



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 917 933 367  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: NORLANDIA HEALTH & CARE GROUP AS  
Forretningsadresse: Munkedamsveien 35  
0250 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Roger Larsen  
Dato for fastsettelse av årsregnskapet: 22.04.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 26.08.2022



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		1 928 000	3 943 000
<b>Sum inntekter</b>		<b>1 928 000</b>	<b>3 943 000</b>
<b>Kostnader</b>			
Lønnskostnad		1 739 000	2 030 000
Annen driftskostnad		5 141 000	2 316 000
<b>Sum kostnader</b>		<b>6 880 000</b>	<b>4 346 000</b>
<b>Driftsresultat</b>		<b>-4 952 000</b>	<b>-403 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		33 653 000	38 772 000
Annen finansinntekt		184 758 000	132 231 000
<b>Sum finansinntekter</b>		<b>218 411 000</b>	<b>171 003 000</b>
Annen rentekostnad		93 744 000	98 298 000
Annen finanskostnad		129 241 000	7 258 000
<b>Sum finanskostnader</b>		<b>222 985 000</b>	<b>105 556 000</b>
<b>Netto finans</b>		<b>-4 574 000</b>	<b>65 447 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-9 526 000</b>	<b>65 044 000</b>
Skattekostnad på ordinært resultat		-3 523 000	-7 553 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-6 003 000</b>	<b>72 597 000</b>
<b>Årsresultat</b>		<b>-6 003 000</b>	<b>72 597 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-6 003 000	72 597 000
<b>Sum overføringer og disponeringer</b>		<b>-6 003 000</b>	<b>72 597 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		21 202 000	17 679 000
<b>Sum immaterielle eiendeler</b>		<b>21 202 000</b>	<b>17 679 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		1 598 054 000	1 598 054 000
Lån til foretak i samme konsern		689 381 000	665 728 000
Investeringer i tilknyttet selskap		28 616 000	24 696 000
<b>Sum finansielle anleggsmidler</b>		<b>2 316 051 000</b>	<b>2 288 478 000</b>
<b>Sum anleggsmidler</b>		<b>2 337 253 000</b>	<b>2 306 157 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Konsernfordringer		185 051 000	100 141 000
<b>Sum fordringer</b>		<b>185 051 000</b>	<b>100 141 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		68 096 000	3 151 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>68 096 000</b>	<b>3 151 000</b>
<b>Sum omløpsmidler</b>		<b>253 147 000</b>	<b>103 292 000</b>
<b>SUM EIENDELER</b>		<b>2 590 400 000</b>	<b>2 409 449 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		300 000 000	300 000 000
<b>Sum innskutt egenkapital</b>		<b>300 000 000</b>	<b>300 000 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		68 498 000	74 502 000
<b>Sum opptjent egenkapital</b>		<b>68 498 000</b>	<b>74 502 000</b>
<b>Sum egenkapital</b>		<b>368 498 000</b>	<b>374 502 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner			1 777 289 000
<b>Sum annen langsiktig gjeld</b>			<b>1 777 289 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>1 777 289 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		1 892 184 000	
Leverandørgjeld		374 000	2 000
Kortsiktig konserngjeld		329 343 000	257 657 000
<b>Sum kortsiktig gjeld</b>		<b>2 221 901 000</b>	<b>257 659 000</b>
<b>Sum gjeld</b>		<b>2 221 901 000</b>	<b>2 034 948 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 590 399 000</b>	<b>2 409 450 000</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		5 313 829 000	5 008 388 000
Annen driftsinntekt		75 680 000	38 176 000
<b>Sum inntekter</b>		<b>5 389 509 000</b>	<b>5 046 564 000</b>
<b>Kostnader</b>			
Varekostnad		131 440 000	157 767 000
Lønnskostnad		3 849 098 000	3 668 335 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		501 308 000	454 661 000
Annen driftskostnad		638 910 000	643 194 000
<b>Sum kostnader</b>		<b>5 120 756 000</b>	<b>4 923 957 000</b>
<b>Driftsresultat</b>		<b>268 753 000</b>	<b>122 607 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		5 935 000	-2 637 000
Annen finansinntekt		21 769 000	48 089 000
<b>Sum finansinntekter</b>		<b>27 704 000</b>	<b>45 452 000</b>
Annen finanskostnad		345 285 000	234 063 000
<b>Sum finanskostnader</b>		<b>345 285 000</b>	<b>234 063 000</b>
<b>Netto finans</b>		<b>-317 581 000</b>	<b>-188 611 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-48 828 000</b>	<b>-66 004 000</b>
Skattekostnad på ordinært resultat		-33 298 000	-2 250 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-15 530 000</b>	<b>-63 754 000</b>
<b>Årsresultat</b>		<b>-15 530 000</b>	<b>-63 754 000</b>
Andre resultatkomponenter for IFRS-foretak		30 431 000	-6 399 000
Sum resultatkomponenter for IFRS-foretak		30 431 000	-6 399 000
<b>Totalresultat</b>		<b>21 115 000</b>	<b>-81 329 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		599 179 000	627 430 000
Utsatt skattefordel		116 846 000	74 092 000
Goodwill		1 652 356 000	1 582 842 000
<b>Sum immaterielle eiendeler</b>		<b>2 368 381 000</b>	<b>2 284 364 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom		463 293 000	549 157 000
Right of use assets		3 799 355 000	3 326 194 000
<b>Sum varige driftsmidler</b>		<b>4 262 648 000</b>	<b>3 875 351 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap		54 306 000	41 591 000
Investeringer i aksjer og andeler		18 628 000	33 098 000
Andre fordringer		40 859 000	23 812 000
<b>Sum finansielle anleggsmidler</b>		<b>113 793 000</b>	<b>98 501 000</b>
<b>Sum anleggsmidler</b>		<b>6 744 822 000</b>	<b>6 258 216 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		5 163 000	6 769 000
<b>Sum varer</b>		<b>5 163 000</b>	<b>6 769 000</b>
<b>Fordringer</b>			
Kundefordringer		427 491 000	397 317 000
<b>Sum fordringer</b>		<b>427 491 000</b>	<b>397 317 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		285 360 000	169 107 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>285 360 000</b>	<b>169 107 000</b>
<b>Sum omløpsmidler</b>		<b>718 014 000</b>	<b>573 193 000</b>



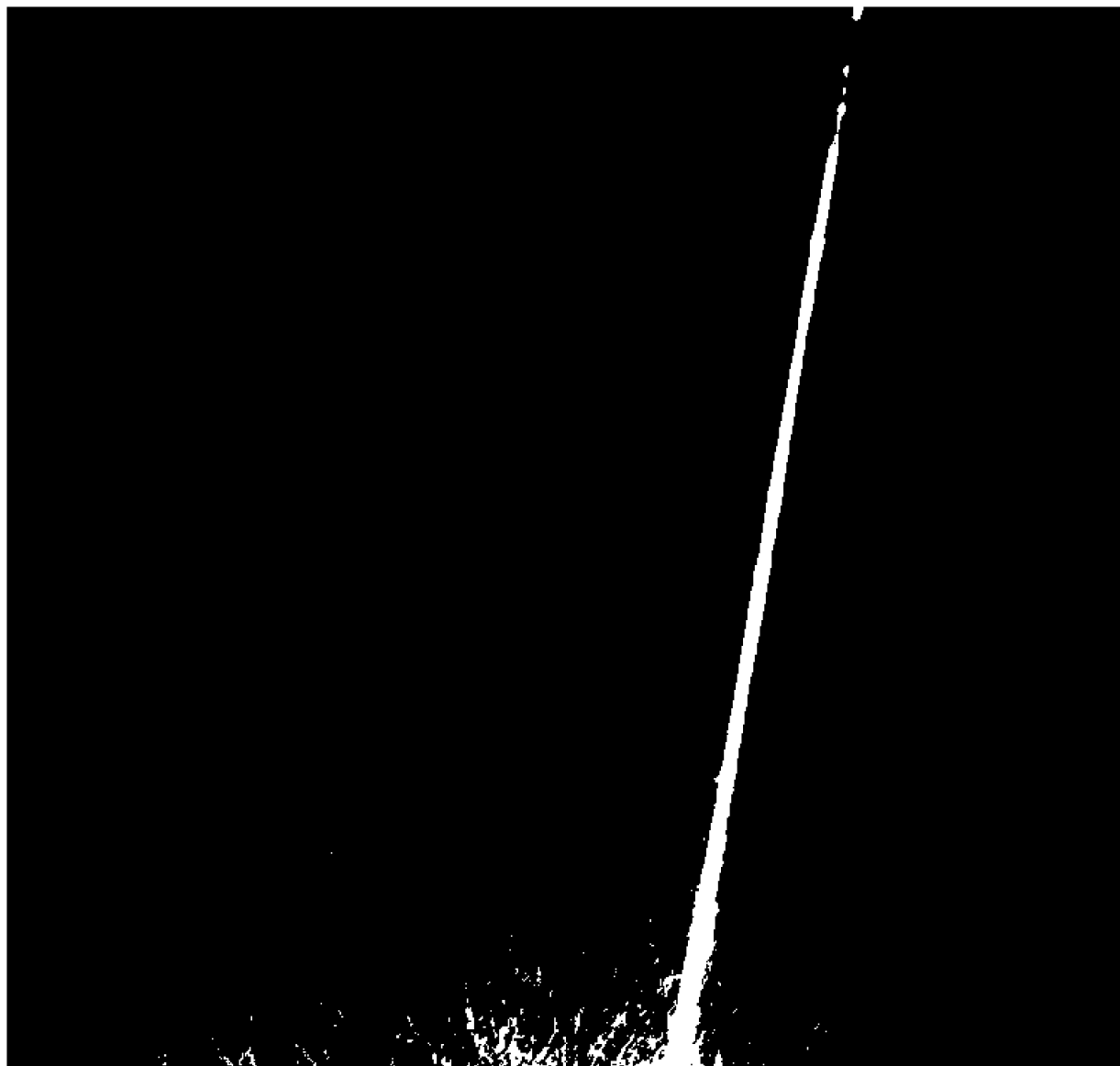
## Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>SUM EIENDELER</b>		<b>7 462 836 000</b>	<b>6 831 409 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		300 000 000	300 000 000
<b>Sum innskutt egenkapital</b>		<b>300 000 000</b>	<b>300 000 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-26 662 000	-42 230 000
<b>Sum opptjent egenkapital</b>		<b>-26 662 000</b>	<b>-42 230 000</b>
Minoritetsinteresser		17 698 000	49 646 000
<b>Sum egenkapital</b>		<b>291 036 000</b>	<b>307 416 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser		116 464 000	93 371 000
Utsatt skatt		149 925 000	159 737 000
Andre avsetninger for forpliktelser		3 203 000	3 742 000
<b>Sum avsetninger for forpliktelser</b>		<b>269 592 000</b>	<b>256 850 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		118 016 000	1 904 405 000
Leasingforpliktelse		3 588 402 000	3 081 625 000
<b>Sum annen langsiktig gjeld</b>		<b>3 706 418 000</b>	<b>4 986 030 000</b>
<b>Sum langsiktig gjeld</b>		<b>3 976 010 000</b>	<b>5 242 880 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		1 892 293 000	204 842 000
Leverandørgjeld		902 146 000	750 960 000
Betalbar skatt		12 623 000	1 033 000
Leasingforpliktelse		388 728 000	324 282 000
<b>Sum kortsiktig gjeld</b>		<b>3 195 790 000</b>	<b>1 281 117 000</b>



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Sum gjeld		7 171 800 000	6 523 997 000
<b>SUM EGENKAPITAL OG GJELD</b>		<b>7 462 836 000</b>	<b>6 831 413 000</b>



NHC Group  
**Annual Report 2020**

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Norlandia Health & Care Group AS





# Content

03	Introduction
04	CEO remarks
06	Key figures
08	Group history
10	What will 2040 be like?
15	Our segments
16	Preschools Scandinavia
18	Preschools international
20	Care
22	Immigration services
24	Individual & family
26	Real estate
29	Board of directors
30	Board of directors' report
37	Consolidated statements
84	Independent auditor's report

## Look for solutions

The NHC Group has its origins from Andøya – an island above the Arctic circle. The natural environment here is beautiful but challenging. To survive you have to be innovative. You have to be opportunistic and make the most out of every situation. This spirit is a hallmark of our businesses and drives us to continually improve our services for the good of our users and society.

### COVER PHOTO

A rocket being launched from the Andøya Space Center. This high-tech facility in Northern Norway is a good example of the innovative spirit required to be successful in an inhospitable environment.



## CEO remarks

Kolbjørn Adolfsen, the father of NHC Group founders and owners Roger and Kristian Adolfsen, was one of the pioneers that was involved from the start of the space adventure at Andøya. He was a long-serving head of Andøya Space Center. For these services, he was awarded the King's Medal of Merit in gold by the King of Norway in 2004. Growing up nearby in the sixties and seventies, with a lot of entrepreneurial and innovation talk around the dinner table, our owners have acknowledged being influenced by the pioneering spirit of the rocket launch activities going on. Andøya is geographically positioned at a spot advantageous for the study of northern lights and the polar atmosphere. Kristian and Roger grew up in an environment where the spirit was that innovation, daring, and cooperation could produce extraordinary results of great benefit to society far beyond Andøya. This is the kind of spirit on which we are building our culture in NHC: Our Corporate Strategy is anchored in this way of thinking and acting. We recognize that there is no such thing as a constant competitive advantage – new environments and challenges need to be tackled ever faster with a strong culture, robust core competencies and fresh, offensive minds.

The rocket man mindset has taken us through rough sailing from 2016, it has helped us cope with the challenging political landscape, and it has made us take the pandemic right on. Moreover, it is what makes us set forth ambitious goals to take us towards 2025 and even 2040. Our Corporate Strategy outlines two focus areas: 1) Our current business (our train), and 2) Our future services (our very own rocket woman/man). Both are needed for the company to succeed.

At the time of this writing, we are about one year out from the time when most of the world shut down because of the corona pandemic. 2020 will obviously be remembered for the rest of our lifetimes

as a year of great loss and sacrifice. We will also remember 2020 as a year when the front line heroes and dedicated managers of NHC rose to the challenge and kept the wheels of society running, despite significant personal hardship. I am immensely proud to have the privilege of being at the helm of an organization with such dependable people.

All our countries are now seeing massive efforts to provide vaccines. These vaccines are indeed a triumph of modern technology. We are fortunate to live at a time when human ingenuity has reached a point where this is possible. The vaccines given now are a result of cooperation between governments and private enterprise. This model should be noted and celebrated.

As an organization, we charge ahead with a great deal of confidence in our ability to effectively serve the needs of our customers. We have weathered some rather wrenching upheavals in our areas of operations and seen dramatic falls and solid rises in our revenue base. Especially the wave of refugees some years back saw both a rapid rise and a steep fall in the need for our services. At the peak of that wave, we had a Group total revenue of 4,8 billion NOK. From that peak we lost 1,4 billion of revenue. Compounded by the regulatory changes which affected Preschools Norway, we lost about half of our EBITDA. Thanks to a combination of continuity of quality delivery and fresh demand for our services across countries and divisions, we are now approaching annual revenues of 6 billion. It is worth noting that this expansion has happened during a period of an increasingly challenging political climate in our home market and significant regulatory changes for many of our operations.

