2H'21, with sales proceeds of appr. NOK 150 million. These properties have no debt outstanding. As stated, we completed the sale of three properties during Q3'21, and we expect to complete the sale of the remaining two properties in Q4'21 or Q1'22.

In addition, during the quarter, NHC has further developed its pipeline of properties that will be made available for sale. We expect to complete several property transactions both in Q4'21 and in 1H'22.

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's operating companies through access to good properties and solid long-term operations.

OUTLOOK AND MAIN RISK FACTORS

Besides the pandemic, which is still very much at the center of our attention, 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 all our 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. We believe we have an attractive portfolio of preschools and solid positions in the markets in which we operate.

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 2021 on the back of reduced Government support and continued low occupancy. Going forward, the financial effects for Care will be highly dependent on the developments of the pandemic. 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.

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.

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, 18 November 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 Herbjørnsson
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.euronext.com) with the following names and ticker codes:

Norlandia Health & Care Group AS 21/25 FRN FLOOR C

Ticker: NHCG01 ESG

Norlandia Health & Care Group AS 21/25 FRN SEK FLOOR C

Ticker: NHCG02 ESG

The report is available on www.oslobors.no.

Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q3 21	YTD 21	Q3 20	YTD 20	FY 20
Operating revenue and income						
Revenue		1 429,8	4 312,0	1 288,0	3 922,9	5 313,8
Other income		15,0	23,6	23,8	23,9	75,7
Total operating revenue and income	3	1 444,9	4 335,6	1 311,8	3 946,8	5 389,5
Operating expenses						
Cost of goods sold		40,6	122,6	33,2	92,5	131,4
Personnel expenses		1 025,0	3 140,9	916,4	2 852,2	3 849,1
Other operating expenses	9	174,6	498,7	146,3	455,1	638,9
EBITDA		204,6	573,3	215,9	547,0	770,1
Depreciation	9	118,2	358,4	122,7	336,3	457,7
EBITA	3	86,4	214,9	93,1	210,8	312,3
Amortisation	4	13,3	33,4	10,2	30,3	43,6
EBIT		73,2	181,5	82,9	180,4	268,8
Finance						
Net finance	5, 9	-54,2	-136,8	-66,5	-264,1	-316,2
Share of post-tax profits of associates		-	-6,9	-1,3	6,2	-1,4
Profit before income tax		18,9	37,7	15,2	-77,5	-48,8
Income tax	6	1,0	4,6	-0,5	3,4	33,3
Profit for the period		19,9	42,4	14,6	-74,1	-15,5

Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q3 21	YTD 21	Q3 20	YTD 20	FY20
Other comprehensive income						
Profit for the period		19,9	42,4	14,6	-74,1	-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		19,9	42,4	14,6	-74,1	-31,7
Currency translation differences		-1,2	-17,8	13,1	63,0	46,6
Items that will be reclassified		-	-	-	-	-
Other comprehensive income, net of tax		-1,2	-17,8	13,1	63,0	30,4
Total comprehensive income for the period		18,7	24,6	27,7	-11,1	14,9
Attributable to						
Equity holders of the parent company		18,4	26,6	37,0	-9,0	11,6
Non-controlling interest		0,3	-2,0	-9,2	-2,1	3,3
Total comprehensive income for the period		18,7	24,6	27,8	-11,1	14,9
Attributable to equity holders arising from						
Continuing operations		18,7	24,6	27,8	-11,1	14,9
Total comprehensive income for continuing		18,7	24,6	27,8	-11,1	14,9

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

ASSETS

	Notes	30.9.2021	30.9.2020	31.12.2020
Non-current assets				
Deferred tax assets		115,4	68,7	116,8
Goodwill	7	1 765,5	1 690,9	1 652,4
Intangible assets	7	568,5	610,3	599,2
Property, plant & equipment		506,2	714,1	470,8
Right-of-use assets		3 561,6	3 349,9	3 791,9
Investment in associated companies		28,5	52,6	54,3
Other investments		12,4	33,6	18,6
Other long term receivables		46,0	62,6	40,9
Total non-current assets		6 604,1	6 582,7	6 744,8
Current assets				
Inventories		5,7	4,5	5,2
Accounts receivables		275,5	229,5	199,7
Other short-term receivables		221,3	218,1	227,8
Cash and cash equivalents		298,1	162,1	285,4
Total current assets		800,6	614,3	718,0
Total assets		7 404,7	7 196,9	7 462,8

Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

EQUITY AND LIABILITIES

	Notes	30.9.2021	30.9.2020	31.12.2020
Equity				
Share capital		312,0	300,0	300,0
Other equity		151,8	-53,0	-26,7
Equity attributable to owners of the parent		463,8	247,0	273,3
Non-controlling interest		13,0	18,1	17,7
Total equity		476,8	265,1	291,0
Liabilities				
Pension liabilities		115,1	97,4	116,5
Deferred tax liability		145,7	161,6	149,9
Loans and borrowings	8	1 928,2	2 175,8	118,0
Lease liability		3 438,9	3 113,0	3 588,4
Other non-current liabilities		3,0	7,4	3,2
Total non-current liabilities		5 631,0	5 555,3	3 976,0
Accounts payable		116,7	90,6	125,1
Loans and borrowings	8	74,3	118,0	1 892,3
Lease liability		374,4	358,0	388,7
Taxes payable		5,4	-0,0	12,6
Other current liabilities		726,1	809,9	777,0
Total current liabilities		1 296,9	1 376,6	3 195,8
Total liabilities		6 927,9	6 931,8	7 171,8
Total equity and liabilities		7 404,7	7 196,9	7 462,8

Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q3 21	YTD 21	Q3 20	YTD 20	FY 20
Cash flow from operating activities						
EBITDA		204,6	573,3	215,9	547,0	770,1
Net taxes paid and other EBITDA cash adjustments		23,1	17,7	-41,1	-29,0	40,0
Change in net working capital		-129,9	-124,2	-96,1	110,4	121,4
Net cash flow from operating activities		97,8	466,9	78,7	628,5	931,4
Cash flow from investing activities						
Net investment in property, plant and equipment		-24,5	-97,1	-47,1	-115,7	-145,1
Investment in shares in business		-20,2	-50,7	-87,4	-87,4	-59,6
Net book value proceeds from sale of assets		70,6	89,2	10,5	44,3	295,4
Net change in financial receivables		-1,1	-4,7	-2,9	-7,5	11,5
Net cash flow from investing activities		24,8	-63,3	-126,9	-166,2	102,1
Cash flow from financing activities						
Net change in interest-bearing debt		45,7	63,1	91,3	-31,2	-281,9
Lease liability - amortisation and interest		-124,6	-377,1	-123,4	-344,7	-469,6
Payment to non-controlling interest		-0,0	-2,2	-	-	-31,3
Net interest paid and other financial items		-29,1	-75,3	-27,4	-82,2	-126,7
Distributions to owners		-	-	-	-	-
Net cash flow from financing activities		-108,0	-391,5	-59,5	-458,1	-909,5
Changes in cash and cash equivalents						
Net change in cash and cash equivalents		14,6	12,1	-107,8	4,1	124,1
Effects of changes in exchange rates on cash		0,7	0,7	0,5	-11,1	-7,8
Cash and cash equivalents at the beginning of period		282,8	285,4	269,4	169,1	169,1
Cash and cash equivalents at end of period		298,1	298,1	162,1	162,1	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		-	-	-	-	-	-
Distribution 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		-	44,2	-	44,2	-1,8	42,4
Other comprehensive Income		-	-	-15,9	-15,9	-0,7	-16,5
Total comprehensive Income		-	44,2	-15,9	28,3	-2,5	25,8
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		-	-	-	-	-	-
Distribution 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	125,2	26,5	463,7	13,0	476,8

Oslo, 18 November 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 Herbjørnsson
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	Q3 21	Q2 21	2021 YTD	Q3 20	Q2 20	2020 YTD	2020
Revenue & Income by segment							
Preschools	727,6	788,7	2 248,0	651,3	673,8	2 010,3	2 716,2
Care	436,7	423,0	1 273,3	378,5	377,5	1 140,0	1 567,3
Integration services	46,4	54,2	162,5	54,9	57,2	170,8	230,3
Individual & Family	220,7	212,0	634,6	223,8	205,7	616,3	816,3
Real Estate	40,2	0,8	51,3	1,2	1,1	11,5	124,1
Other/Elim./IFRS 16 adj	-26,8	-1,2	-34,1	2,1	-0,5	-2,2	-64,9
Total	1 444,9	1 477,5	4 335,6	1 311,8	1 314,7	3 946,8	5 389,3

