

# NHC Group

## Report Q4 2021



# CONTENT

<b>KEY FIGURES</b>	<b>3</b>
<b>Q4 21 HIGHLIGHTS</b>	<b>3</b>
<b>NORLANDA HEALTH &amp; CARE GROUP AS</b>	<b>5</b>
<b>FINANCIALS</b>	<b>5</b>
<b>GROUP FINANCIAL STATEMENT</b>	<b>15</b>
<b>FINANCIAL STATEMENT FOR THE PARENT COMPANY</b>	<b>25</b>
<b>GROUP WEB PAGES</b>	<b>28</b>

# Key figures

(All figures in NOK million)

	Q4 21	Q3 21	FY 21	Q4 20	Q3 20	FY 20
Total revenues and income	1 639,9	1 444,9	5 975,5	1 442,5	1 311,8	5 389,5
EBITDA	219,9	204,6	793,2	222,8	215,9	770,1
EBITDA (%)	13,4 %	14,2 %	13,3 %	15,4 %	16,5 %	14,3 %
EBITA	69,1	86,4	284,0	101,4	93,1	312,3
EBITA (%)	4,2 %	6,0 %	4,8 %	7,0 %	7,1 %	5,8 %
EBIT	58,3	73,2	239,8	88,1	82,9	268,8
EBIT (%)	3,6 %	5,1 %	4,0 %	6,1 %	6,3 %	5,0 %
EBT	14,6	18,9	52,3	28,4	15,2	(48,8)
EBT (%)	0,9 %	1,3 %	0,9 %	2,0 %	1,2 %	-0,9 %
EBITDA - adjusted for IFRS 16	96.4	105.1	322.4	157.9	89.5	360.4
EBITA - adjusted for IFRS 16	77.1	91.1	262.7	144.6	73.2	307.4

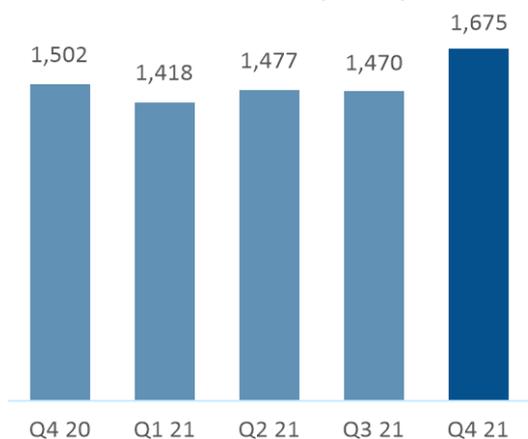
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17. The effects for IFRS 16 have not been allocated to the operating segments but are included under "Other" in the following tables.

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

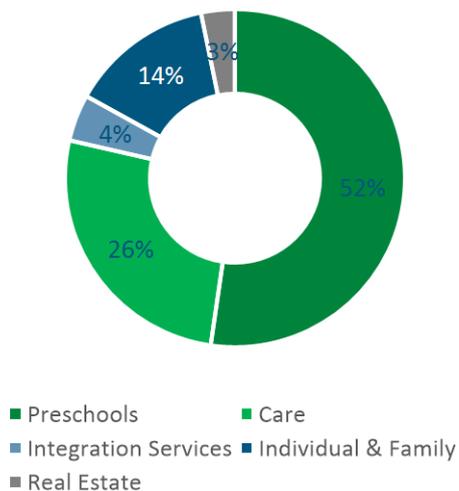
## Q4 21 Highlights

- Q4'21 revenues of NOK 1,640 million, EBITDA of NOK 220 million and EBITA of NOK 69 million
- Revenue growth of 13% QoQ and 14% YoY mainly driven by Preschools
- EBITDA adjusted for IFRS 16 effects (adj. EBITDA) of NOK 96 million, and adj. EBITA of NOK 77 million
- Preschools were negatively affected by significantly increased electricity and sick leave costs, and generated an adj. EBITDA of NOK 31 million, down from NOK 45 million YoY
- Care delivered an adj. EBITDA of NOK 3 million, down on the prior quarter, but significantly improved compared to 1H'21, on the back of increased occupancy and Covid-19 support in Sweden
- Continued strong performance from Individual & Family with an adj. EBITDA of NOK 4 million, despite the negative effect of a NOK 4 million charge, reflecting a change in fair value on the expected earn out payment from the LSS sale completed in Q3'20
- Integration Services delivered a strong quarter, with an adj. EBITDA of NOK 6 million
- Several property realizations during the quarter, generating an adj. EBITDA of NOK 49 million
- A Norwegian preschool chain, Gnist Barnehager, with 17 operational units and 5 owned properties was acquired in October

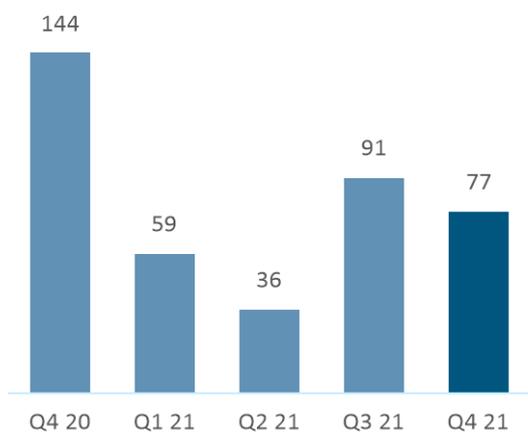
### ADJ. REVENUE PER QUARTER (MNOK)