We are pleased to have completed the historic year 2020 in a manner where we have delivered valuable services to our

users and society and at the same time been able to generate financial returns which are in line with a sustainable operating model. I am proud of the entire organization and especially our front line heroes. They have served our customers very well, and we have even seen numerous rapid innovations in order to cope with the extraordinary situation.

As we peer into the future, it is worth pausing to reflect on the changes that have happened in the preschool sector over the last 20 years, both in our home market of Norway and in other countries. The revolution ushered in by the surprising SV/ FrP alliance which welcomed commercial providers obviously provided a much needed boost in capacity, thus enabling greater female participation in the workforce and a near elimination of the unregulated market for nannies. But the entry of commercial entities also brought a systematic growth in the quality development in the sector. One story often told is how parents in private preschools are more content than the ones in public preschools; the even more important story is how parent satisfaction has steadily increased for both groups. Competition has stimulated development, to the benefit of all.

Whereas kindergartens or preschools at one point were merely a means for "safe storage" of kids, today our expectations are much greater. Just as we have expectations of stability and predictability for the school system, we increasingly demand the same from preschools. Given what research has taught us about skill development in the domains of cognition, social abilities, language, and physical motion in early childhood, society is right in continuing to increase its demands. Robust, sufficiently large organizations are the mechanisms whereby systematic methods to further these processes can be developed. In NHC Group, our preschools are commit-



ted to stimulating curiosity in children. By inducing an early passion for exploration and creation we hope and expect to contribute to happy and meaningful lives. A nice side effect may be that it will make productive world citizens.

In child care we see that our Aberia division often is given the most challenging cases in a municipality. We are and want to continue to be a partner of the municipalities in solving the tough challenges of creating dignity and development for people who were born with or have suffered mental and physical problems. Being close to the demanding realities of clinical practice, we want to take a research-based approach to developing the field. In the process, we want to take seriously the needs of the professions involved. We believe one key would be to create larger professional networks or communities of practice, partly through new-found digital means, but also through better and more purpose-built physical environments. We want to be a resource for the municipalities and ultimately contribute to a life of dignity for even more users.

It seems fair to challenge the outcomes of our elderly care sector, given the resources poured into it. A major trend across many countries is increased use of home services. This makes sense from both a cost and a quality of life perspective. But it is not for everyone. Advances in home services should improve the care in institutions and vice versa. It is a field that is ripe for innovation. Society should to a greater extent allow for competition with participation from commercial players; the focus of competitions should be on quality gains rather than cost savings.

The organization of Hero has been of great value to society ever since the start in 1987. Through the ebb and flow of refugees coming to our shores, Hero has been a guarantor of dignified treatment,

no matter the merit of each case. The core competence of Hero which involves individual accountability of asylum seekers, should in the future continue to inspire innovation. The world has more refugees than ever, and integration must take place faster and better. The principles of resident empowerment and an emphasis on creating a learning environment should be implemented in refugee camps closer to the conflict areas as well. In this endeavor, Hero can be a partner.

It is with the above perspectives in mind that we develop and build our real estate division. We understand the demands of proper service level fulfillment. These insights, combined with the massive real estate expertise of our owner system, give us a unique ability for further development and construction of properties which constitute social infrastructure. At the same time, we can let our mindset make real estate development an accelerator for service innovation.

Commercial welfare providers such as NHC more than most enterprises must balance and/ or is used to balance the interests of a wide range of stakeholders: end users, parents/ caregivers, employees, public payors, taxpayers, owners, and lenders. Given that our services are considered essential to such a degree that taxpayer money is spent to pay for them, we should expect that there is a great deal of interest in how we perform.

We remain committed to delivering services of consistently high quality. More than ever, we are also committed to our stated aspiration of "being the welfare innovator". Long term, the "why" of whether society should keep itself with commercial operators of welfare services rests primarily on whether these operators are able to innovate services in a way that can be copied by public or non-profit operators. Either because service delivery is more effective or because the value

to the recipient is greater. Direct cost savings from using commercial operators should be secondary in the long run.

A significant portion of our growth is driven by partnerships and cooperation agreements with a variety of players, many in the realm of real estate. We welcome mutually beneficial opportunities.

A major government report recently issued in Norway (Perspektivmeldingen) pointed out that in 2060 there will be two working age individuals for every pensioner, compared to four working age individuals per pensioner today. The same trend is evident all over Europe. Society must find ways to fulfill the needs of its citizens in a more effective way than today.

NHC is well positioned to benefit from some underlying megatrends evident in the northern European markets: An aging population, increasingly challenged public budgets, a shift in consumption from goods to services, a greater ability and willingness to pay for social services.

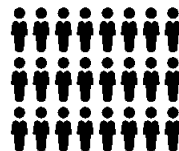
NHC has outlined its strategy forward, and 2021 will be the year when we safely work towards the end of the corona-challenge, refinance and take along new partners on our exciting journey that has only just begun. We have mobilized organizations in all our current six markets, and I have made sure they all contain both train drivers and astronauts, or at least they think like ones.

Regards,

Yngvar Tov Herbjørnsson  
CEO, NHC Group



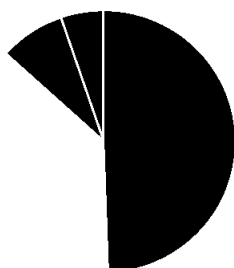
**9,711**  
EMPLOYEES



**24,193**  
USERS

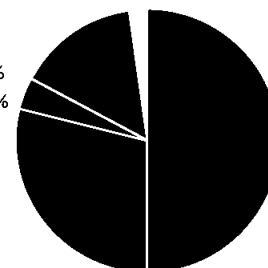
**Revenue per country**

- Norway 49%
- Sweden 37%
- Finland 8%
- The Netherlands 5%
- Germany <1%
- Poland <1%

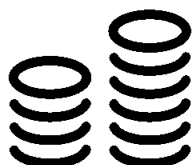


**Revenue per segment**

- Preschools 50%
- Care 29%
- Integration services 4%
- Individual & family 15%
- Property 2%



**Revenues**



**5,390**  
MNOK



**492**  
UNITS

**Segments**



**Preschools**  
Preschools  
Out of school care  
Generation concept



**Care**  
Elderly care  
Patient hotels  
Home care  
Occupational health  
Generation concept



**Integration services**  
Reception centres/  
accommodation  
Education  
Interpretation



**Individual & family**  
Child care/foster homes  
Assisted living  
Personal assistance (BPA)  
Rehabilitation



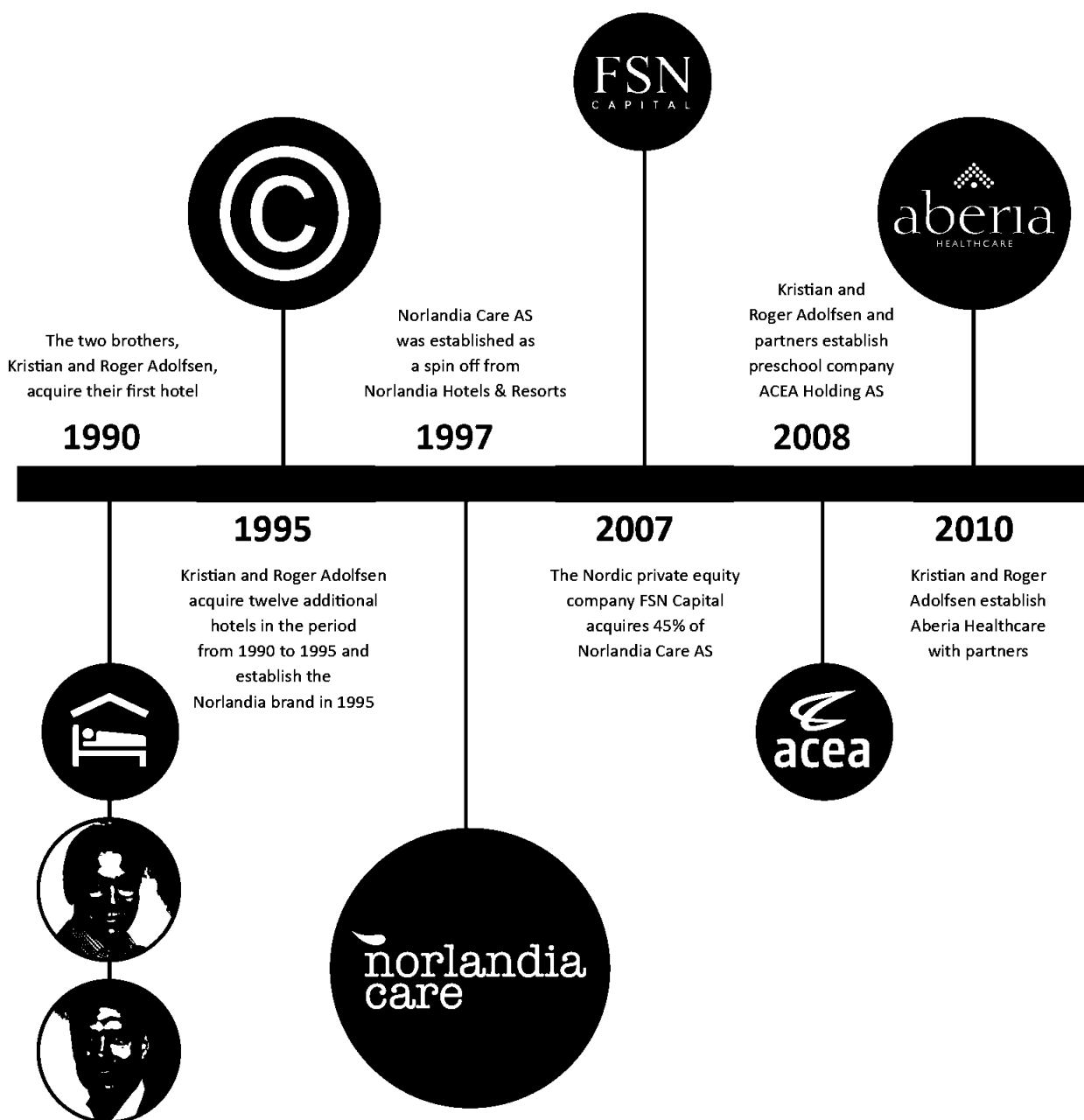
**Property**  
Development,  
acquisition and sale  
of real estate

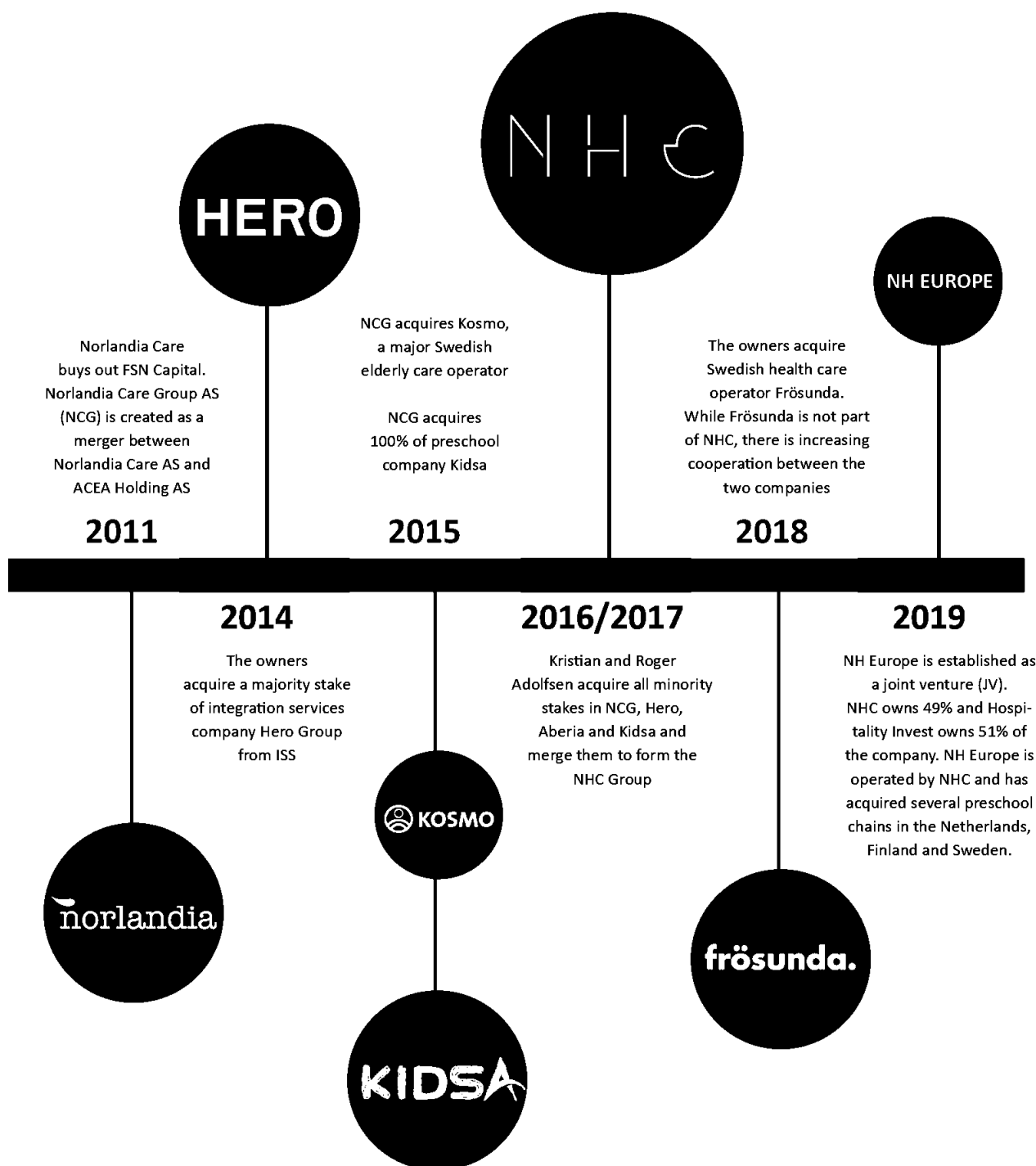


\*Joint venture units, run by NHC through Management agreements.



## Group history







# What will 2040 be like?

What do you think  
about 2040?

## These employees participated:

LINN KARLSSON, preschool employee at *Lilla Alsike preschool* in Sweden, which is part of Norlandia's first generation concept where a nursing home and a preschool has been built together.