NOK million	Q3 21	Q2 21	2021 YTD	Q3 20	Q2 20	2020 YTD	2020
EBITDA by segment							
Preschools	55,4	68,6	189,6	63,9	68,0	176,6	223,3
Care	9,6	-17,3	-16,7	7,8	-4,7	9,8	17,5
Integration services	1,3	4,7	11,6	5,7	1,9	5,9	8,3
Individual & Family	12,6	3,8	21,8	18,7	2,1	21,3	18,4
Real Estate	33,6	-4,1	36,3	-1,1	-1,6	-2,0	97,9
Other/Elim./IFRS 16 adj	92,2	119,7	330,7	120,9	113,6	335,6	404,5
Total	204,7	175,6	573,3	215,9	179,2	547,0	769,8

NOK million	Q3 21	Q2 21	2021 YTD	Q3 20	Q2 20	2020 YTD	2020
EBITA by segment							
Preschools	46,1	58,3	162,8	51,9	60,6	151,0	189,3
Care	7,8	-18,9	-21,9	6,4	-6,2	3,7	9,7
Integration services	-0,0	3,4	7,2	4,2	0,9	2,5	3,3
Individual & Family	11,7	2,9	19,1	17,8	1,0	18,4	14,3
Real Estate	33,3	-4,2	35,9	-1,4	-1,9	-2,8	96,8
Other/Elim./IFRS 16 adj	-12,4	13,3	11,9	14,1	16,7	37,9	-1,4
Total	86,5	54,7	214,9	93,1	71,1	210,7	312,0

NOK million	Q3 21	Q2 21	2021 YTD	Q3 20	Q2 20	2020 YTD	2020
EBIT by segment							
Preschools	38,2	53,6	145,7	47,4	56,0	137,5	170,2
Care	4,4	-22,2	-32,3	2,8	-9,8	-7,0	-6,6
Integration services	-0,1	3,3	7,0	4,1	0,7	2,1	2,8
Individual & Family	11,0	2,3	17,1	17,1	0,3	16,5	11,6
Real Estate	33,3	-4,2	35,9	-1,4	-1,9	-2,8	96,8
Other/Elim./IFRS 16 adj	-13,6	12,0	8,1	12,8	15,5	34,2	-6,4
Total	73,2	44,7	181,5	82,9	60,9	180,4	268,5

NOK million	2021 YTD	2020
Revenues by geography		
Norway	1 995,8	2 510,1
Sweden	1 622,3	2 018,3
International	689,4	781,4
Other/Elimination	4,6	4,0
Total revenues by geography	4 312,0	5 313,8

2021 YTD	Preschools	Care	Integration services	Individual & Family	Other / Eliminations
Norway	48%	21%	77%	85%	0%
Sweden	25%	75%	6%	15%	0%
International	27%	4%	17%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
Total revenues by geography	100%	100%	100%	100%	100%

2020	Preschools	Care	Integration services	Individual & Family	Other / Eliminations
Norway	49%	23%	82%	78%	0%
Sweden	25%	73%	7%	22%	0%
International	26%	4%	11%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
Total revenues by geography	100%	100%	100%	100%	100%

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 21	Q2 21	2021	Q3 20	Q2 20	2020
Net Finance						
Interest income	0,2	0,3	0,8	0,2	0,1	0,7
Interest expenses borrowings	-29,3	-23,8	-76,1	-27,5	-27,5	-104,5
Interest expenses lease liability	-27,4	-28,3	-84,5	-26,8	-24,1	-103,0
Non-realized currency effects	2,3	-35,5	31,8	-12,8	-11,8	-108,2
Other finance income	-0,3	0,0	-0,3	0,0	0,0	-0,8
Other finance expenses	0,3	-5,6	-8,4	0,5	-6,1	-7,7
Total	-54,2	-93,0	-136,8	-66,5	-69,3	-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