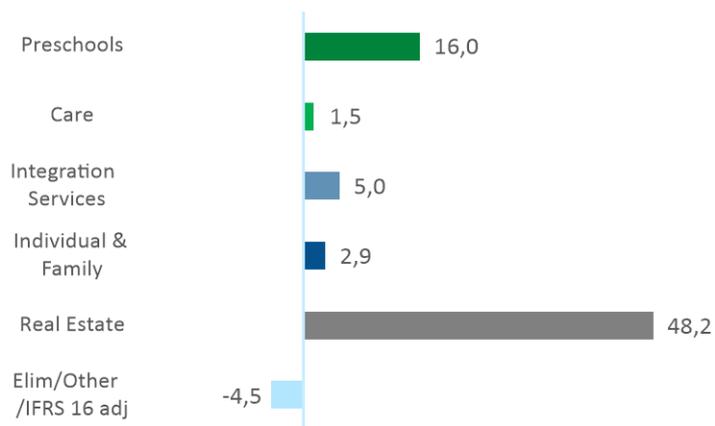
### SEGMENT DISTRIBUTION Q4 21 (%)



### ADJ. EBITA PER QUARTER (MNOK)

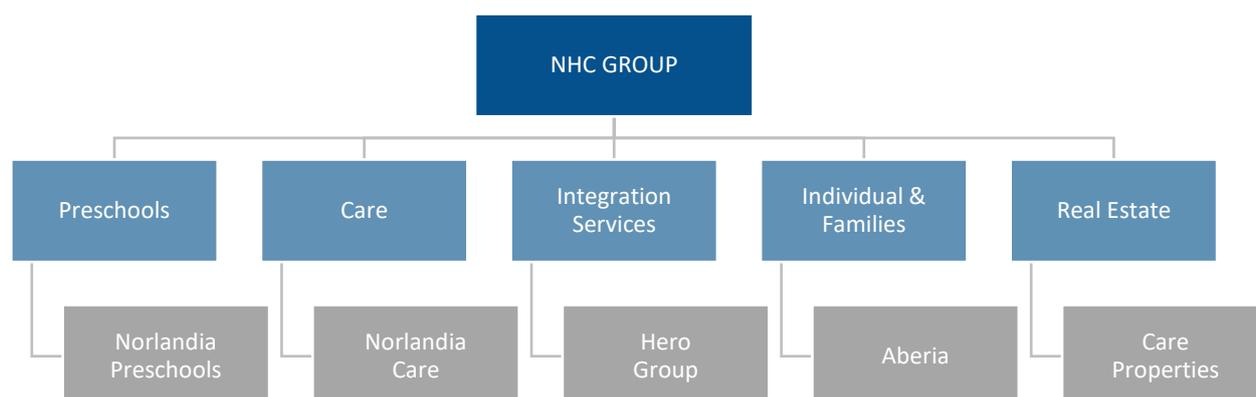


### EBITA DISTRIBUTION Q4 21 (MNOK)



# 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 1,639.9 million in Q4'21, a 14 % increase YoY, on the back of revenue growth within the Preschool and Care segments. EBITA for the quarter amounted to NOK 69.1 million, down from NOK 101.4 million in Q4'20, driven by the Preschool and Care segments.

Net finance amounted to NOK -52.2 million for the quarter, reflecting interest expenses on borrowings of NOK 30.6 million and interest related to capitalized leasing of NOK 36.6 million. This was partially offset by unrealized currency gains of NOK 13.9 million.

Profit before tax amounted to NOK 14.6 million for the quarter, down from NOK 28.4 million one year prior. For the full year, profit before tax amounted to NOK 52.3 million, compared to NOK -48.8 million in 2020

Adjusted for IFRS 16 effects, profit before tax came in at NOK 59.1 million for the quarter and NOK 152.0 million for the full year.

Thus, the net effect of IFRS 16 amounted to NOK 44.5 million for the quarter (NOK 99.7 million for the full year), reflecting reduced revenues from the sale of properties of NOK 35.2 million (NOK 65.0 million FY), increased depreciation charges of NOK 131.4 million (NOK 449.4 million FY) and finance charges of 36.6 million (NOK 121.1 million FY). This was partly offset by reduced leasing expenses of NOK 158.7 million (NOK 535.8 million FY). See note 9 for more details.

The Group generated operating cash flows of NOK 257.9 million for the quarter, positively affected by a movement in working capital of NOK 20.4 million.

Cash flows from investing activities amounted to NOK -11.5 million, reflecting the sale of properties, the acquisition of Gnist Barnehager, as well as development and maintenance capex.

Financing cash flows amounted to NOK -239.6 million, explained by lease payments of NOK 158.7 million, cash interest expenses of NOK 29.5 million and decreased net debt of NOK 51.4 million. The Group generated total cash flows of NOK 6.8 million for the quarter.

#### **CONSOLIDATED BALANCE SHEET STATEMENT PER 31 DECEMBER 2021 (UNAUDITED)**

As of 31<sup>st</sup> December 2021, the Group had total non-current assets of NOK 7,515.8 million, of which NOK 4,180.1 million relates to the implementation of IFRS 16 and is classified as "Right-of-use assets". Compared to the prior quarter, the balance sheet is heavily impacted by the acquisition of Gnist Barnehager, reflecting the increase in Goodwill, Property, plant & Equipment, and Right-of-use assets.

Cash and cash equivalents amounted to NOK 301.2 million, up from NOK 285.4 million one year prior. The Group has a revolving credit facility of NOK 350 million with DNB which is temporarily drawn upon in the various divisions as cash pooling is and will not be fully optimized towards all markets and borders at all hours. The amount drawn on the facility will generally be highest at the end of each quarter as the majority of the income for preschools in Norway is received at the beginning of each quarter. As of 31<sup>st</sup> December 2021, NOK 132.1 million was drawn.