ROBERT SZASZ, operations manager at Norlandia Care for nine elderly care units in Linköping, Sweden

KAMILLA MØLL, environmental therapist at *Aberia Ung Olsvik*, a child welfare institution in Bergen, Norway

MAY KRISTIN LYGSTAD, social consultant at Trondheim reception center, Herø Norway

FATI MOHEBZADEH, unit manager of Norlandia Gaustadskogen preschool in Oslo

MUHAMMAD AQEEL, pedagogical lead in Norlandia Akrobaten sports preschool in Porsgrunn, Norway

JINKY GULHAUGEN, nurse and team leader at Norlandia Gullhaug nursing home in Bærum, Norway

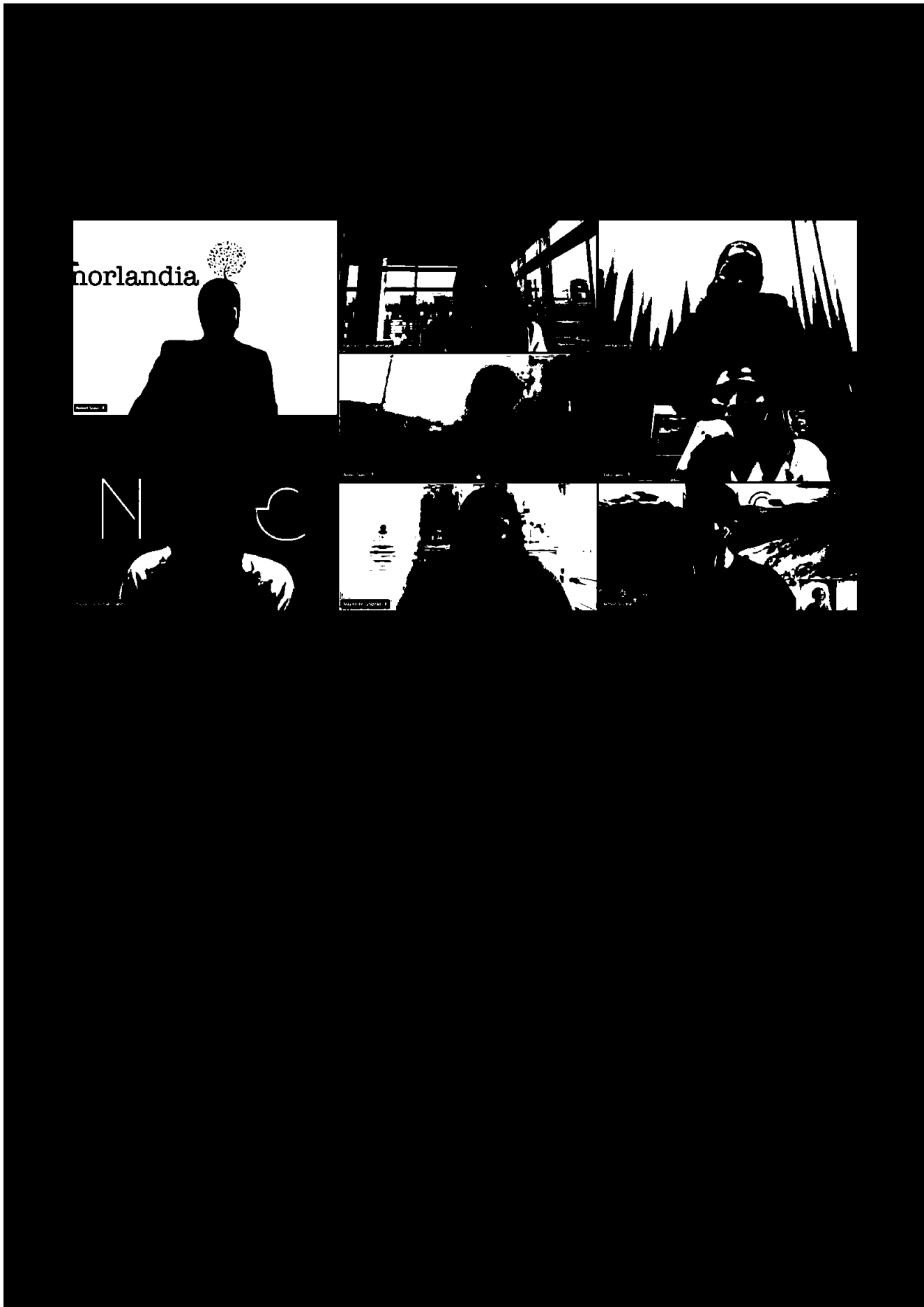


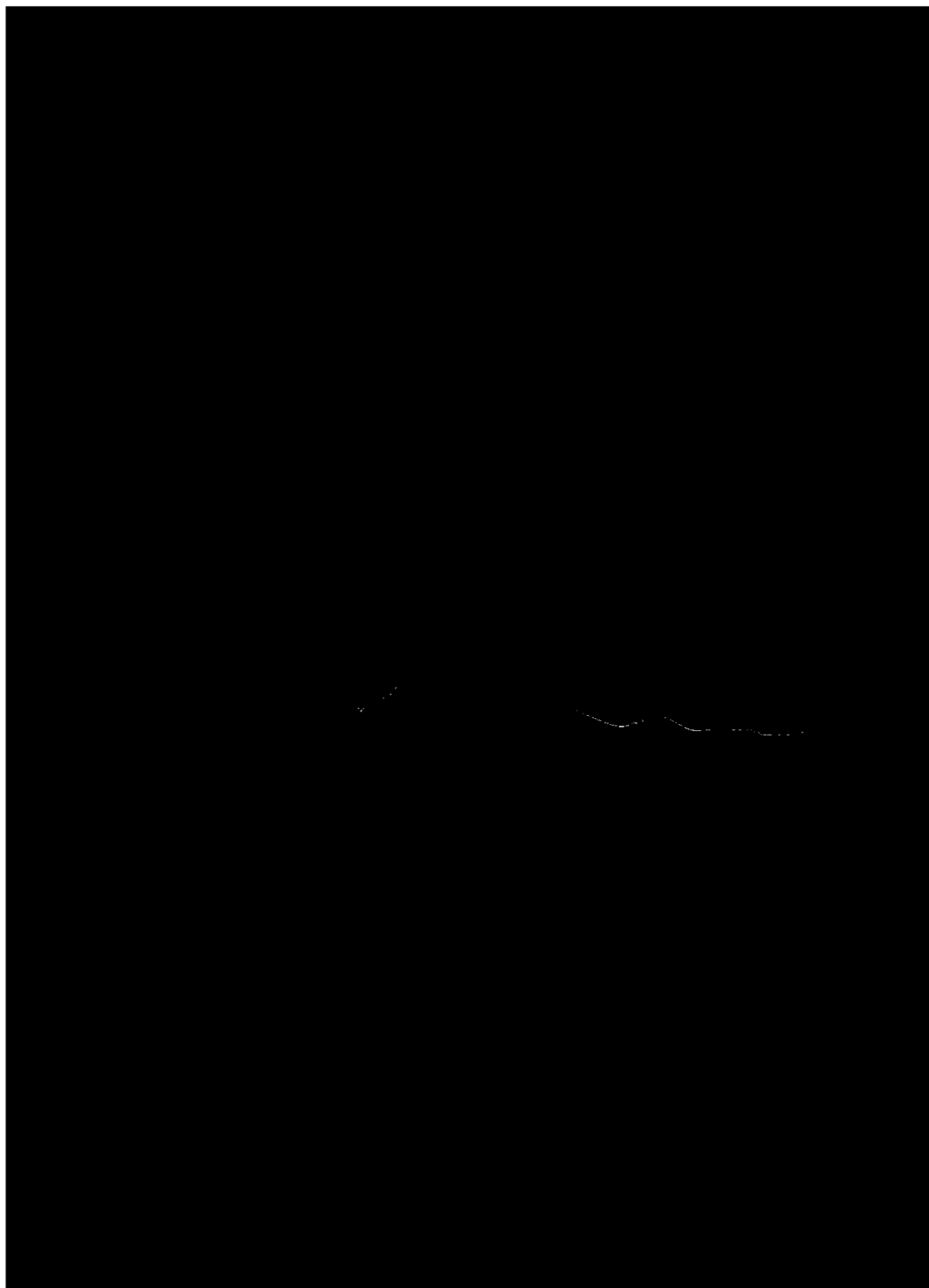
What do you think  
about working life  
in 2040?



What do you think  
about NHC and the  
need for our services  
in 2040?

Will technology and  
robots take over  
some of our tasks  
in 2040?







## Our segments



### Preschools

Preschools  
Out of school care  
Generation concept



### Care

Elderly care  
Patient hotels  
Home care  
Occupational health  
Generation concept



### Integration services

Reception centres/accommodation  
Education  
Interpretation



### Individual & family

Child care/foster homes  
Assisted living  
Personal assistance (BPA)  
Rehabilitation



### Property

Development, acquisition and sale  
of real estate



## Preschools Scandinavia



**Kristin Voldsnes**  
Preschools Scandinavia  
CEO

As it was for the rest of NHC Group, 2020 was a special year for Preschool Scandinavia. A lot of time and resources have for long periods been used for emergency preparation related to the pandemic.

Through this emergency related work, we have gained valuable insights into how the organization handles a crisis over time. Especially how the strategy and quality system function during operational crises and how the organization can mobilize for rapid change in the face of changing requirements internally and externally. The preschool organization in both Norway and Sweden had a satisfactory financial result in 2020 and had better results in 2020 compared to 2019.

We are proud of the work that has been done in the division during the different and demanding year 2020.

In Norway, a government-appointed expert committee has submitted its report. The committee has mapped and analyzed profitability and cash flows at commercial and non-profit providers of welfare services, including preschools. The committee has concluded that the grants are used as intended and contribute to quality development and maintaining the diversity of different preschools.

The Government of Norway has also appointed a committee representing different interest groups to look at the financing of the preschool sector to ensure good, predictable, and sustainable financing of private preschools, to ensure a diverse preschool service with high quality. The report will be completed in the summer of 2021 and will be considered by the parliament after the fall elections.

In all municipalities in Norway, there is an overcapacity of preschool places. This, in addition to staffing norms, marginal changes in compensation rates and more demanding quality requirements means that many smaller preschools are in

danger of being closed. In Sweden, there is still a need to establish preschool places. A large proportion of Swedish municipalities are positive towards private actors.

In Sweden, consolidation has not come as far as in Norway. Most players are small. 9 out of 10 actors own and run only a single-unit preschool. Less than 1% of all actors run 10 preschools or more. In Sweden, the proportion of private preschools is 20%, while in Norway almost 50% of children go to a private preschool.

Research from the Norwegian GoBan study shows that there are quality differences between preschools. Since 2017, we have worked systematically to implement a strategy based on the work method we call Knowledge & Innovation. We must have sufficient knowledge to identify areas we are to improve. At the same time, we must develop tomorrow's practices and be constantly evolving. The work method will contribute to us becoming a preferred player and a first choice for parents.

We have over the last few years launched and implemented our three concepts: Mat med Smak (food and meals), Go Green (sustainability) and Jump (physical activity). Together with efforts to highlight the distinct local profile of many preschools, this has nurtured the employee driven innovation culture that we seek to encourage. Our goal is that such innovation will ensure that all children go to a high-quality preschool and that we contribute to simplify the lives of parents of young children. We will ensure the latter by further developing our concepts related to services for parents in 2021.

In our concept development, we must mention our collaboration with the Swedish organization Generation Pep back in 2018, where we developed a model to ensure more movement and a healthy diet in preschools. This has now resulted in a model that all Swedish preschools can use.

Through this work, we have realized the vision of being a reference point in society. In Swedish preschools we call the concept Skuttet, the Norwegian version is called Jump.

Our concepts are rooted in national legislation and the UN's sustainability goals. With the Go Green concept, our ambition is to further develop a sustainable pedagogy. Results from parent surveys, as well as internal and external audits show that we have done well and that we are on the right track. As a private player, we must always exert ourselves a bit more to offer the parents that little bit extra.

### Sweden

Currently there are 75 preschools in Sweden and there are 5017 children in our preschools. During 2020 we have opened 3 new preschools and acquired 4 more.

### Norway

Currently, there are 92 preschools and 7101 children in our preschools. 28 of these are Kidsa preschools; they are all located in Bergen municipality. In the summer of 2020, we acquired the "Sprellopp" preschools consisting of four units: One in Lier municipality, three in Drammen.



### POSITIVE PRESS

Norlandia Explorer Preschool (Helsingborg) received attention in the industry magazine Förskoletidningen. A nice article highlights the employees' pedagogical work and how the team has succeeded in implementing collegial learning in our business.



12 118 USERS

Norwegian Minister of Education Guri Melby together with Terje Johansen from Norlandia Sten-Tærud preschool, the man behind the Facebook page «Preschool heroes».



### DIGITAL COOKING COURSE

In May, we conducted a digital baking course - Baking with sourdough - with the French star baker & TV personality Sébastien Boudet. On site at Sébastien's bakery in Söderhallarna on Södermalm in Stockholm, Sébastien gave his best baking tips to Norlandia Preschool's chefs & kitchen staff. Under the auspices of Mat med Smak's Culinary Council.

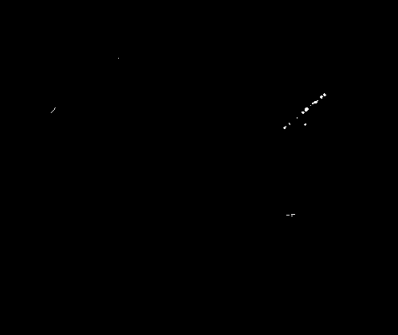


Photo: Silje Wilken Sandgrind

### CARING IS ALSO CONTAGIOUS



FILMING OUR CONCEPTS



## Preschools international



**Olli Lehtisalo**  
Norlandia Preschools international  
CEO

The year 2020 was of course far from normal due to covid. We were able to neutralize most of covid's negative financial impact, and while doing so, we maintained or improved our customer and employee satisfaction. As planned, we opened fewer new units from organic growth than in previous years, taking down our growth costs. This, together with some efficient actions in cost control, resulted in almost doubling our ebitda level from previous years. Growth was not completely stopped as we continued to open several big units and thus there is more potential for bottom line development in the years to come.

Our strategic plan for 2025 consists of sharpening our concepts and services and developing our management systems to be best-in-class, thus making sure we are a leading contender in the highly competitive market for skilled pedagogues. Focus on recruitment, onboarding, training and leadership will ensure our quality staying high, enabling us to grow further.

### **Finland**

The private childcare was obviously hit here by covid-19 as everywhere. Headwind in the political atmosphere continued and municipalities treated the private sector inconsistently during the first wave of covid. The negative trend in the number of newborns turned to small growth lately. Also, participation rates in early childhood education is still growing. These positive developments balance out the somewhat difficult political landscape with several regulatory changes ahead.

We opened three new units from organic growth initiatives, acquired two units and extended one existing unit with two groups. Our first generation concept unit together with Norlandia Care was opened in August. Expanding an existing unit with a "cottage village" with a nature concept was a success. Three such new cottage villages are on their way.

Despite the covid effect, our financial result improved substantially. We took actions to save on costs, but even after temporary layoffs, our employees signaled positive feedback on our crisis management actions.

In 2020 we aimed to strengthen our core processes. Systematic development was of course disrupted by covid, many improvements were made. New methods were rolled out fast during the first covid wave: Live streams from preschools, distance learning materials, activities arranged outdoors and new ways of keeping contact with children and parents. In 2021, we will focus on strengthening our management team.

### **The Netherlands**

Covid hit hard in two waves in the Netherlands, leading to extensive closings. It also demanded a lot from Norlandia Kinderopvang. Constant changes in opening and closing required much flexibility from the pedagogical staff. During lockdowns, we offered emergency care in many locations.

Municipalities and schools in the Netherlands are increasingly looking to cooperate with us. This results in new building projects where childcare and education come together in one place. We expect several new openings during the next five years from partnerships with schools and other entities.