Other long term debt	Amount (million)
RCF	105.6
Other debt within ringfence structure	32.7
Property debt outside ringfence structure	100.5

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 21	IFRS 16	Q3 21 - Adjusted	YTD 21	IFRS 16	YTD 21 - Adjusted
Operating income						
Revenue	1 429,8		1 429,8	4 312,0		4 312,0
Other operating revenue	15,0	25,1	40,1	23,6	29,8	53,4
Total operating revenue	1 444,9	25,1	1 470,0	4 335,6	29,8	4 365,4
	-			-		
Operating expenses						
Cost of goods sold	40,6		40,6	122,6		122,6
Personnel expenses	1 025,0		1 025,0	3 140,9		3 140,9
Other operating expenses	174,6	124,6	299,3	498,7	377,1	875,8
EBITDA	204,6	-99,5	105,1	573,3	-347,3	226,0
	-			-		
Depreciation	118,2	-104,2	14,0	358,4	-318,0	40,4
EBITA	86,4	4,7	91,1	214,9	-29,3	185,7
	-			-		
Amortisation	13,3		13,3	33,4		33,4
EBIT	73,2	4,7	77,9	181,5	-29,3	152,2
	-			-		
Finance						
Net finance	-54,2	27,4	-26,8	-136,8	84,5	-52,3
Share of post-tax profits of associates	-	-	-	-6,9	-	-6,9
Profit before income tax	18,9	32,1	51,0	37,7	55,3	93,0

10. EVENTS AFTER BALANCE SHEET DATE

In October 2021, NHC completed the acquisition of a Norwegian preschool chain, consisting of 17 operational units and 5 owned properties.

Financial statement for the parent company

INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q3 21	YTD 21	Q3 20	FY 20
Operating income					
Revenue		557	1 670	482	1 928
Total operating revenue		557	1 670	482	1 928
Operating expenses					
Costs of goods sold		-	-	-	-
Personnel expenses		-367	-1 875	-272	-1 739
Other operating expenses		-4 748	-8 465	-1 765	-5 141
EBITDA		-4 558	-8 670	-1 555	-4 952
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit (EBIT)		-4 558	-8 670	-1 555	-4 952
Finance					
Net Finance	1	-13 245	-8 266	-31 194	-4 574
Profit before income tax		-17 803	-16 936	-32 748	-9 527
Income tax		-	-	-	3 523
Profit for the period		-17 803	-16 936	-32 748	-6 004

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

ASSETS

	Note	30.09.2021	30.09.2020	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		745 105	691 771	689 381
Total non-current assets		2 422 761	2 336 120	2 337 253
Current assets				
Other short-term receivables		346	99 658	185 051
Cash and cash equivalents		-	-	68 096
Total current assets		346	99 658	253 147
Total assets		2 423 107	2 435 778	2 590 400

BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

EQUITY AND LIABILITIES

	Note	30.09.2021	30.09.2020	31.12.2020
Equity				
Share capital		312 000	300 000	300 000
Retained earnings		219 346	-112 470	68 498
Total equity		531 346	187 530	368 498
Liabilities				
Non-current liabilities				
Group liabilities		-	-	-
Long term interest bearing debt	1	105 600	-	-
Bond loans	1	1 679 621	1 898 028	-
Total non-current liabilities		1 785 221	1 898 028	-
Current liabilities				
Accounts payable		344	141	374
Short term interest bearing debt	1	49 185	117 201	1 892 184
Other current liabilities		57 011	232 878	329 343
Total current liabilities		106 540	350 220	2 221 902
Total liabilities		1 891 761	2 248 248	2 221 902
Total equity and liabilities		2 423 107	2 435 778	2 590 400

Notes

1. FINANCE COSTS

Finance Costs in Q3'21 includes NOK 26.6 million in interest expense related to the bond loan. Net currency movement for the period was NOK 5.2 million for the quarter.

Group web pages

NORLANDIA CARE GROUP AS

www.norlandia.no

HERO GROUP AS

www.hero.no

KIDSA DRIFT AS

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