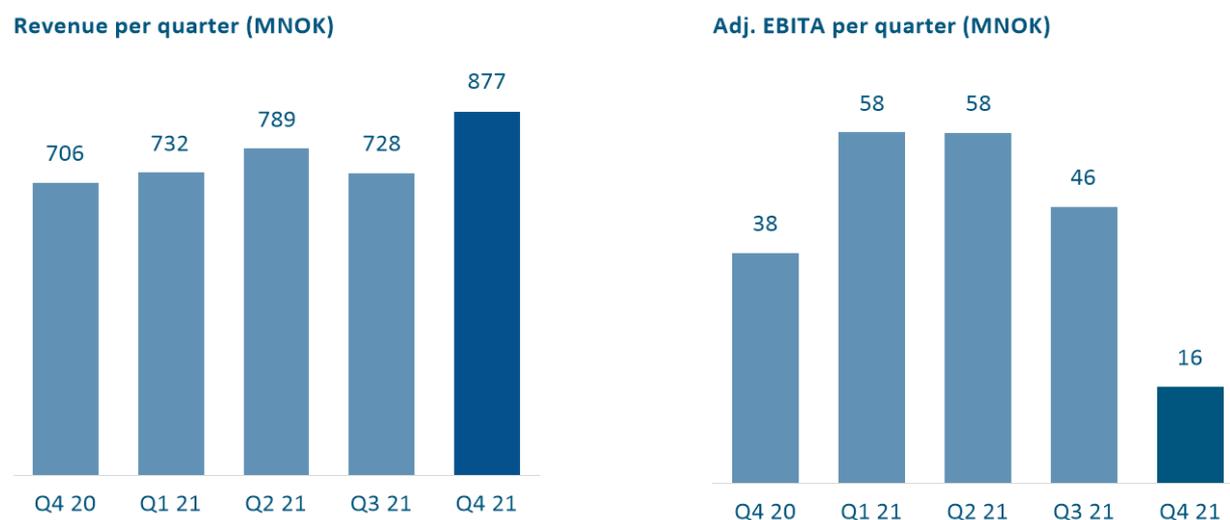
Total assets amounted to NOK 8,307.6 million at the end of the quarter.

Total non-current liabilities as of 31<sup>st</sup> December 2021 amounted to NOK 6,423.0, including NOK 4,050.0 million classified as "Lease liability" under IFRS 16. Total loans and borrowings amounted to NOK 2,124.4 million, mainly consisting of the NOK- and SEK-denominated bond loan, as well as debt mainly related to Norwegian preschool properties of NOK 357.6 million. The increased debt compared to Q3'21 reflects property debt assumed through the acquisition of Gnist Barnehager in October 2021.

Per 31<sup>st</sup> December 2021, the Group's total equity amounted to NOK 471.6 million.

## BUSINESS SEGMENTS

### Preschools



The fourth quarter of 2021 generated revenues of NOK 877 million, up from NOK 728 million in Q3'21 and NOK 706 million in Q4'20. The 24% YoY increase reflects the acquisition of Gnist Barnehager in October 2021 and the consolidation of NH Europe as of 1st April 2021, now owned 100% by NHC.

The segment reported an adj. EBITDA of NOK 31 million and an adj. EBITA of NOK 16 million for the quarter, where the EBITA figure is negatively affected by an extra depreciation charge of NOK 4 million related to the Gnist acquisition. In addition, both electricity costs and costs relating to sick leave, significantly increased in all markets during the quarter, and explain the majority of the YoY EBITA decline.

In October 2021, we completed the acquisition of a Norwegian preschool chain, Gnist Barnehager, consisting of 17 large operational units and 5 owned new and modern properties. The preschools are mainly located in North Western Norway, Bergen and Trondheim, and represents a good geographical fit with Norlandia and Kidsa. We expect to realize material synergy effects after integrating Gnist into our NHC operations. Integration project is ongoing and on schedule.

For the full year, the Preschool segment generated an adj. EBITDA of NOK 220 million, slightly down on the adj. EBITDA of NOK 224 million in 2020. Adj. EBITA amounted to NOK 179 million, relative to NOK 189 million in 2020.

Although profit margins in Norway have been under pressure in recent years, they have due to proactive growth and cost initiatives remained at decent levels during 2020 and 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%. The proposition has been implemented and, according to our estimates, will negatively impact revenues by NOK 40 million per year. On the other hand, we expect recent acquisitions as well as other efficiency measures, to positively contribute.

Our international operations continue to perform well. The Netherlands, Finland and Sweden are all showing solid growth in revenues and profitability, and we continue to pursue attractive opportunities in these markets. The ramp-up phase in Poland has been prolonged by the pandemic, but occupancy is showing steady growth and the operations are nearing break-even levels. Overall, the Preschools segment is progressing well and we will continue to target effective and sticky growth in all our international markets.

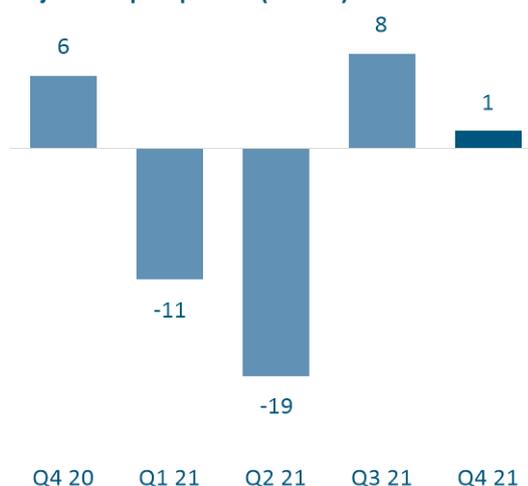
As of 31<sup>st</sup> December 2021, Norlandia Preschools operates 393 units. Of these, 32 units are owned 50% and operated by Wekita (Germany).

## Care

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



The Care segment reported revenues of NOK 441 million in Q4'21, up from NOK 427 million in Q4'20. For the full year, Care generated total revenues of NOK 1 715 million, a YoY increase of 9% explained by new contract commencements and currency effects.