One good example of the impact of our quality focus is our baby expert program. Taking care of children aged 0 to 1 is very common in the Netherlands. By 2020, all our pedagogical employees who care for babies will have completed a course to work as baby experts. Baby communication, undivided attention, creating a distraction-free environment and prenatal development are subjects that are covered.

The basis for our Dutch operations is the idea of buitengewoon (a word with the dual meaning of being "excellent" and

being "outdoor"). Together, we strive for healthy, green and sustainable childcare. Over the span of just a few years we have grown from eight locations to over 70. In 2020, we have worked to become a unified and integrated company with a stable platform for further growth.

### **Poland**

Poland also faced covid lockdown, but we were able to stabilize and consolidate our position in the market. This was mainly due to systematic work on quality and personnel, but also to quickly adopting greatly appreciated online learning. The network now consists of 16 units with more than 1 100 children. This is an increase of 57 % from last year. A new unit was opened in Olsztyn during the fall.

The year 2020 was also the beginning of meal sales for parents in our units. The Mat med Smak concept has expanded to include the sale of take-out meals.

During the lockdown period we did a lot of extra activities to help the local community, such as the kitchen in Norlandia Sulechow which supported the Emergency Hospital by providing free meals to the medical workers.

This difficult year has opened many opportunities for Norlandia and strengthened relationships between employees and the company. Employee satisfaction and customer satisfaction rates were both on a very good level. As a result, even during a very strange market situation, we were able to improve occupancy levels at a satisfactory rate during the year.

### **Germany**

Our unit network now includes 30 locations. Due to covid, the year was mostly spent concentrating on current operations. Germany was hard hit by the pandemic, and as a result our growth ambitions in the country were postponed until conditions normalize again.



POLAND

1100

number of children in Polish preschools

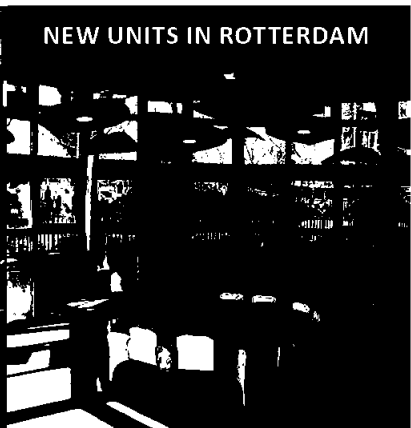


MUD KITCHEN

The mud kitchen is a place for kids to play and cook together using mud leaves, pebbles and other natural materials. The possibilities are only limited by the curiosity and creativity of the children. It influences development and teamwork and promotes being outside. Children love to actively spend time outdoors in any weather.



NEW UNITS IN ROTTERDAM



BEATING COVID-19

Our Generation-concept center in Tuusula, Finland combines a preschool, housing for the elderly, home care services and dog daycare under one roof.



NEW SERVICE

We have started selling take-out meals to parents and others who are interested. Healthy and tasty meals are very important to us. We care about the quality and variety of the meals we serve. We are the only one in the market to offer the possibility of ordering food from the preschool kitchen.





## Care



**Nathalie Boulas Nilsson**  
Norlandia Care  
CEO

Looking back on 2020, it's been a challenging and different year for Norlandia Care. The pandemic has been the main focus of our operations with the clear aim to keep our customers safe and healthy. I am deeply impressed and very proud about the way our employees have managed the on-going situation. Crisis management was quickly set up, and new processes and routines established. I'm relieved by the fact that throughout the pandemic our units have had sufficient access to safety equipment. Sweden has been mostly affected, due to the size of our operations there. The first wave mainly affected our Stockholm units whereas the second wave impacted more broadly. Frequent knowledge sharing and close cooperation between our regions and units has been a great advantage during the year.

Vaccination is now well underway and at the time of writing all our current customers have received their doses. Although safety measures are still in place, the vaccinations bring us hope and serves as a light in the tunnel.

The pandemic has moved the organization into new ways of working. Meetings and trainings are digitalized, and our front-line staff has invented many safe ways for relatives and elderly to meet through plexiglass, window visits or via a variety of digital communications.

### Sweden

Despite the demanding situation, we have continued to provide quality care. During the year we even managed to increase our customer satisfaction rate, measured in our yearly customer survey. We also grew our operations substantially. 8 tenders were won, including 1 framework agreement and 1 LOV application. 12 operations started, among them a brand new own operation unit in Halmstad. The start-up in Halmstad offers several new concepts such as Mat med Smak Care – an innovative food concept developed together with

the nearby Norlandia Preschool. We grew our presence significantly in Linköping with the opening of 5 new units, to a total of 10 units in that area.

In our Stockholm based units, focus has been to implement working methods in line with the National Guidelines for Dementia Care. Several nursing homes were fully certified as 'Stjärnmärkt arbetsplats' (via the Swedish Dementia Centre).

Cooperation with our sister company Frösunda Omsorg has increased. From March 1, Norlandia Care and Frösunda Elderly care has a common business division manager and a joint management team. Most staff functions now support both companies.

### Norway

Covid has affected our Norwegian operations, but to a lesser extent. There have been a few disease outbreaks in the nursing homes and in our home care but in general we have managed to prevent further spread. We have had a fruitful cooperation with municipalities and local disease control authorities. We have actively contributed to new routines to control and prevent outbreaks effectively.

Our patient hotels have had lower occupancy rates due to reduced planned activities in the hospitals. In home care we won a key tender for home care services in Oslo with a contract starting April 1. We also won the tender for practical assistance in Drammen. In BPA, our operations have grown throughout the year and customer satisfaction continues to be high.

The political climate is still challenging for private operators. We have continued to work closely with politicians and other decision makers to communicate our role in the market. Despite the demanding political climate, an additional year was added to our contract for Oppsalhjemmet in Oslo. Our enduring systematic quality work was the

reason for prolonging the contract period.

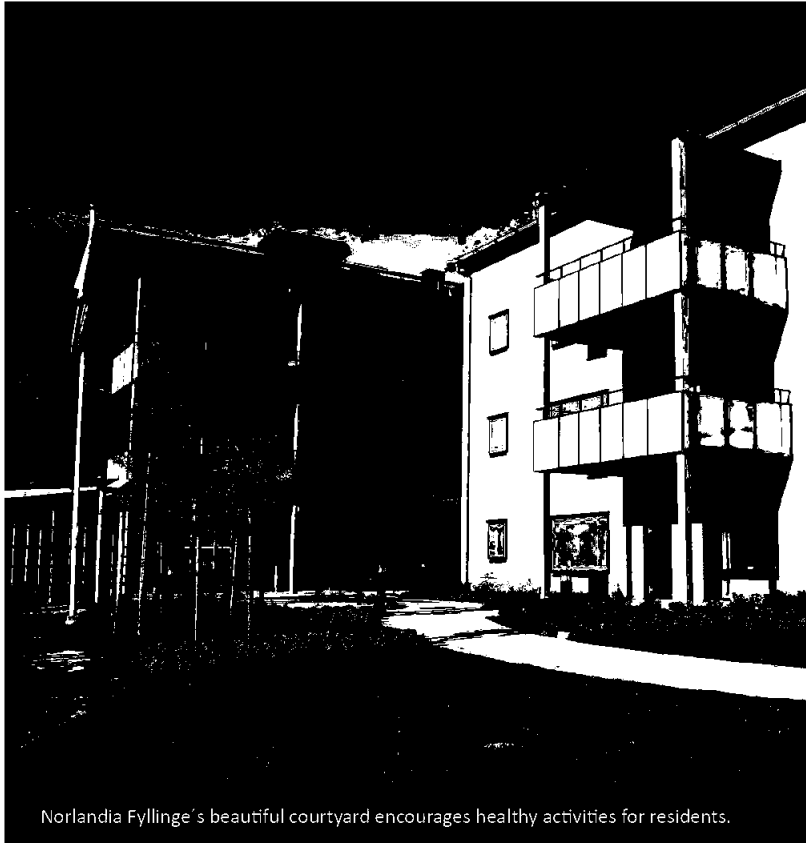
### Finland

In Finland, the discussion continued regarding the quality of elderly care and staffing issues. The government consequently mandated higher staffing requirements. In Norlandia we welcome the increased quality focus as this is in line with our higher quality care concept.

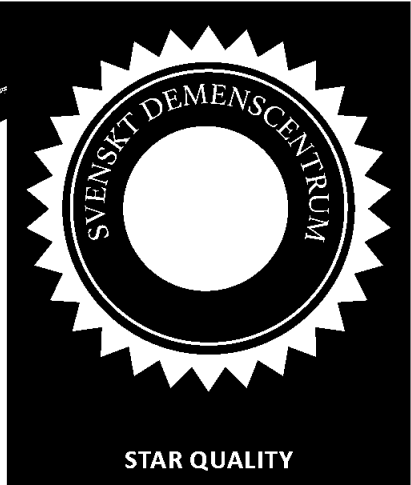
Alina, our home care chain, was able to grow despite the pandemic and we were able to sign seven new Alina franchise operators and welcome those new entrepreneurs into our Alina family.

Our patient hotel business was affected by Covid, especially the occupancy rate in the self-paying segment and the Café Care business. Due to our innovative spirit and good relations with Coxa, Heart Hospital and municipalities we managed to grow in the patient segment despite the demanding situation.

We successfully opened our first Generation Concept in Tuusula, including a nursing home, a service living facility, a preschool and a doggy day care. We have received a lot of positive feedback regarding our concept which is unique in Finland. The elderly care customers and service living customers live happily under the same roof and have daily opportunities to interact and dine with the preschool kids and doggies. Daily and weekly activities inside and outside are being organized in order to learn from each other and enjoy each other's company. In Tuusula we have invested in innovative tools to benefit the residents including Lappset outdoor equipment, HUR gym and VIVAGO safety and wellness system as well as interactive memory game wall. The next Generation Concept in Malminkartano is well under way and several others are being planned. We are looking forward to growing in Finland and further establish our unique care concept in the market.



Norlandia Fyllinge's beautiful courtyard encourages healthy activities for residents.



In our Stockholm based operations, focus has been to implement working methods in line with the National Guidelines for Dementia Care. The aim is to be certified as 'Stjärnmärkt arbetsplats' (via the Swedish Dementia Centre) and several nursing homes were fully certified during the year.

We opened Fyllinge, a new own operation nursing home in Halmstad. The facility offers 54 apartments with special dementia and somatic units. In addition, there are spacious recreational areas such as a lounge, library, gym and a beautiful courtyard. Meals are prepared by chef Lotta Nordahl (under) and her team at nearby Norlandia Preschool Snilleblixten.



#### NEW PODCAST

We have started a podcast in Norway which we call "Velferdspodden" or *The welfare podcast*. Guests are invited to talk about the challenges and possibilities for meeting society's welfare needs in the years to come.

#### NORLANDIA FYLLINGE



#### CONTINUED GROWTH

In the Linköping region, we grew our presence significantly with the opening of six new operations. In total, we are today running a total of ten units in the Linköping area making Norlandia the biggest private elderly care company in that region.





## Integration services



**Tor Brekke**  
Hero Group  
CEO

Unfortunately, 2020 brought another significant increase in the number of refugees in the world. After eight years of continuous increases the number has reached 80 million, including internally displaced persons. Covid 19 is making life in refugee camps more and more difficult and dangerous. With small chances of protecting the elderly and poor hygienic conditions, the most vulnerable people are again taking the hardest blows. Nevertheless, there is still a decrease of asylum seekers to Europe, and especially to Norway. With 1375 new asylum seekers, the arrivals to Norway are lower than at any point since Hero was founded in 1987.

After some turbulent years in our core markets, 2020 has been more stable, although at much lower levels than before. After winning two new Berlin contracts for accommodation centres, and reopening our Tempohome centre in Dingolfingerstrasse, we enter 2021 with six German accommodation centres – the same number as in Norway. Two important tender wins in Norway make Hero the operator of 50% of specialized centres for asylum seekers with health issues. One of these tenders ensured continued operation in Trondheim where we also own the real estate. On the other hand, our contract for the centre at Arna outside of Bergen came to an end after nearly continuous operation since 1987. Many other centres in Norway that have operated for a very long time have also closed due to few asylum seekers. In the current situation even a small increase in arrivals will result in a quick build-up of new centres.

During 2020 we achieved an ISO 9001 certification for both Hero Norge AS and Hero Zukunft. This opens new opportunities in Germany and makes us the first ISO-certified accommodation center operator in Norway.

After a very tough turnaround process in Sweden, Language Services are again profitable. During 2020 we have won new, big contracts with the municipalities in southern Rogaland and the Norwegian police. These contracts have countered some of the temporary decline in demand due to corona lockdown in March-April and October-November. We now handle all Swedish assignments in our Nordic customer center in Stavanger. Efficiency has improved considerably, and the 2020 customer survey indicated that Swedish customers are highly satisfied with our services. We decided in early 2020 to close our Finnish operations and withdraw from the Finnish language service market. As we exited 2020 this process has been completed. Entering 2021 we have a leaner organization and are set to explore new opportunities with new technology with a sound customer base.

For Education Services the focus on the new strategic areas highlighted late in 2019 has been a success. Hero Kompetanse has won important new contracts in the regions of Rogaland and Vest-Viken. There is a sharp increase in demand as the Norwegian labor and welfare administration has been assigned to fight long-term unemployment after the pandemic. One of the priorities is to improve Norwegian language skills, and especially skills related to oral communication. Hero is well-positioned in this market and have a high level of credibility from our 34-year history of working with minorities, integration and inclusion. In late 2020 we also started a close cooperation with Sonans

Karriere which brings important improvements to our technological solutions, marketing efforts, and management.

In 2020 Hero is again a profitable division of NHC after some very demanding years. This is an important milestone in the work to downsize and reorganize after the peak in 2016. Our core market with accommodation centres in Norway is at a historical low point and we are well positioned for a future build-up. In all our markets we will continue to be proactive and adapt to continuous changes.



Improving language skills is a priority in the fight against long-term unemployment.



HERO KOMPETANSE



Germany and Norway became ISO-certified

EXPERIENCED

We established our first reception centre in

1987

Housing unit for asylum seekers in Berlin



We have six accomodation centres in Germany and six in Norway.

HERO TALK

We now handle all Swedish assignments in our Nordic customer center in Stavanger, Norway. Efficiency has improved considerably and customer satisfaction is high. Language Services also won new, big contracts with the municipalities in southern Rogaland and the Norwegian police.



## Individual & family



**Trine Bakkeli**  
Aberia  
CEO

In Aberia we work to ensure “dignity to all”. We provide care, preventive measures and assistance to persons with a complex short- or long-term need. The personnel in Aberia – our front line heroes – have shown great ability and willingness to solve the unique challenges of the pandemic year. We have examples of staff undergoing quarantine together with care receivers. Several have agreed to quick and flexible changes in work hours. Some have been working double shifts ensuring stability and minimizing risk of disease. In Aberia we say that “you can be the one who changes everything”. The front line heroes in Aberia have made a historic effort in 2020 and I am very proud of them. We thank our colleagues and express gratitude for being part of an organization with so much competence and devotion to our mission.

### Care – assisted living

The care segments represent roughly 1/3 of Aberia. The segment focuses on individually tailored assisted living services. We have focused on quality improvement, system implementation and recruitment of own personnel and less relying on external partners. The segment has delivered stable operations through the year – a great achievement considering that a large unit was divested in Q2 2020.

### Care relief

The care relief segment delivers care, activity and support for shorter periods, to families in need of relief. Aberia has two of the country’s largest units and the operations represent roughly 1/3 of Aberia. The care relief segment has for several years not been performing according to our ambitions. That is now changing. In Oslo our colleagues offer a great service for families and clients. As usual in our business, when high quality is delivered, the commercial side also improves. In Bergen we have our second large care relief unit. In winter 2019/2020 we merged several small and non-performing units into a newly acquired large modern property. The operation is

already performing better than expected. The property (Olsvik) has been a showcase example of how we want to develop our business – with competent personnel, modern and safe property and hands-on management.

### Child care

The child care (barnevern) segment operates in a demanding and highly regulated environment. The toughness of the operation necessitates highly qualified personnel and robust local management. Our managers consistently perform at a high level in their leadership and through their competence. Aberia is well known in the sector as a quality operator with stable and robust organization. 2020 has delivered strong growth with 50% revenue increase.

### Divestments

To consistently focus on what we know and are good at drives efficiency and quality. The focus on quality operations in the core business has also meant that we needed to manage difficult adjustments and divestments to the unit portfolio. While we evaluate our options very seriously before a decision is made to shut down an operation, we will never compromise on quality. We are content to report that most of the involved personnel were given alternative job opportunities. The divestment processes were completed without conflicts and the clients were well taken care of.

### Growth

The performance of the core segments in combination with appropriate divestments gave us an opportunity to focus on some key growth initiatives within our core operations. In family homes (child care segment) we have grown almost 50 %, but more importantly established a great organization with high qualifications. In personal assistance we have grown 40%. Our staff in this area delivered far beyond expectations. This provides confidence to a more strategic and coordinated growth initiative going forward. We have

established Aurora in the north of Norway (child care segment) with 7 units now at full operations. Crucially, we were able to hire many new employees with impressive qualifications.

### Environment and social responsibility

Aberia has carried out a series of environmental initiatives. These include:

- Reduction in air and car travel
- Car pool average age is reduced by 2 years over the last year, resulting in both safer transportation and a better environmental footprint
- Our purchasing strategy has been refined: Seek used and recycled before new; reduce number of suppliers

### Innovation

In Aberia we have defined innovation as being increasingly effective and modern in organizing our services, developing suitable properties and adapting effective IT systems. We have launched some exciting new initiatives: In the child care segment we have developed what is primarily a residential initiative for young adults in need of extra support in a period of their life. We have also initiated a “back to school/work” program that focuses on drop-outs who deserve a second or third chance. The initiative is called “Proffe Amatører” – “Professional Apprentice” and delivers light contracting services.

### Future strategy

We have three simple goals on which we have built our business plan for 2021 and beyond: 1) Consistent quality focus, 2) Clear identity and culture, and 3) Robust care services. We have made significant changes the past year and simplified our portfolio. With laser focus on quality, identity, culture and delivering care services that fit our clients’ needs, we are sure that the future is bright for Aberia and its employees, care receivers and clients.



### PRO APPRENTICE

"Professional Apprentice" is a newly started project with the goal of offering meaningful work to youth who have had trouble coping with the public school system.

Technological developments can increase quality and safety in our care service properties.

This year we opened «Young in Tromsø», a housing offer for young people in vulnerable transition phases.

## Everyone deserves the same possibilities and rights.

### DIGITAL COURSES

During the corona crisis, Aberia has gained useful experience with digital teaching sessions for important external target groups. Here, a foster parent is being filmed for one of our online courses for Aberia foster families.

Our film about the importance of foster families has been seen by over 80.000.



## Property



**Emma Kinch**  
NHC Group  
Property manager



**Erlend Haugseth**  
NHC Group  
Real estate director

Property has a strong heritage in the Adolfsen Group of companies. Also, in NHC, we see great importance in being able to develop and maintain our own properties. We have built and developed properties almost every year since 1991. Our properties are specifically tailored to the benefit of our various end-users with a focus on pragmatism, operational efficiency, and the overall environment. Our typical users are children in need of a preschool, elderly in need of a nursing home, newly arrived immigrants who need accommodation, or other users in need of physical care homes. These developments typically happen in close cooperation with our partner municipalities that not only tender our services – but also expects us to provide appropriate buildings and grounds.

Through our experience we have developed the right tools and competence to deliver institutions of tomorrow. This competence is a natural extension of the fact that we not only provide the property itself – but are also bound to use and service the same premises daily in the decades to come. This gives us a unique perspective on what works and how to best develop our own care properties.

During our three decades of property history, we have continuously developed our competencies, and gradually moved into different property segments, volumes and complexity. During the last five to eight years, we have seen an increased interest in social infrastructure properties. This has been positive for us, but we have also observed a development where yield levels have continuously come down and at the same time more, if not all, risk has been transferred to the operator. To share risk is in our veins, this is a trait inherited from our owners. Sharing of risk will be a core focus for NHC property going forward.

Rising real estate prices has made it more important than ever for us to enter in the early stages in projects on attractive plots or properties – alone or with various partners.

As of 2021, the NHC property division continues to have strong capabilities and prospects, and today we operate as a truly distinct and separate division with our own portfolio. We support all our operational divisions and their existing and new real estate – but increasingly also look towards new holistic business opportunities within our area of expertise. We see an international trend of increased market demand for integrated concepts, such as preschools combined with nursing home institutions, accelerated by new creative property developments. We implement this today, both on the back of our self-developed initiatives and in new partnerships. We have also recently seen an influx of players who want NHC to partner on “larger area development projects”, where there may be a demand for several services within the overall development – hereunder child, senior and care facilities. This is interesting for NHC property with our unique history and competencies and we expect to take an opportunistic stance on such projects.

Furthermore, we also see a strong interest from various entities to partner with NHC Group on property projects. Based on our solid operations NHC will thus continue to gain property positions, both through own development and through other partnerships. Furthermore, we collaborate with numerous real estate firms across several countries as counterparts to our rental contracts. We are always open to discussing real estate related business propositions, either as a sole owner or in a partnership, related to current business areas or future business opportunities.

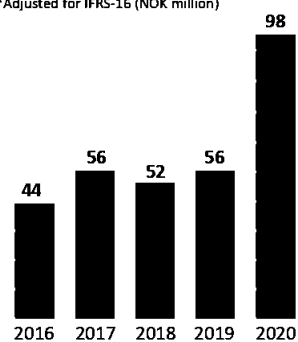
The overall real estate market for care institutions faces strong fundamentals going forward. Many public properties throughout the Nordic countries have come to an end in their life cycle. This, together with short term reactionary politics in some of our markets will drive demand for fully privatized services – followed by an increase in the demand for social infrastructure. NHC is prepared for this.

During 2020 several property transactions were completed, including the divestment of a portfolio of 12 preschool properties in Finland, Norway and the Netherlands. NHC has further entered into an agreement to sell additional 5 properties to the same buyer in two tranches that are expected to close during 2021. Additionally, NHC divested another property portfolio during 2020, and the property segment reported an EBITDA adjusted for IFRS-16 effects of NOK 98 million in 2020, thus exceeding the profitability levels of preceding years.

We expect future transactions to generate cash flow and profitability, while they also and most importantly support NHC operating companies through access to good properties and solid long-term operations.

### Norlandia Care Properties EBITDA\*

\*Adjusted for IFRS-16 (NOK million)





We are developing a health park concept in Glitre in Nittedal, Norway. We are evolving the concept in collaboration with the municipality and several private initiatives.

**CONCEPT HOME**

Drawing on our long experience, Aberia's concept house includes many improvements making it the next generation of care homes. It facilitates more efficient services and an overall improvement in quality. We are deploying this customized property solution on suitable locations in Norway today, and are always looking for new, appropriate plots.

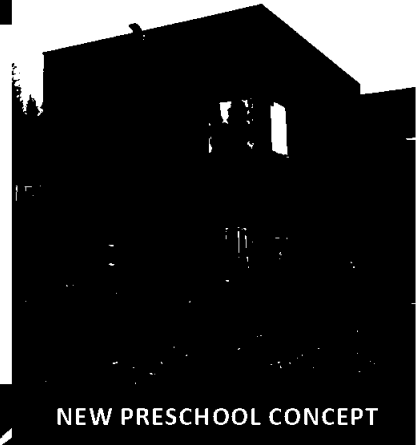


Photo: Krook & Tjäder Arkitekter



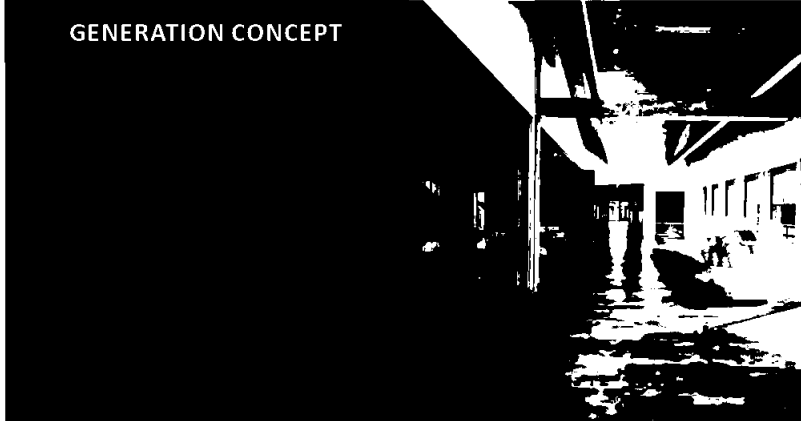
**REHABILITATION CENTER**

A fantastic location has been secured for youth with drug abuse problems in Møkland, Bø in Vestreålen. This plot is specifically selected for its unique nature and stunning view – something we believe will be of great value and importance to our users and staff in everyday operations.



**GENERATION CONCEPT**

**NEW PRESCHOOL CONCEPT**



Voksentoppen preschool is located in Oslo, Norway. This is a truly beautiful preschool located in Holmenkollen right in the middle of nature. The preschool will be ready to welcome children and open its doors in autumn 2021.





## Board of directors



**Kristian A. Adolfsen**

FOUNDER AND  
CHAIRMAN OF THE BOARD OF DIRECTORS  
Kristian has an MBA from the University of Wisconsin and a Master of Science in Business Administration from the Norwegian Business School, BI (sivil-økonom). He has more than 30 years of business experience. He has founded a number of companies within the Adolfsen Group and holds several directorships.



**Roger Adolfsen**

FOUNDER AND  
MEMBER OF THE BOARD OF DIRECTORS  
Roger has an MBA from the University of Wisconsin and a Master of Science in Business Administration from the Norwegian Business School, BI (sivil-økonom). He has more than 30 years of business experience. He has founded a number of companies within the Adolfsen Group and holds several directorships.



**Ingvild Myhre**

MEMBER OF THE BOARD OF DIRECTORS  
Ingvild qualified as a Chartered Electro-Engineer at the Norwegian University of Science and Technology (NTNU). She was formerly the Managing Director of Alcatel Telecom, Telenor Mobile and Network Norway. Ingvild is currently self-employed. She has had, and continues to hold, a number of directorships in public and private enterprises.



## The board of directors' report 2020

### COMPANY

Norlandia Health & Care Group AS ("NHC") is a leading Nordic provider of care services operating within the five segments; Preschools, Care, Integration Services, Individual & Family and Real Estate. The parent company is headquartered in Oslo, Norway.

### OPERATIONS

#### Preschools

The Preschools segment includes the preschool activities within Norlandia Preschools AS and Kidsa Barnehager AS. Per year-end 2020, Norlandia Preschools and Kids Barnehager operates 365 preschool units in Norway, Sweden, Finland, Netherlands and Poland, an increase of 17 units year-on-year. This include 36 units that are operated through management agreements and owned through NH Europe (49% owned by NHC), and Wekita (Germany, 50% owned by NHC) with another 30 units. NH Europe and Wekita are not consolidated in the NHC accounts.

#### Care

Norlandia Care provides services within institutional elderly care, patient hotels and home care services in Norway, Sweden and Finland. As of year-end 2020, 46 elderly care homes were operated by Norlandia, of which 43 were in Sweden, 2 were in Norway and 1 was in Finland. 9 of the homes were own-management projects, including a Generation Concept (preschool and elderly care), that was opened in Finland during the year. Norlandia also operates 2 patient hotels in Norway, and 1 in Finland. Additionally, we have home care services in both Finland, Norway and Sweden.

#### Integration Services

The integrations services are offered through Hero Group AS. The company was established in 1987 and has grown to

become one of the largest private providers of care services related to forced migrants, refugees and asylum seekers in Norway. In addition, Hero operates 6 reception centers in Germany. The group has extensive competence and experience acquired through 30 years of operations. The service offering includes reception centers for asylum seekers, interpretation services and education services.

#### Individual & Family

The services within the Individual & Family segment are provided by Aberia AS – a Nordic provider of health-, welfare- and care services for children and young as well as people with physical and mental disabilities. The group was established in 2010 and has grown to become a significant player in the Nordic market. The services are divided in three main areas: services related to childcare institutions and foster homes; care services for people within all age groups with physical and mental disabilities; and respite care and personal assistance. Most of the contracts in the group are with the government, municipalities or city district authorities.

#### Real Estate

Care Properties AS is a real estate developer for Norlandia Health & Care Group (NHC). As part of NHC's business model, Care Properties develops or acquires care related real estate, for NHC operations. Normally, the various properties will subsequently be divested based on a long-term lease contract with NHC.

### COMMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's total revenue and income increased from NOK 5,046.6 million in 2019 to NOK 5,389.5 million in 2020 primarily explained by international growth within Preschools.

Profit from operations came in at NOK 268.8 million in 2020, significantly up from NOK 122.6 million in 2019. Net finance amounted to NOK -317.6 million for the year, heavily influenced by net unrealized currency losses of NOK 108.2 million. Consequently, net profit increased from NOK -63.8 million in 2019 to NOK -15.5 million in 2020.

IFRS-16 was adopted on 1st January 2019, and had a net effect on profit before tax, of NOK -97.8 million in 2020. This is explained by increased depreciation charges of NOK 404.5 million, finance charges of NOK 103.0 million and a reduction of real estate gains of NOK 60.0 million, partially offset by reduced leasing expenses of NOK 469.6 million.

The Group generated cash flow from operating activities of NOK 931.4 million in 2020 up from NOK 623.9 million in 2019, reflecting higher operating profits and working capital improvements. Net cash flow from investing activities amounted to NOK 102.1 million, up from NOK -120.3 million in 2019, explained by lower capex and higher book value on divested properties. Financing cash flows amounted to NOK -909.5 million, down from NOK -568.6 million in 2019, the difference mainly explained by repayment of debt 2020 and the suspension of dividend payments in 2020.

As of 31.12.2020, the Group had a cash balance of NOK 285.4 million, up from NOK 169.1 million one year prior. In addition, the Group has a revolving credit facility of NOK 200 million, which was undrawn per year-end 2020. The Group had total assets of NOK 7,462.8 million per year-end 2020, compared to NOK 6,831.4 million in 2019. Total non-current liabilities amounted to 3,976.0 million, significantly down from 2019, reflecting



the re-classification of NOK 1,892.3 million in loans and borrowings from non-current to current liabilities, as the maturity of the bond loan now being less than 12 months away. The remaining long term loans of NOK 118.0 million mainly relates to property debt on Norwegian preschool properties. Consequently, current liabilities increased from NOK 1,281.1 million as per year-end 2019, to NOK 3,195.8 million, due to the inclusion of the amount owing on the bond loan.