In Q4'21, a seasonally challenging quarter for Care, the segment reported an adj. EBITA of NOK 1 million and an adj. EBITDA of NOK 3 million, down compared to Q4'20 and Q3'21, but a material improvement compared to 1H'21. The improvement in the second half of 2021 was driven by increased occupancy in Sweden and improved profitability in Finland. Although the Swedish operations has experienced an improvement in occupancy throughout 2021, we are still well below pre-pandemic levels and we do not anticipate a normalized level until we are well into 2022.

Our operations in Norway have seen negative effects of Covid-19, specially within home care. A material part of these effects are 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. Although being down on the seasonally strong Q3'21, Finland delivered decent profitability in Q4'21 on the back of satisfactory occupancy levels and continued solid operations.

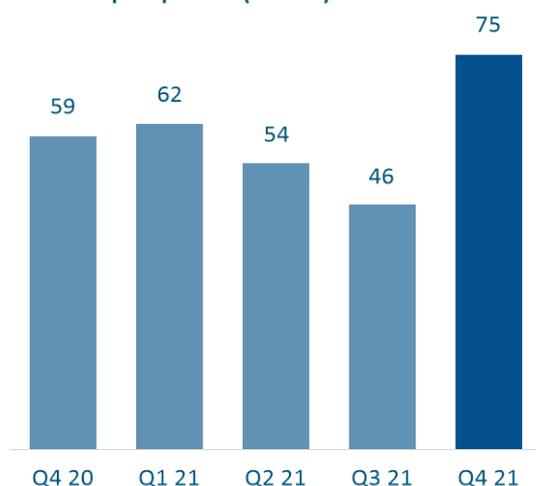
Adjusted for the temporary effects from Covid-19, the long-term fundamentals for Care remain strong, although the short-term outlook is challenging. While Finland is progressing well, Norway is politically challenging, with limited growth potential through tender awards. We strongly believe that both 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.

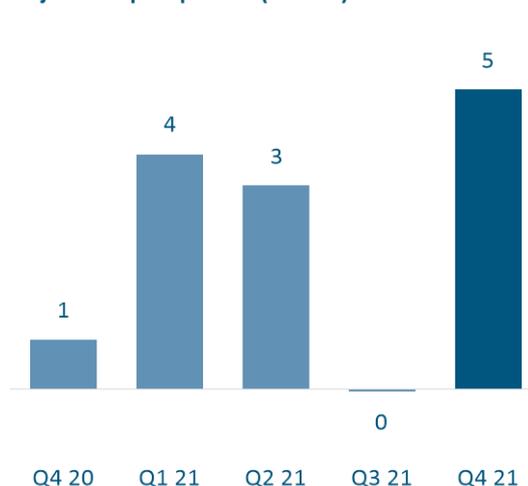
Lead times within the Care segment are long and the Covid-19 situation could pro-long these further. However, we remain positive on the long-term merits of the care segment with strong expectations for future growth and profitability through own-management contracts and new service offerings and concepts.

## Integration services

Revenue per quarter (MNOK)



Adj. EBITA per quarter (MNOK)



Integration Services generated revenues of NOK 75 million in Q4'21, up 27% YoY, mainly driven by increased activity within Accommodation Services in Norway, where temporary acute reception centers account for most of the growth. We will continue to operate the acute reception centers until mid-February 2022.

Adj. EBITA amounted to NOK 5 million for the quarter, up NOK 4 million year on year. For the full year, Integration Services generated an adj. EBITDA of NOK 18 million, up from NOK 8 million in 2020, reflecting material improvements in the Interpretation segment, acute reception centers and the sale of the Education segment.

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 commenced a new 10-year contract for a reception center in Finmark, the most northern reception center in the world. After the balance sheet date, we won two new 10-year contracts in Rogaland and Steinkjer. In Germany, we operate 5 reception centers.

After a comprehensive re-organization of the Interpretation segment during recent years, the operations are now solid, both in terms of growth and profitability.

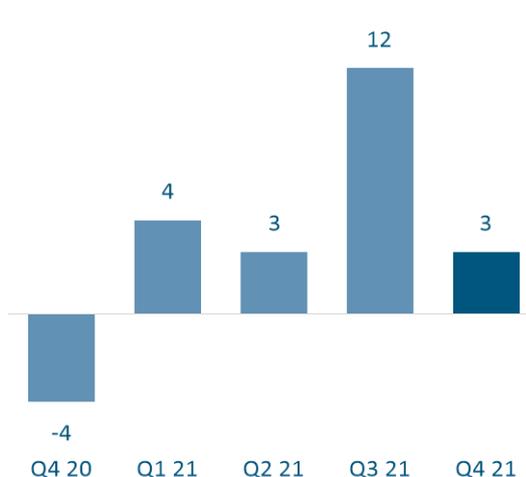
Following a thorough restructuring of the Integration Services segment since 2019, we are encouraged by the strong performance in 2020 and 2021. With a much reduced cost base and a more focused and efficient Interpretation segment, we aim to continue to deliver profitable operations, while retaining 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 230 million in Q4'21, up 15% year on year, driven by the Norwegian operations. Aurora Omsorg, delivering child care in Northern Norway, continues to ramp-up and delivered a revenue growth of 6% QoQ.

Aberia recorded an adj. EBITDA of NOK 4 million and an adj. EBITA of NOK 3 million for the quarter, negatively affected by a NOK 4 million charge, reflecting a change in fair value on the expected earn out payment from the LSS sale completed in Q3'20. Adj. EBITA is up YoY from negative NOK 4 million in Q4'20, which was negatively affected by the correction of over-accrued revenues in Sweden. The continued solid underlying performance in Q4'21 reflects top line growth and solid operations in Norway.