Per 31 December 2020, the Group's total equity amounted to NOK 291.0 million, down from NOK 307.4 million in 2019. The Group's financial position is sound. The Company expects to complete the refinancing of its outstanding bond loans before they mature in December 2021. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by EU.

#### COMMENTS TO THE PARENT COMPANY FINANCIAL STATEMENTS

Operating profit for the parent company amounted to NOK -4.9 million in 2020, down from NOK -0.4 million in 2019. Net financials decreased from NOK 65.4 million in 2019, to NOK -4.6 million in 2020, reflecting the unrealized currency loss. Net income amounted to NOK -6.0 million in 2020, down from NOK 72.6 million in 2019. Total assets per 31.12.2020 were NOK 2,590.4 million, mainly consisting of shares in subsidiaries. Total liabilities per 31.12.20 was NOK 2,221.9 million, which consisted of the listed NOK and SEK bond issues (adjusted for issuing costs). In addition, the parent company has short-term liabilities to group companies of NOK 321.8 million. Total equity amounted to NOK 368.5 million, down from NOK 374.5 million in 2019.

#### Use of Alternative Performance Measures

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 certain alternative performance measures in its financial reports as a supplement to the financial statements reported in accordance with IFRS. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods. Definitions: EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization EBIT: Earnings Before Interest and Tax, Total Net Debt: As used in the incurrence test; total interest bearing debt less cash and cash equivalents.

#### Going concern

In accordance with the Norwegian Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern. This assumption is based on profit forecasts for 2021 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

#### Future challenges and market outlook

The Covid-19 pandemic remains a major uncertainty and risk going forward. All our markets and operations are affected, and the situation is rapidly changing. While the pandemic is putting an enormous strain on all our employees and users, the financial impact in 2020 was 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 on 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. Although these risks apply to all our operations and markets, they are clearly most evident in Norway at the time being.

To limit our exposure to unfavorable political and market shifts, we continue to diversify our operations. We have added around 150 new units since 2016, which has contributed with more than NOK 1 billion in revenues, but also depressed margins as new unit openings generate losses during a start-up period. As we reduced our growth pace in late 2019, we have seen the anticipated margin expansion. Preschools delivered a strong year, significantly up on 2019 and prior years. We believe we have an attractive portfolio of preschools and strong positions in the markets in which we operate. We acknowledge however, despite the strong underlying fundamentals, that Covid-19 could have negative effects on occupancy, as a result of higher unemployment.

While the international operations are the main drivers behind the growth in revenues and profitability, Norway has generated decent results 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 strongly 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 our operations in Norway remain strong, and will be helped further by additional compensation for the staffing norm implemented in 2019, the full effect of which to be seen in 2022. Poland is still in a ramp-up phase, with two new preschools opened during the quarter, 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.

NH Europe, the JV with parent company Hospitality Invest, is the acquisition vehicle for Norlandia Preschools, with 36 units in operations in Netherlands, Finland and Sweden. While we believe NH Europe has a strong foundation, 2020 was a challenging year, where the 22 units in Netherlands, located in Rotterdam and Amsterdam, were materially negatively affected by Covid-19. While NH Europe and Wekita, owned 50% by NHC with 30 units, are currently not consolidated in the NHC financial accounts, we expect to assume 100% ownership and hence consolidate the operations within the next 2 years.

The Care segment was heavily affected by Covid-19 during 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 and Covid-related cost-coverage. 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.

32 NORLANDIA HEALTH & CARE GROUP AS

In Sweden, by far our biggest market, we saw negative operational effects of more than SEK 50 million, through reduced occupancy and increased costs related to personnel and procurement. However, Government support, mainly in the form of sick leave compensation and Covid-related cost-coverage, compensated for a large part of this. Overall, the net financial effects were clearly negative, and accounts for more than the drop in profitability relative to 2019, but still less than feared earlier in the year, due to the various Government support programs. The pandemic is still very much the key risk factor, and the financial impact will be highly dependent on occupancy and 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 two units 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 has been challenging in recent years with a dramatically reduced demand for our services, causing revenues to decline to around 15% of the 2016 level. After the recent years' losses, we are encouraged by the turn-around of Hero, and the corresponding strong performance in 2020.

Within Accommodation Services, we have 6 reception centers in Norway, all generating decent 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, and keeping overhead expenses at a minimum, while still being positioned to pursue the opportunities that will arise, when the macro environment improves.

In Germany, following two new contract commencements during the 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 was completed during 2020. 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 was negatively affected by reduced demand for interpretation services due to Covid-19. After some very demanding years, Hero is again a profitable division of NHC. This is an important milestone in the work to downsize and reorganize after the market peak in 2016. Our core market with accommodation centers in Norway is at a historical low point and we are well positioned for a future build-up. In all our markets we will continue to be proactive and adapt to continuous changes.

Aberia has been through an extensive restructuring during 2019 and 2020, in order to stream-line operations and focus its portfolio. Loss-making and non-core operations have been terminated or divested, while the core operations are strong on quality and reputation, profitable and growing. After the sale of the LSS business and the termination of child care (HVB), Aberia Sweden will consist of the profitable Personal Assistance operations, through the two entities Marcus Assistans AB and Østgøteland Assistans AB. During the year, Aberia increased its shareholding in these companies from c. 50% to 75%.

Child care and family homes, along with rehabilitation and BPA, represent the core operations in Norway. Combined, these operations are generating healthy profitability. Certain new growth initiatives, notably family homes and child care operation in Northern Norway, are still in a ramp-up phase and generated material losses in 2020. We expect both these operations to turn profitable during 2021.

Within Real Estate, 2020 was a very strong year, on the back of 2 property portfolio divestments in the fourth quarter. An agreement to sell another 5 preschool properties in 2021, along with a strong pipeline of properties that will be made available for sale, provides confidence for continued strong performance and several property realizations during 2021 and onwards. We see strong interest from various parties to partner with NHC group on property projects. Based on solid operations, NHC will continue both developing, and through other processes, gain property positions. We expect future transactions to generate cash flow and profitability, while they also and most importantly support NHC operating companies through access to good properties and solid long-term operations. There are no other known events expected to have significant effect on the Group's performance in 2021.

#### FINANCIAL RISK

##### Overall view on objectives and strategy

The Group is exposed to financial risk in different areas, including exchange rate risk, market risk, credit risk and liquidity risk. The Group is continuously assessing these risks.

##### Market risk

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 on the way we deliver our services. To limit our exposure to unfavourable political and market shifts, we continue to diversify our operations.

In early 2020, the Covid-19 pandemic materialized, causing unprecedented shocks to all societies globally. The pandemic impacts all our operations

significantly, although the financial effects differ across the various operating segments and countries. During 2020, the Care segment, particularly in Sweden, was heavily negatively affected by the pandemic, due to lower occupancy and higher costs related to staffing and procurement, only partially offset by various Government support programs. These risks are still present. Additionally, although we have seen limited effects so far, we acknowledge the risks related to preschool occupancy, should unemployment continue to rise over longer periods of time. While we operate in defensive sectors with strong counterparties, the pandemic continues to pose a substantial risk in 2021.

Additionally, NHC needs to refinance its outstanding bond loans, as they mature in December 2021. In the Board's opinion, this process is progressing well, and several options appear available to the Company. The terms of the expected refinancing will be subject to the overall condition of the financial markets.

##### Exchange rate risk

The Group has operations in Norway, Sweden, Finland, the Netherlands, Germany and Poland. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK NOK exchange rate as the financial statements are presented in NOK and around 40% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 60% of its bond debt is denominated in SEK, both representing natural hedges to the operations.

The Group has a growing exposure to the EUR NOK exchange rate as operations in the Netherlands, Finland and Germany are growing. The Group is monitoring the



exposure and may consider to hedge this exposure in the future. The Group is further exposed to changes in interest rates as most long term debt in the Group is subject to floating interest rates. The Group has not established any interest rate hedging mechanisms.

#### **Credit risk**

The risk of losses on receivables is considered very low in the Group as a considerable part of revenues is towards governmental entities and municipalities. The Group has not yet experienced significant losses on receivables.

#### **Liquidity risk**

The Group's liquidity is sound, enabling each Group company to handle short-term obligations. The Group will continue to experience large movements in working capital, which will affect the cash position on any given month.

#### **CORPORATE GOVERNANCE**

NHC is a limited liability company organized under Norwegian law with a governance structure based on Norwegian corporate law. The Company's corporate governance model is structured to provide a foundation for long-term value creation through an efficient organization with solid management. A manual covering standards and routines for relevant corporate governance matters has been prepared by the administration and approved by the Board of Directors.

The Company has a one-tier board with three directors, including the two largest shareholders and one independent director. The governance structure is further based on the Norwegian Code of Practice for Corporate Governance and the Company is continuously seeking to adopt a larger part of the recommendations.

NHC publishes four interim financial statements in addition to the ordinary annual financial statements. The financial statements shall satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies, and be published according to the schedule adopted by the Board. The Group's Audit Committee consists of two board members. Closing of accounts, financial reporting and key risk analysis are provided monthly to the Group Management. These monthly reports also include financials per segment, which are analyzed and addressed against set budgets. In connection with closing of accounts for the various segments, business review meetings are held to identify risk factors and measures linked to important accounting items or other factors. The management also has separate meetings with the external auditor to review such risk factors and measures.

The Group has risk management processes in place within each subsidiary, which are adapted to fit the size, complexity and risk profile of each entity. The routines focus on managing risks as well as identifying opportunities.

#### **THE WORKING ENVIRONMENT AND THE EMPLOYEES**

The number of employees in the Group amounted to ~10,000 in 2020. The working environment is considered to be good and efforts for improvements are made on an ongoing basis. The Group aims to be a workplace with equal opportunities and seeks to prevent gender discrimination in all aspects of our operations. Leave of absence is an important performance indicator and is measured throughout the Group's operational entities, but not on a consolidated basis. During 2020 leave of absence due to illness has varied due to the impact of Covid-19 and thus difficult

to bench-mark towards a normal year. Quarantined staff have been logged as absence in line with government guidelines in relevant countries. Even with Covid-19 we have been able to manage within acceptable levels. We will encourage and empower our staff to be proactive on sustainable development matters both at work and in the community.

We will strive to achieve a high degree of diversity in our working environment in all areas of NHC operations. In relation to gender equality, NHC operates in segments which traditionally have been dominated by female employees. With that in mind, we seek a balanced representation of genders both in first line, middle manager, and senior leadership positions. Currently our gender balance at the senior level is as follows: Line CEOs (n=6): 50% women; country managers (n=12): 67% women; extended management group (n=32): 44% women. In sum, we are doing quite well and will keep up our attention on this important matter.

#### **ENVIRONMENTAL REPORT**

The Group's operations are not harmful to the environment and are not regulated by any special licenses related to waste handling. NHC Group will meet or exceed all legal requirements and be a good steward of all resources that falls under our company's influence, and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.

As of 2020 our divisions – Preschools, Care and Hero Talk (a part of Hero group) – are certified on ISO 14001:2015. Preschools, Care and Hero Group are also ISO 9001:2015 certified. See also our biennial CSR-report where we document our deep and wide range of environmental and sustainability actions



and programs, together with ever evolving new initiatives. What is good for the environment, is good for NHC – we strive to do our share.

**ALLOCATION OF INCOME IN THE PARENT COMPANY**  
Norlandia Health & Care Group AS' result for 2020 ended at NOK -6.0 million. The Board of Directors has proposed the net

loss of Norlandia Health & Care Group AS to be allocated as follows: NOK -6.0 million to other equity.

Oslo, 22 April 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

## Statement from the Board of Directors

Norlandia Health & Care Group AS' consolidated financial statements have been prepared and presented in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, that should be used as of 31.12.2020.

The separate financial statements for Norlandia Health & Care Group AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31.12.2020. The Board of Directors report for the group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard, as of 31.12.2020.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2020 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position, and result of operations as a whole as of 31.12.2020, for the Group and the Parent company.

The Board of Directors' report for the Group and the Parent company include a true and fair review of:

- The development and performance of the business and the position of the Group and the Parent company.
- The principal risks and uncertainties the Group and the Parent company face.

Oslo, 22 April 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



## Consolidated Statement of Comprehensive Income

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

	Note	2020	2019
Revenue	4	5 313 829	5 008 388
Other income	4,12,21	75 680	38 176
<b>Total revenue and income</b>		<b>5 389 509</b>	<b>5 046 564</b>
Raw materials and consumables used		131 440	157 767
Staff costs	5	3 849 098	3 668 335
Depreciation and amortisation expense	8,9,12	501 308	454 661
Other operating expenses	5,12	638 910	643 194
<b>Total operating expenses</b>		<b>5 120 755</b>	<b>4 923 957</b>
<b>Profit from operations</b>		<b>268 754</b>	<b>122 607</b>
Finance income	6	21 769	48 089
Finance expense	6,12	-345 285	-234 063
Share of post-tax profits of associates	11,12	5 935	-2 637
<b>Net finance</b>		<b>-317 582</b>	<b>-188 611</b>
<b>Profit/loss (-) before tax</b>		<b>-48 828</b>	<b>-66 005</b>
Tax expense	7	33 298	2 250
<b>Profit/loss (-)</b>		<b>-15 530</b>	<b>-63 755</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post employment benefit obligations	19	-20 778	9 972
Deferred tax on remeasurement of post employment benefit obligation	16	4 571	-2 194
Other items net of deferred tax		-	633
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		46 637	-14 810
<b>Total other comprehensive income</b>		<b>30 431</b>	<b>-6 399</b>
<b>Total comprehensive income</b>		<b>14 901</b>	<b>-70 154</b>
Profit/loss owners of the company		-9 316	-74 931
Profit/loss non-controlling interests		-6 214	11 176
		<b>-15 530</b>	<b>-63 755</b>
Total comprehensive income owners of the company		11 602	-80 471
Total comprehensive income non-controlling interests		3 299	10 317
		<b>14 901</b>	<b>-70 154</b>



## Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

### ASSETS

	Note	2020	2019
<b>Non-current assets</b>			
Property, plant and equipment	8	463 293	549 157
Right-of-use assets	12	3 799 355	3 326 194
Deferred tax asset	16	116 846	74 092
Goodwill	9	1 652 356	1 582 842
Intangible assets	9	599 179	627 430
Investment in associated companies	11	54 306	41 591
Other investments	3	18 628	33 098
Other receivables	13, 21	40 859	23 812
<b>Total non-current assets</b>		<b>6 744 821</b>	<b>6 258 216</b>
<b>Current assets</b>			
Inventories		5 163	6 769
Trade and other receivables	13, 21	427 491	397 317
Cash and cash equivalents	22	285 360	169 107
<b>Total current assets</b>		<b>718 013</b>	<b>573 192</b>
<b>Total assets</b>		<b>7 462 835</b>	<b>6 831 409</b>