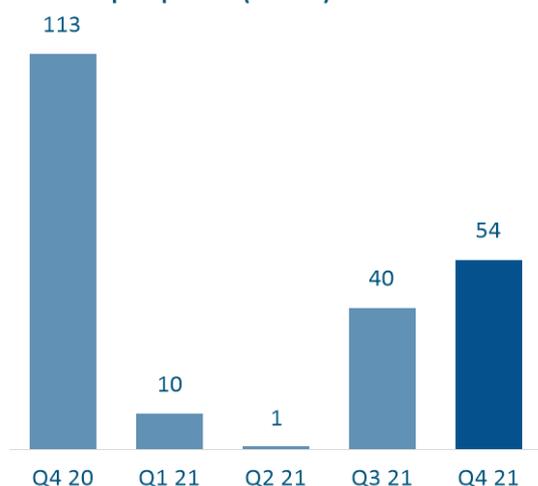
Established in 2010, Aberia has grown quickly to now reach an annual turnover of more than NOK 800 million. This has been achieved through investments across a wide range of concepts and services. Following a re-focusing of the service portfolio, operations that were labeled non-core were identified, 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 recorded a new quarter with positive profitability, and we expect Aurora to continue the positive development going forward. Our other ramp-up initiative, Family Homes, is still generating losses as it continues to build volume.

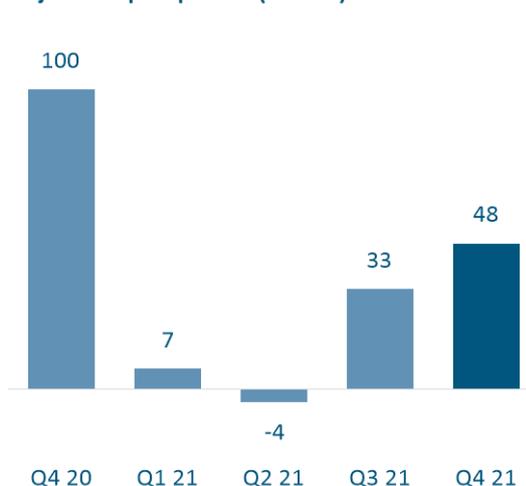
Aberia has been through a major restructuring in order to stream-line operations and focus its portfolio. Loss-making operations have been terminated or divested, the core operations are strong on quality and reputation, profitable and growing, and the segment as a whole is clearly moving in the right 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 54 million in Q4'21, with an adjusted EBITA of NOK 48 million, reflecting the sale of preschool properties, of which some were part of the transaction agreed with Kinland in 2020. In addition, we sold an Aberia property portfolio.

We built and acquired several properties in 2021 and during the fourth quarter. Some of these have been divested, while others are planned sold during 1H'22. The remaining properties will be kept for the time being. In addition, we are engaged in several longer-lead time projects, intended to strengthen our operations and build a pipeline for future divestments.

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 recent 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. Currently, these risks are clearly most evident in Norway, where the new Government has stated that a public inquiry will be appointed, to investigate non-profit operating models within private welfare.

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 effects from the pandemic and although various Government support programs in Norway and Sweden offset a large part of the losses during 2020, Care Sweden had a challenging 2021 on the back of reduced Government support and continued expected low occupancy. Going forward, the financial effects for Care will be highly dependent on the developments of the pandemic, Government support, and increased occupancy. However, we expect a continued challenging operating climate for Care Sweden in the short term. Longer-term, fundamentals remain strong and 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, 17 February 2022

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](mailto: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](http://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](http://www.oslobors.no).

# Consolidated Income Statement (unaudited)

(All figures in NOK million)

	Notes	Q4 21	FY 21	Q4 20	FY 20
<b>Operating revenue and income</b>					
Revenue		1 621,7	5 933,7	1 393,9	5 313,8
Other income		18,2	41,8	48,6	75,7
<b>Total operating revenue and income</b>	3	<b>1 639,9</b>	<b>5 975,5</b>	<b>1 442,5</b>	<b>5 389,5</b>
<b>Operating expenses</b>					
Cost of goods sold		52,5	175,1	39,0	131,4
Personnel expenses		1 161,9	4 302,8	996,9	3 849,1
Other operating expenses	9	205,6	704,4	183,8	638,9
<b>EBITDA</b>		<b>219,9</b>	<b>793,2</b>	<b>222,8</b>	<b>770,1</b>
Depreciation	9	150,8	509,2	121,4	457,7
<b>EBITA</b>	3	<b>69,1</b>	<b>284,0</b>	<b>101,4</b>	<b>312,3</b>
Amortisation	4	10,8	44,3	13,3	43,6
<b>EBIT</b>		<b>58,3</b>	<b>239,8</b>	<b>88,1</b>	<b>268,8</b>
<b>Finance</b>					
Net finance	5, 9	-52,2	-189,0	-58,0	-316,2
Share of post-tax profits of associates		8,5	1,6	-1,7	-1,4
<b>Profit before income tax</b>		<b>14,6</b>	<b>52,3</b>	<b>28,4</b>	<b>-48,8</b>
Income tax	6	-10,2	-5,6	29,9	33,3
<b>Profit for the period</b>		<b>4,4</b>	<b>46,7</b>	<b>58,3</b>	<b>-15,5</b>

# Consolidated Statement of Comprehensive Income

(All figures in NOK million)

	Notes	Q4 21	YTD 21	Q4 20	FY20
<b>Other comprehensive income</b>					
Profit for the period		4,4	46,7	58,3	-15,5
Changes in pension liabilities		5,8	5,8	-20,8	-20,8
Deferred tax related to these items		-1,3	-1,3	4,6	4,6
Changes in other items net of tax		-	-	-	-
<b>Total items not reclassified</b>		<b>8,9</b>	<b>51,2</b>	<b>42,1</b>	<b>-31,7</b>
Currency translation differences		-12,9	-30,6	-16,5	46,6
Items that will be reclassified		-	-	-	-
<b>Other comprehensive income, net of tax</b>		<b>-8,3</b>	<b>-26,1</b>	<b>-32,7</b>	<b>30,4</b>
<b>Total comprehensive income for the period</b>		<b>-4,0</b>	<b>20,6</b>	<b>25,6</b>	<b>14,9</b>
<b>Attributable to</b>					
Equity holders of the parent company		-1,4	25,2	20,2	11,6
Non-controlling interest		-2,6	-4,6	5,4	3,3
<b>Total comprehensive income for the period</b>		<b>-4,0</b>	<b>20,6</b>	<b>25,6</b>	<b>14,9</b>

# Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

## ASSETS

	Notes	31.12.2021	31.12.2020
<b>Non-current assets</b>			
Deferred tax assets		112,0	116,8
Goodwill	7	1 895,6	1 652,4
Intangible assets	7	572,6	599,2
Property, plant & equipment		670,5	470,8
Right-of-use assets		4 180,1	3 791,9
Investment in associated companies		31,1	54,3
Other investments		12,2	18,6
Other long term receivables		41,6	40,9
<b>Total non-current assets</b>		<b>7 515,8</b>	<b>6 744,8</b>
<b>Current assets</b>			
Inventories		8,1	5,2
Accounts receivables		284,4	199,7
Other short-term receivables		198,0	227,8
Cash and cash equivalents		301,2	285,4
<b>Total current assets</b>		<b>791,7</b>	<b>718,0</b>
<b>Total assets</b>		<b>8 307,6</b>	<b>7 462,8</b>

# Consolidated Balance Sheet Statement (unaudited)

(All figures in NOK million)

## EQUITY AND LIABILITIES

	Notes	31.12.2021	31.12.2020
<b>Equity</b>			
Share capital		312,0	300,0
Other equity		148,6	-26,7
<b>Equity attributable to owners of the parent</b>		<b>460,6</b>	<b>273,3</b>
Non-controlling interest		10,9	17,7
<b>Total equity</b>		<b>471,6</b>	<b>291,0</b>
<b>Liabilities</b>			
Pension liabilities		101,4	116,5
Deferred tax liability		144,2	149,9
Loans and borrowings	8	2 124,4	118,0
Lease liability		4 050,0	3 588,4
Other non-current liabilities		3,0	3,2
<b>Total non-current liabilities</b>		<b>6 423,0</b>	<b>3 976,0</b>
Accounts payable		129,4	125,1
Loans and borrowings	8	51,0	1 892,3
Lease liability		416,8	388,7
Taxes payable		16,8	12,6
Other current liabilities		798,9	777,0
<b>Total current liabilities</b>		<b>1 413,0</b>	<b>3 195,8</b>
<b>Total liabilities</b>		<b>7 836,0</b>	<b>7 171,8</b>
<b>Total equity and liabilities</b>		<b>8 307,6</b>	<b>7 462,8</b>

# Consolidated Statement of Cash Flows (unaudited)

(All figures in NOK million)

	Notes	Q4 21	FY 21	Q4 20	FY 20
<b>Cash flow from operating activities</b>					
<b>EBITDA</b>		219,9	793,2	222,8	770,1
Net taxes paid and other EBITDA cash adjustments		21,6	39,3	65,2	40,0
Change in net working capital		3,8	-120,4	5,9	121,4
<b>Net cash flow from operating activities</b>		<b>245,3</b>	<b>712,1</b>	<b>293,9</b>	<b>931,4</b>
<b>Cash flow from investing activities</b>					
Net investment in property, plant and equipment		-39,4	-136,5	-29,5	-145,1
Investment in shares in business		-75,4	-126,1	15,5	-59,6
Net book value proceeds from sale of assets		116,6	205,8	251,1	295,4
Net change in financial receivables		-0,6	-5,3	18,3	11,5
<b>Net cash flow from investing activities</b>		<b>1,1</b>	<b>-62,2</b>	<b>255,5</b>	<b>102,1</b>
<b>Cash flow from financing activities</b>					
Net change in interest-bearing debt		-51,4	11,7	-260,8	-281,9
Lease liability - amortisation and interest		-158,7	-535,8	-124,9	-469,6
Payment to non-controlling interest		-0,0	-2,2	-	-31,3
Net interest paid and other financial items		-29,5	-104,8	-43,8	-126,7
Distributions to owners		-	-	-	-
<b>Net cash flow from financing activities</b>		<b>-239,6</b>	<b>-631,1</b>	<b>-429,4</b>	<b>-909,5</b>
<b>Changes in cash and cash equivalents</b>					
<b>Net change in cash and cash equivalents</b>		<b>6,8</b>	<b>18,8</b>	<b>120,0</b>	<b>124,1</b>
Effects of changes in exchange rates on cash		-3,7	-3,0	3,3	-7,8
Cash and cash equivalents at the beginning of period		298,1	285,4	162,1	169,1
<b>Cash and cash equivalents at end of period</b>		<b>301,2</b>	<b>301,2</b>	<b>285,4</b>	<b>285,4</b>

# Consolidated Statement of Changes in Equity (unaudited)

(All figures in NOK million)

	Notes	Share capital	Other equity	Translation differences	Total equity to holders of the parent	Non-controlling interests	Total equity
<b>Balance as of 31-December-19</b>		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
<b>Total comprehensive Income</b>		-	<b>-25,5</b>	<b>37,1</b>	<b>11,6</b>	<b>3,3</b>	<b>14,9</b>
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
Other		-	3,9	-	3,9	-3,9	-
<b>Total contributions and distributions</b>		-	<b>3,9</b>	-	<b>3,9</b>	<b>-35,2</b>	<b>-31,3</b>
<b>Balance as of 31-December-20</b>		300,0	-69,0	42,4	273,3	17,7	291,0
Profit		-	50,1	-	50,1	-3,4	46,7
Other comprehensive Income		-	4,5	-29,4	-24,9	-1,2	-26,1
<b>Total comprehensive Income</b>		-	<b>54,7</b>	<b>-29,4</b>	<b>25,3</b>	<b>-4,6</b>	<b>20,6</b>
<b>Contributions by and distributions to owners</b>							
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		-	-	-	-	-	-
<b>Total contributions and distributions</b>		<b>12,0</b>	<b>150,1</b>	-	<b>162,1</b>	<b>-2,2</b>	<b>159,9</b>
<b>Balance as of 31-December-21</b>		<b>312,0</b>	<b>135,7</b>	<b>13,0</b>	<b>460,7</b>	<b>10,9</b>	<b>471,6</b>