## Consolidated Statement of Financial Position

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

### EQUITY AND LIABILITIES

	Note	2020	2019
<b>Equity attributable to owners of the parent</b>			
Share capital	14	300 000	300 000
Other equity		-26 662	-42 230
<b>Total equity attributable to owners of the parent</b>		<b>273 338</b>	<b>257 770</b>
Non-controlling interest		17 698	49 646
<b>Total equity</b>		<b>291 036</b>	<b>307 416</b>
<b>Non-current liabilities</b>			
Pension liabilities	19	116 464	93 371
Loans and borrowings	15, 23	118 016	1 904 405
Lease liability	12	3 588 402	3 081 625
Deferred tax liability	16	149 925	159 737
Provisions		3 203	3 742
<b>Total non-current liabilities</b>		<b>3 976 009</b>	<b>5 242 880</b>
<b>Current liabilities</b>			
Trade and other payables	16, 17	902 146	750 960
Loans and borrowings	15, 23	1 892 293	204 842
Lease liability	12	388 728	324 282
Taxes payable	16	12 623	1 033
<b>Total current liabilities</b>		<b>3 195 789</b>	<b>1 281 117</b>
<b>Total liabilities</b>		<b>7 171 799</b>	<b>6 523 997</b>
<b>Total equity and liabilities</b>		<b>7 462 835</b>	<b>6 831 413</b>

Oslo, 22 April 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



## Consolidated Statement of Changes in Equity

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

	Share capital	Retained earnings	Translation differences	Non-controlling interests	Total equity
<b>31-Dec-18</b>	300 000	79 063	19 178	39 329	437 570
<b>Comprehensive Income for the year</b>					
Profit	-	-74 931	-	11 176	-63 755
Other comprehensive Income	-	8 411	-13 951	-859	-6 399
<b>Total comprehensive Income for the year</b>	-	<b>-66 520</b>	<b>-13 951</b>	<b>10 317</b>	<b>-70 154</b>
<b>Contributions by and distributions to owners</b>					
Distribution to owners	-	-60 000	-	-	-60 000
Total contributions by and distributions to owners	-	-60 000	-	-	-60 000
<b>31-Dec-19</b>	300 000	-47 457	5 227	49 646	307 416
<b>Comprehensive Income for the year</b>					
Profit	-	-9 316	-	-6 214	-15 530
Other comprehensive Income	-	-16 206	37 125	9 513	30 431
<b>Total comprehensive Income for the year</b>	-	<b>-25 522</b>	<b>37 125</b>	<b>3 299</b>	<b>14 901</b>
<b>Contributions by and distributions to owners</b>					
Distribution to non-controlling interests	-	-	-	-15 484	-15 484
Group distribution to parent company	-	-	-	-	-
Acquisition of shares from non-controlling interest (note 11)	-	-	-	-15 797	-15 797
Other	-	3 966	-	-3 966	-
<b>Total contributions by and distributions to owners</b>	-	3 966	-	-35 247	-31 281
<b>31-Dec-20</b>	<b>300 000</b>	<b>-69 013</b>	<b>42 352</b>	<b>17 698</b>	<b>291 036</b>



## Consolidated Statement of Cash Flow

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

	Note	2020	2019
<b>Cash flows from operating activities</b>			
Profit for the year		-15 530	-63 755
Adjustments for:		-	-
Depreciation of property, plant and equipment	8	457 719	416 616
Amortisation of intangible fixed assets	9	43 588	38 045
Share of post-tax profits of associates	11	-5 935	-
Net of taxes paid and non-cash adjustments for real estate		39 956	39 800
Interest income/interest expense and financial items		323 516	188 611
Income tax expense	7	-33 298	-2 208
<b>Changes in working capital</b>			
Changes in accounts receivable and payables		-29 869	35 696
Increase in inventories		1 821	-2 838
Increase in trade and other payables		119 565	17 078
Increase in provisions and employee benefits		33 959	-40 909
<b>Cash generated from operations</b>		<b>935 493</b>	<b>626 138</b>
Income taxes paid		-4 113	-2 241
<b>Net cash flows from operating activities</b>		<b>931 380</b>	<b>623 898</b>
<b>Investing activities</b>			
Net book value proceeds from sale of assets		295 372	115 629
Purchases of property, plant and equipment	8	-145 122	-274 956
Net investment in shares in associates and others	11, 20	-6 077	-34 390
Net investment in shares in subsidiaries	20	-53 531	-33 413
Net changes in financial receivables	6	10 812	90 094
Interest received		682	16 724
<b>Net cash used in investing activities</b>		<b>102 137</b>	<b>-120 312</b>
<b>Financing activities</b>			
Payments of long-term loan to finance institutions	15, 23	-102 282	-121 686
Changes in short-term loan to finance institutions	15	-179 612	88 807
Proceeds from long-term borrowings from finance institutions	15	-	44 860
Interest paid	6	-126 677	-120 621
Lease liability - amortisation and interest		-469 611	-415 004
Payment to non-controlling interest		-31 281	-
Distribution to owners	11	-	-45 000
<b>Net cash (used in)/from financing activities</b>		<b>-909 464</b>	<b>-568 643</b>
Net increase in cash and cash equivalents		124 053	-65 058
Cash and cash equivalents at beginning of year	22	169 107	231 912
Exchange (losses)/gains on cash and cash equivalents		-7 800	2 252
<b>Cash and cash equivalents at end of year</b>		<b>285 360</b>	<b>169 107</b>

\*The group has a bank overdraft facility of NOK 200 million, of which zero was drawn as of 31 December 2020.



## Notes to the consolidated statements

### 1. ACCOUNTING POLICIES

#### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by valuing financial derivative instruments at fair value through profit or loss.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

Norlandia Health & Care Group AS was established in December 2016. This was done by transferring the shares in Norlandia Care Group AS, Hero Group AS, Aberia Healthcare AS and Kidsa Barnehager AS, from Hospitality Invest to a newly incorporated and 100% owned subsidiary.

The transfer to the newly incorporated subsidiary is considered to be a common control transaction outside the scope of IFRS 3 Business Combinations. IFRS 3 Business Combinations does not provide specific guidance on how to account for common control transactions. Norlandia Health & Care Group has established policies to account for these transactions in order to present historical figures as if the Group had prepared separate financial statements in the past. Book values have been used to account for all restructuring transactions as if the reorganisation occurred at the beginning of the first period presented.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

#### New standards, interpretations and amendments

There are no changes in, or new accounting standards that have had a material effect for the Group's financial statements for 2020.

#### Applied principles

##### Revenue recognition

The Group's revenue from contracts with customers mainly comprise of services delivered. The Group also has some sales of goods, primarily food in preschools and in canteens, which are immaterial to the total revenues and recognised as the food is served and is not disaggregated. The group has assessed the following performance obligations to exist for the contract with customers:

##### Preschools

This is the operation of kindergartens and accounts for almost half of the revenue. The operation is based on municipal approval of the individual kindergarten where the company's revenue consists of payment from the municipalities and payment from parents. Both are based on regulations where rates are updated annually. The transaction price is based on an amount per child within different age groups and is based on periodically counts of the actual number of children attending the respective kindergarten. The parents apply and choose kindergarten. Parents may change kindergarten at short notice, in which way parental payments stop. Payments from municipalities can be changed in the event of major changes in activity during the year.

What is promised to the customer is a kindergarten offer in accordance with applicable laws and regulations and adopted frameworks. The customer receives and consumes the benefits of the services as the kindergarten fulfils the delivery obligation. The performance obligation is the promise to transfer to the customer a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. The revenue is recognised per day the kindergarten is open. Any adjustment in the number of children is a variable consideration that is allocated to the month in question. For the Norwegian operations, the payments are mainly received in advance in the beginning of the quarter four times each year, which also implies that there are no contract balances of significance at year-end. For the other countries payments is received every month. Parental payments take place every month.



## Care

This is the operation of nursing homes and patient hotels, as well as the provision of home care services and other practical assistance. The contracts related to the operation of nursing homes and patient hotel have a duration of 5-7 years. For the home care services, the contract duration is 3-5 years.

For the operation of nursing homes in Norway, fixed monthly payments are given based on the number of places for which the nursing home is dimensioned, regardless of whether the places are in use or not. In Sweden the revenue varies per month due to the occupancy and number of days in the actual month. There are different types of places; short-term and dementia. For patient hotels, consideration is received based on actual occupancy, while for home care the consideration is determined based on the actual number of hours delivered. There is no minimum purchase beyond the agreed fixed monthly operating subsidy for nursing homes.

The performance obligation to the customer is to provide the respective services within the framework and guidelines set by the municipality as the client and central health authorities. The agreement is met through the 24/7 operation of nursing homes and patient hotels, as well as through delivery of the number of hours actually requested by users within the framework agreements related to the home care services. The customer receives and consumes the benefits of the services as the company satisfies the performance obligations.

For nursing homes, the company stands ready every day to deliver according to the agreed capacity. Although the actual number of seats used may vary slightly from day to day, a place does not stand empty for long, and it is considered that the legal requirement is met for each day that passes and revenue is recognised straight-line over the year.

For patient hotels and home care, there is no minimum purchase and no firm consideration. Everything is variable and the consideration can be attributed to the actual booking and the number of hours, which is also when the performance obligations are satisfied and revenue is recognised. In practice, for patient hotels and home care, revenue is recognised at an amount equal to the transaction price we are entitled to invoice (IFRS 15.B16). Invoicing takes place in arrears for the current month, which means that there are no contract balances of significance at year-end.

## Integration services

This is the operation of asylum reception, performance of interpreting services and language teaching. The duration of the contracts related to the operation of asylum reception is mainly 3 years. Interpreting services are mainly performed based on orders for individual assignments. For language teaching, access per course/course group is granted. Each course normally has a duration of one year.

For the operation of asylum reception, regular annual payment are given, and a variable part is paid based on the actual number of residents. The consideration for interpreting service is based on either fixed hourly rate or price per word when translating document. For language teaching, a fee per course is received. What is promised to the customer is to operate the asylum centres in accordance with the current guidelines of the public authorities, the provision of interpreting services, as well as the implementation of training activities. The performance obligations are satisfied through the 24-hour operation of asylum reception, through the provision of interpretive services based on actual demand and implementation of the course activities stipulated in the respective tenders.

The customer receives and consumes the benefits of the services as the company satisfies the performance obligations.

For asylum centres, the company stands ready to deliver 24 hours of services each day, against fixed consideration. We are in a serial assessment where every day is distinct and the fixed consideration is recognised each day on a straight line basis. In addition, there is variable consideration related to actual use. The variable consideration is allocated to the actual use.

For the interpreting service there are small orders delivered over a short period. The interpreting service is recognised according to the hours performed or the number of words executed. In practice, revenue is recognised by an amount equal to the transaction price we are entitled to invoice (IFRS 15.B16). Consideration for courses is recognised as the courses are held. Courses make up an insignificant part of revenue, and in practice the courses are assumed to be held evenly over the agreed period and are recognized accordingly. For the operation of the asylum centres, invoicing is mainly for the current month. For interpreting service, the billing takes place within 30 days after delivery. As a general rule, when it comes to language teaching, 80% of the consideration is received at the start of the course. However, as it accounts for a small share of the Group's total activities, this does not provide any contract balances of significance at year-end.



## Individual & Family

This is mainly the operation of child care and child welfare services, including services associated with user-led personal assistance (BPA). Framework agreements for these services may run over several years. The user may choose a care place and have the option to change the selection after a period, a maximum of one year. There are framework agreements where the customer makes call-offs, and payment takes place according to actual use. There are minimum purchases in some agreements, mainly in child protection.

For the operation of care, the price is agreed per day/weekend/day for the number of places that are actually used. For child welfare services, it is agreed on a minimum purchase and a number of additional places to be available without purchase obligation. The price is agreed per place per day and varies depending on whether the space is within the minimum purchase or not and whether this space is actually used or not. For BPA, the framework agreement is entered into based on the number of hours granted by the municipality, where the consideration consists in price per hour actually delivered.

What is promised to the customer is to operate the service offering in accordance with applicable law and regulations. The performance obligation is satisfied through the 24-hour operation of care, as well as child welfare institutions. For BPA, the promise is satisfied through the delivery of actual requested hours. The customer receives and consumes the benefits as the company satisfies the performance obligation. For all services within the segment, the company stands ready to provide requested places or services every day, against variable consideration. We are in a serial assessment where every day is distinct and the variable consideration is allocated to the actual use. Where there is a minimum purchase, a consideration for the relevant 24/7 will be received at the relevant rates for the used and not used seats, and these are directly related to standing ready to deliver the relevant 24/7. In practice, the revenue is recognised by an amount equal to the amount we are entitled to invoice (IFRS 15.B16). Billing takes place both in advance and in arrears for the current month depending on the type of service, which implies that there are no contract balances of significance at year-end.

## **Basis of consolidation**

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

## **Non-controlling interests**

The Group initially recognise any non-controlling interest in the acquiree at fair value.

## **Goodwill**

Goodwill represents the excess of the cost of a business combination over, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The cost of a business combination comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.



## **Impairment of non-financial assets (excluding inventories and deferred tax assets)**

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss. An impairment loss recognised for goodwill is not reversed.

## **Foreign currency**

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. The functional currency of the parent company is NOK. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

## **Financial assets**

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not designated any of its financial assets as hedging instruments or held to maturity.

The Group's accounting policy for each category of financial assets is as follows:

### **a) Fair value through profit or loss**

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

### **b) Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank over-drafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.



## Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. None of the Group's financial liabilities are designated as hedging instruments.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

### a) Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

### b) Amortised cost

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## IFRS 13 fair value measurement hierarchy

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs)(Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

## Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

## Borrowing costs

Interest incurred on bank loan used to fund the assets under construction with a construction period exceeding 12 months is being capitalised as part of its cost, net of interest received on cash drawn down yet to be expended. The Group does not incur any other interest costs that qualify for capitalisation.

## Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

## Retirement benefits: Defined benefit schemes



Defined benefit scheme surpluses and deficits are measured at: “the fair value of plan assets at the reporting date; less plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities.

Actuarial gains and losses are recognized in other comprehensive income as they arise.

#### **Externally acquired intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

#### **Internally generated intangible assets (development costs)**

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the depreciation and amortisation expense line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

#### **Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing” of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or” to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### **Dividends**

Dividends are recognised when they become legally payable.



## Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. Expected useful economic is as follows:

Land and buildings	10-40 years
Furniture, fixtures and equipment	3-30 years

## Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

## Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

## Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate, value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

## Cash flow statement

The cash flow statement is derived using the indirect method. Cash flows from investing and financing activities are presented separately. Operating activities include gains from real estate. Interest income and interest expenses are presented as part of investing and financial activities. Cash and cash equivalents comprise of bank deposits.



## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Judgements and estimates

#### (a) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 10. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets; and result in an impairment charge in the income statement

#### (b) Useful lives of ROU, property, plant and equipment and intangible assets

Measurement of ROU, property, plant and equipment and intangible assets with finite useful lives requires estimates for determining the asset's expected useful lives and residual values. Management judgement is required to determine the components and the depreciation.

#### (c) Income taxes

Significant judgement is required in determining the provision for income taxes.

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Group's estimate, the ability of the Group to realize the deferred tax assets could be impacted.

Such judgements and estimates are based on the facts and information available to the management of the Group. Changes in facts and circumstances may require the revision of previous estimates, and actual results could differ from these estimates.