Oslo, 17 February 2022

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 IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. 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	Q4 21	Q3 21	2021 FY	Q4 20	Q3 20	2020
<b>Revenue &amp; Income by segment</b>						
Preschools	877,2	727,6	3 125,2	705,9	651,3	2 716,2
Care	441,5	436,7	1 714,7	427,3	378,5	1 567,3
Integration services	75,0	46,4	237,5	59,4	54,9	230,3
Individual & Family	230,1	220,7	864,7	200,0	223,8	816,3
Real Estate	54,0	40,2	105,3	112,6	1,2	124,1
Other/Elim./IFRS 16 adj	-37,8	-26,8	-71,9	-62,7	2,1	-64,9
<b>Total</b>	<b>1 639,9</b>	<b>1 444,9</b>	<b>5 975,5</b>	<b>1 442,5</b>	<b>1 311,8</b>	<b>5 389,3</b>

NOK million	Q4 21	Q3 21	2021 FY	Q4 20	Q3 20	2020
<b>EBITDA by segment</b>						
Preschools	30,8	55,4	220,4	46,7	63,9	223,3
Care	3,1	9,6	-13,7	7,7	7,8	17,5
Integration services	6,2	1,3	17,8	2,4	5,7	8,3
Individual & Family	3,9	12,6	25,7	-2,9	18,7	18,4
Real Estate	48,7	33,6	85,0	99,9	-1,1	97,9
Other/Elim./IFRS 16 adj	127,2	92,2	457,9	68,9	120,9	404,5
<b>Total</b>	<b>219,9</b>	<b>204,7</b>	<b>793,2</b>	<b>222,8</b>	<b>215,9</b>	<b>769,8</b>

NOK million	Q4 21	Q3 21	2021 FY	Q4 20	Q3 20	2020
<b>EBITA by segment</b>						
Preschools	16,0	46,1	178,8	38,3	51,9	189,3
Care	1,5	7,8	-20,5	6,0	6,4	9,7
Integration services	5,0	-0,0	12,2	0,8	4,2	3,3
Individual & Family	2,9	11,7	22,0	-4,2	17,8	14,3
Real Estate	48,2	33,3	84,1	99,7	-1,4	96,8
Other/Elim./IFRS 16 adj	-4,5	-12,4	7,4	-39,3	14,1	-1,4
<b>Total</b>	<b>69,1</b>	<b>86,5</b>	<b>284,0</b>	<b>101,3</b>	<b>93,1</b>	<b>312,0</b>

NOK million	Q4 21	Q3 21	2021 FY	Q4 20	Q3 20	2020
<b>EBIT by segment</b>						
Preschools	12,2	38,2	157,8	32,7	47,4	170,2
Care	-1,9	4,4	-34,2	0,4	2,8	-6,6
Integration services	4,9	-0,1	12,0	0,7	4,1	2,8
Individual & Family	0,6	11,0	17,7	-4,9	17,1	11,6
Real Estate	48,2	33,3	84,1	99,7	-1,4	96,8
Other/Elim./IFRS 16 adj	-5,8	-13,6	2,3	-40,6	12,8	-6,4
<b>Total</b>	<b>58,3</b>	<b>73,2</b>	<b>239,8</b>	<b>88,0</b>	<b>82,9</b>	<b>268,5</b>

NOK million	2021 FY	2020
<b>Revenues by geography</b>		
Norway	2 819,9	2 510,1
Sweden	2 165,4	2 018,3
International	943,7	781,4
Other/Elimination	4,1	4,0
<b>Total revenues by geography</b>	<b>5 933,2</b>	<b>5 313,8</b>

2021 FY	Preschools	Care	Integration services	Individual & Family	Other / Eliminations
Norway	49%	22%	79%	85%	0%
Sweden	24%	74%	6%	15%	0%
International	27%	4%	15%	0%	0%
Real Estate/Other/Elimination	0%	0%	0%	0%	100%
<b>Total revenues by geography</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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%
<b>Total revenues by geography</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### 4. AMORTIZATION

Primarily relates to amortization of excess values in Norlandia Care Group AS and investments in subsidiaries within the Care segment.

#### 5. NET FINANCE

The finance income and loss is presented as a net amount as Net Finance in the profit and loss statement whereas the split is shown in the table below. The Non-realized currency effect mainly relates to the bond issued in SEK, and has a direct impact on the P&L. As the Group has net investments in SEK, this P&L effect is partially offset by a corresponding opposite effect through Currency translation differences in the Statement of Comprehensive income.

NOK million	Q4 21	Q3 21	2021	Q4 20	Q3 20	2020
<b>Net Finance</b>						
Interest income	1,1	0,2	1,9	0,2	0,2	0,7
Interest expenses borrowings	-30,6	-29,3	-106,7	-21,8	-27,5	-104,5
Interest expenses lease liability	-36,6	-27,4	-121,1	-27,9	-26,8	-103,0
Non-realized currency effects	13,9	2,3	45,6	-5,0	-12,8	-108,2
Other finance income	-0,1	-0,3	-0,4	-0,6	0,0	-0,8
Other finance expenses	0,1	0,3	-8,4	-4,2	0,5	-7,7
<b>Total</b>	<b>-52,2</b>	<b>-54,2</b>	<b>-189,0</b>	<b>-59,4</b>	<b>-66,5</b>	<b>-323,5</b>

## 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			104.9
Other debt within ringfence structure			65.1
Property debt outside ringfence structure			292.5

## 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)	Q4 21	IFRS 16	Q4 21 - Adjusted	YTD 21	IFRS 16	YTD 21 - Adjusted
<b>Operating income</b>						
Revenue	1 621,7		1 621,7	5 933,7		5 933,7
Other operating income	18,2	35,2	53,4	41,8	65,0	106,8
<b>Total operating revenue and income</b>	<b>1 639,9</b>	<b>35,2</b>	<b>1 675,1</b>	<b>5 975,5</b>	<b>65,0</b>	<b>6 040,5</b>
	-		-	-		-
<b>Operating expenses</b>						
Cost of goods sold	52,5		52,5	175,1		175,1
Personnel expenses	1 161,9		1 161,9	4 302,8		4 302,8
Other operating expenses	205,6	158,7	364,3	704,4	535,8	1 240,1
<b>EBITDA</b>	<b>219,9</b>	<b>-123,5</b>	<b>96,4</b>	<b>793,2</b>	<b>-470,8</b>	<b>322,4</b>
	-		-	-		-
Depreciation	150,8	-131,4	19,3	509,2	-449,4	59,7
<b>EBITA</b>	<b>69,1</b>	<b>7,9</b>	<b>77,1</b>	<b>284,0</b>	<b>-21,4</b>	<b>262,7</b>
	-		-	-		-
Amortisation	10,8		10,8	44,3		44,3
<b>EBIT</b>	<b>58,3</b>	<b>7,9</b>	<b>66,2</b>	<b>239,8</b>	<b>-21,4</b>	<b>218,4</b>
	-		-	-		-
<b>Finance</b>						
Net finance	-52,2	36,6	-15,6	-189,0	121,1	-67,9
Share of post-tax profits of associates	8,5	-	8,5	1,6	-	1,6
<b>Profit before income tax</b>	<b>14,6</b>	<b>44,5</b>	<b>59,1</b>	<b>52,3</b>	<b>99,7</b>	<b>152,0</b>

#### **10. EVENTS AFTER BALANCE SHEET DATE**

No known material events have occurred after balance sheet date which would have had any effect on the reports figures as per 31.12.2021.

# Financial statement for the parent company

## INCOME STATEMENT (Unaudited)

(Amounts in NOK thousand)

	Note	Q4 21	FY 21	Q4 20	FY 20
<b>Operating income</b>					
Revenue		557	2 227	482	1 928
<b>Total operating revenue</b>		<b>557</b>	<b>2 227</b>	<b>482</b>	<b>1 928</b>
<b>Operating expenses</b>					
Costs of goods sold		-	-	-	-
Personnel expenses		-1 131	-3 006	-344	-1 739
Other operating expenses		856	-7 609	-1 097	-5 141
<b>EBITDA</b>		<b>282</b>	<b>-8 388</b>	<b>-959</b>	<b>-4 952</b>
Depreciation		-	-	-	-
Amortization		-	-	-	-
<b>Operating profit (EBIT)</b>		<b>282</b>	<b>-8 388</b>	<b>-959</b>	<b>-4 952</b>
<b>Finance</b>					
Net Finance	1	3 423	-4 844	-5 754	-4 574
<b>Profit before income tax</b>		<b>3 704</b>	<b>-13 232</b>	<b>-6 713</b>	<b>-9 527</b>
Income tax		-	-	-	3 523
<b>Profit for the period</b>		<b>3 704</b>	<b>-13 232</b>	<b>-6 713</b>	<b>-6 004</b>

## BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

### ASSETS

	Note	31.12.2021	31.12.2020
<b>Non-current assets</b>			
Deferred tax assets		21 202	21 202
Shares in subsidiaries/associates		1 656 454	1 626 670
Loans to group companies		745 552	689 381
<b>Total non-current assets</b>		<b>2 423 208</b>	<b>2 337 253</b>
<b>Current assets</b>			
Other short-term receivables		100	185 051
Cash and cash equivalents		-	68 096
<b>Total current assets</b>		<b>100</b>	<b>253 147</b>
<b>Total assets</b>		<b>2 423 308</b>	<b>2 590 400</b>

## BALANCE SHEET STATEMENT (Unaudited)

(Amounts in NOK thousand)

### EQUITY AND LIABILITIES

	Note	31.12.2021	31.12.2020
<b>Equity</b>			
Share capital		312 000	300 000
Retained earnings		223 050	68 498
<b>Total equity</b>		<b>535 050</b>	<b>368 498</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Group liabilities		-	-
Long term interest bearing debt	1	104 904	-
Bond loans	1	1 659 207	-
<b>Total non-current liabilities</b>		<b>1 764 111</b>	-
<b>Current liabilities</b>			
Accounts payable		946	374
Short term interest bearing debt	1	50 283	1 892 184
Other current liabilities		72 918	329 343
<b>Total current liabilities</b>		<b>124 147</b>	<b>2 221 902</b>
<b>Total liabilities</b>		<b>1 888 258</b>	<b>2 221 902</b>
<b>Total equity and liabilities</b>		<b>2 423 307</b>	<b>2 590 400</b>

## Notes

### 1. FINANCE COSTS

Finance Costs in Q4'21 includes NOK 25.2 million in interest expense related to the bond loan. Net currency movement for the period was NOK 20.7 million for the quarter.

## Group web pages

**NORLANDIA CARE GROUP AS**

[www.norlandia.no](http://www.norlandia.no)

**HERO GROUP AS**

[www.hero.no](http://www.hero.no)

**KIDSA DRIFT AS**

[www.kidsabarnehager.no](http://www.kidsabarnehager.no)

**ABERIA HEALTHCARE AS**

[www.aberia.no](http://www.aberia.no)

**NHC Group**

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