### 3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### **Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Interest rate swaps
- Cross currency interest rate swaps



A summary of the financial instruments held by category is provided below:

Financial assets	Financial assets at fair value through profit or loss		Loans and receivables	
	2020	2019	2020	2019
Cash and cash equivalents	-	-	285 360	169 107
Trade and other receivables	-	-	427 491	397 317
Other long term receivables/investments	-	-	113 793	98 501
<b>Total financial assets</b>	-	-	<b>826 644</b>	<b>664 924</b>

Financial liabilities	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2020	2019	2020	2019
Trade and other payables	-	-	902 146	750 960
Loans and borrowings	-	-	2 010 309	2 109 248
Financial lease liabilities	-	-	3 977 129	3 405 907
Derivatives	-	-	-	-
<b>Total financial liabilities</b>	-	-	<b>6 889 584</b>	<b>6 266 114</b>

#### Financial instruments measured at fair value

Fair value measurements at 31 December using

	Level 1		Level 2	
	2020	2019	2020	2019
Financial assets				
Derivative financial assets - FVTPL	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
Financial liabilities				
Derivative financial liabilities - FVTPL	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Most of the Group's revenues are from (public) authorities. Credit risk related to these customers are minimal.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables are provided in note 13.

#### Market risk

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 on the way we deliver our services.



## Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. The Group has currently no Group policy restricting the level of interest risk exposure. The level of interest risk is monitored centrally. Local operations are not permitted to borrow long-term from external sources. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2020 and 2019, the Group's borrowings at variable interest rate were denominated in NOK and SEK.

Based on the various scenarios the Group has the possibility to manage its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. The Group has not pursued an active strategy in order to mitigate any interest rate risk. Normally the Group has raised long-term borrowings at floating rates and only to a minor extent swapped them into fixed.

The ratio of floating interest bearing debt and interest rate swaps was as follows:

	2020	2019
Floating interest bearing borrowings	2 010 309	2 109 248
Face value interest rate swaps	-	-
Ratio	0,0 %	0,0 %
<b>Net exposure interest rate risk</b>	<b>2 010 309</b>	<b>2 109 248</b>

## Sensitivity

A change in the interest rate curve will result in a changed interest cost for the net exposure will have a significant impact on the Group financial statements. The effect on interest payments for a 0.5% change is presented below.

	Interest expense	Effect on P&L	Effect on Equity
Effect of a 0.5% increase	10 052	7 840	7 840
Effect of a 0.5% decrease	-10 052	-7 840	-7 840

## Foreign exchange risk

The Group has operations in Norway, Sweden, Finland, Netherland and Poland. Currency fluctuations may have a negative effect on the Group's financial conditions and results of operations. The Group is predominantly exposed to the SEK/NOK exchange rate as around 38% of revenues are generated in SEK. However, the Group has a corresponding share of costs in SEK and about 57% of its interest bearing debt is denominated in SEK, both representing natural hedges to the operations. The Group has a small but growing exposure to the EUR/NOK exchange rate as operations in the Netherlands and Finland are growing (note 4), however this represent a natural hedge to the growing investments. The Group is monitoring the exposure and will consider hedging this exposure in the future. The effect from the bond issued if the NOK/SEK currency change is presented below.

	Currency effect	Effect on P&L	Effect on Equity
Effect of SEK weakens of 1.0% toward NOK	12 935	9 217	2 835
Effect of SEK strenghten of 1.0% toward NOK	-12 935	-9 217	-2 835

## Other market price risk

There are no other significant marked risk exposure on financial instruments.

## Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations.



NHC needs to refinance its outstanding bond loans, as they mature in December 2021. This process is progressing well, and several options appear available. The terms of the expected refinancing will be subject to the overall condition of the financial markets.

The liquidity risk of each Group entity is managed centrally by the Group treasury function. A major focus for the treasury function is to ensure that there is sufficient liquidity for downpayment on non current borrowings when they are due. The Group treasury assesses the terms for borrowings on a ongoing basis, when needed the necessary adjustments are put into place.

The following table sets out the contractual maturities of financial liabilities:

	Between 1 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2019					
Trade and other payables	750 960	-	-	-	-
Loans and borrowings	209 304	1 788 295	4 462	8 924	98 262
Financial lease liabilities	421 316	391 550	349 830	637 537	2 299 022
<b>Total</b>	<b>1 381 580</b>	<b>2 179 845</b>	<b>354 292</b>	<b>646 461</b>	<b>2 397 284</b>

	Between 1 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
At 31 December 2020					
Trade and other payables	902 146	-	-	-	-
Loans and borrowings	1 895 757	29 856	3 533	4 267	76 895
Lease liabilities	498 511	451 060	410 055	779 104	2 589 309
<b>Total</b>	<b>3 296 414</b>	<b>480 916</b>	<b>413 588</b>	<b>783 370</b>	<b>2 666 204</b>



## Capital Disclosures

The Group monitors “adjusted capital” which comprises all components of equity (i.e. share capital, share premium, non-controlling interest, retained earnings).

The Group’s objectives when maintaining capital are:

“to safeguard the entity’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.”

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

Due to recent market uncertainty, the Group’s strategy is to preserve a strong cash base and achieve an equity to total capital ratio of approximately 10%. The objective of this strategy is to secure access to financing at reasonable cost by maintaining a high credit rating. The debt-to-total-capital ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020	2019
Loans and borrowings	2 010 309	2 109 248
Less: cash and cash equivalents	285 360	169 107
<b>Net interest bearing debt</b>	<b>1 724 949</b>	<b>1 940 141</b>
<b>Total equity</b>	<b>291 036</b>	<b>307 373</b>
Total capital (excluding IFRS 16 leasing)	3 485 705	3 425 464
Debt to equity ratio	5,9	6,3
Equity ratio (%)	8,3 %	9,0 %



## 4. SEGMENT INFORMATION, REVENUE AND OTHER OPERATING INCOME

The Group has five reportable segments in accordance with the reporting requirements in IFRS 8. The segments are managed separately and reflects the internal reporting. In addition there are owner cost at group level which are not allocated. The reportable segments are:

- Preschools - operates preschools with children in Norway, Sweden, Finland, the Netherlands and Poland and represent the largest segment within the Group. Long history within the Nordic markets with Norway representing more than half of the revenue.
- Care – provides individually focused elderly care and has grown to become a leading private operator of nursing homes, home care and patient hotels in the Nordics. In addition, the Group has in the recent years entered the home care market and also run a medical clinic. One of the largest private operators with Sweden representing more than half of the revenue.
- Integration services – provides care services related to immigrants and asylum seekers in the world and being one of the leading private operators. Main services are Reception centres, Education and Interpretation services. Norway is the largest operation representing more than half of revenue.
- Individual & family - provides health-, welfare- and care services for children and people with physical and mental disabilities in the Nordics. Services included are Child care institutions and foster homes, assisted living and user controlled personal assistance (BPA). Has become a significant player in the Nordics with Norway being the largest market.
- Real Estate - strategic part of the care business and the development of property is considered a separate segment as it invests, develops and divests properties to support the operations and growth of the Group.

The Group evaluates segmental performance on the basis of profit or loss from operations in accordance with IFRS adjusted for IFRS 16. Note 12 specify the IFRS 16 adjustment per category and included in the table below. Inter segment sales are reported as other operating expense per segment and eliminated against staff cost. All items above are presented in the table below as Other/eliminations. For 2020 there is no reporting on balance per segments and as a consequence only profit or loss being included in the figures below.

2020	Preschools	Care	Integration services	Individual & Family	Real Estate	Other / Eliminations	Total
Revenues	2 721 329	1 566 695	230 189	794 956	5 368	-4 708	5 313 829
Other income	251	818	72	21 366	113 129	-59 956	75 680
<b>Total revenue and income</b>	<b>2 721 580</b>	<b>1 567 513</b>	<b>230 261</b>	<b>816 322</b>	<b>118 496</b>	<b>-64 664</b>	<b>5 389 509</b>
Raw materials and consumables used	66 959	17 115	15 712	30 289	429	936	131 440
Staff costs	1 775 006	1 211 165	132 251	647 141	5 124	78 411	3 849 098
Depreciation and amortisation expense	53 091	24 043	5 468	6 779	1 027	410 899	501 308
Other operating expense	655 849	321 547	74 009	120 459	15 524	-548 478	638 910
<b>Total operating expenses</b>	<b>2 550 906</b>	<b>1 573 870</b>	<b>227 439</b>	<b>804 668</b>	<b>22 103</b>	<b>-58 231</b>	<b>5 120 755</b>
<b>Profit from operations</b>	<b>170 674</b>	<b>-6 357</b>	<b>2 822</b>	<b>11 654</b>	<b>96 393</b>	<b>-6 433</b>	<b>268 754</b>
Finance income	-18 422	-3 356	18 288	26 178	7 009	-7 546	21 769
Finance expense	-38 235	1 374	-7 863	-7 216	-5 793	-287 935	-345 285
Share of post-tax profits from associates	-	-	-	-	-	5 935	5 935
<b>Net finance</b>	<b>-56 657</b>	<b>-1 982</b>	<b>10 425</b>	<b>18 963</b>	<b>1 216</b>	<b>-289 547</b>	<b>-317 582</b>
<b>Profit before tax</b>	<b>114 017</b>	<b>-8 338</b>	<b>13 247</b>	<b>30 617</b>	<b>97 609</b>	<b>-295 980</b>	<b>-48 828</b>



2019	Preschools	Care	Integration services	Individual & Family	Real Estate	Other / Eliminations	Total
Revenues	2 427 806	1 520 147	309 243	742 488	11 643	-2 939	5 008 388
Other income	121	634	0	242	76 682	-39 504	38 176
<b>Total revenue and income</b>	<b>2 427 928</b>	<b>1 520 781</b>	<b>309 243</b>	<b>742 730</b>	<b>88 326</b>	<b>-42 443</b>	<b>5 046 564</b>
Raw materials and consumables used	68 008	31 670	33 758	23 407	1 405	-480	157 767
Staff costs	1 610 395	1 176 566	202 437	599 132	14 812	64 994	3 668 335
Depreciation and amortisation expense	48 661	19 354	12 282	6 176	881	367 306	454 661
Other operating expense	585 617	283 528	94 526	139 950	16 416	-476 842	643 194
<b>Total operating expenses</b>	<b>2 312 681</b>	<b>1 511 117</b>	<b>343 002</b>	<b>768 665</b>	<b>33 513</b>	<b>-45 022</b>	<b>4 923 957</b>
<b>Profit from operations</b>	<b>115 247</b>	<b>9 663</b>	<b>-33 759</b>	<b>-25 936</b>	<b>54 812</b>	<b>2 579</b>	<b>122 607</b>
Finance income	-3 081	61	6 993	22 065	477	47 602	48 089
Finance expense	-32 686	-5 108	-6 346	-28 904	-4 980	-182 067	-234 063
Share of post-tax profits from associates	-	-	-	-	-	-2 637	-2 637
<b>Net finance</b>	<b>-35 767</b>	<b>-5 047</b>	<b>647</b>	<b>-6 839</b>	<b>-4 503</b>	<b>-137 101</b>	<b>-188 611</b>
<b>Profit before tax</b>	<b>79 480</b>	<b>4 616</b>	<b>-33 112</b>	<b>-32 775</b>	<b>50 309</b>	<b>-134 522</b>	<b>-66 005</b>

#### Revenues by major customers

Most of the revenues stems from public authorities.

Revenues by geography	2020	2019
Norway	2 509 357	2 554 652
Sweden	2 018 428	1 760 829
Finland	468 753	417 010
Netherlands	254 876	225 817
Poland	35 703	19 925
Germany	26 052	21 451
Real Estate/Other/Elimination	660	8 704
<b>Total revenues by geography</b>	<b>5 313 829</b>	<b>5 008 388</b>

Other income	2020	2019
Gain on sale of assets	113 129	77 494
Deferred gain from sale leaseback and booked as reduced ROU	-59 956	-39 788
Gain on sale of business	20 145	-
Other	2 362	470
<b>Total other income</b>	<b>75 680</b>	<b>38 176</b>

#### Sale leaseback transactions

Gain on sale of assets in 2020 and 2019 relates to sale and leaseback transactions of property acquired or developed. The assets subject to the transactions were buildings used in the Preschool and Individual & Family operation. In connection with the transactions a lease contract was entered into. The lease term is 15 years, with an option for extension of 10 more years.



## 5. STAFF COSTS

	2020	2019
Staff costs (including directors) comprise:		
Wages and salaries	3 005 820	2 876 705
Defined contribution pension cost	179 440	178 863
Defined benefit pension cost (note 19)	36 251	10 880
Other benefits	36 073	41 865
Social security contributions and similar taxes	590 913	559 222
Remuneration to Board of Directors	600	800
<b>Total payroll and related costs</b>	<b>3 849 098</b>	<b>3 668 335</b>
Number of employees (FTE)	6 522	6 058
<b>Name</b>	<b>2020</b>	<b>2019</b>
Yngvar Tov Herbjørnsson (CEO)	3 360	2 900
<b>Total compensation</b>	<b>3 360</b>	<b>2 900</b>

The group was established in December 2016 and no key management group has been identified for years 2020 and 2019. There are no agreements for any severance pay to the CEO or members of the Board.

### Audit fees

The following amounts have been recognised as audit fees and related services during the period

	2020	2019
Audit	7 850	5 583
Tax services	101	148
Attestation services	77	132
Other services	461	755
<b>Total</b>	<b>8 489</b>	<b>6 618</b>



### 6. FINANCE INCOME AND EXPENSE

Recognised in profit or loss	2020	2019
Finance income		
Interest received on bank deposits and receivables	682	16 724
Other finance income	34	4 347
Gain on derivatives classified as held for trading	-	-
Foreign exchange gain	21 052	27 018
<b>Total finance income</b>	<b>21 769</b>	<b>48 089</b>
Finance expense		
Loss on derivatives	-	5
Interest expense on financial liabilities measured at amortised cost	104 477	123 490
Interest expense on lease liability	102 997	99 550
Other financial expenses	8 524	11 017
Foreign exchange loss	129 288	-
<b>Total finance expense</b>	<b>345 285</b>	<b>234 063</b>
<b>Share of post tax profits of associates</b>	<b>5 935</b>	<b>-2 637</b>
<b>Net finance income recognised in profit or loss</b>	<b>-317 582</b>	<b>-188 611</b>



## 7. TAX EXPENSE

	2020	2019
Current tax expense		
Current tax on profits for the year	14 697	10 953
Adjustment for under provision in prior periods	-	-
<b>Total current tax expense</b>	<b>14 697</b>	<b>10 953</b>
Deferred tax expense		
Origination and reversal of temporary differences (Note 16)	-47 995	-13 203
Changes not recognised in profit and loss	-	-
Unrecognised deferred tax assets	-	-
<b>Total deferred tax expense</b>	<b>-47 995</b>	<b>-13 203</b>
<b>Income tax expense</b>	<b>-33 298</b>	<b>-2 250</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Norway applied to profits for the year are as follows:

	2020	2019
Profit for the year	-15 530	-63 755
Income tax expense	-33 298	-2 250
<b>Profit before income taxes</b>	<b>-48 828</b>	<b>-66 005</b>
Expected tax charge based on the standard rate of Norwegian corporation tax at the domestic rate of 22/23 %	-10 742	-14 521
Gains not taxable/ Equity accounted associated companies	-16 650	-6 329
Change in tax rate for deferred tax	-	-
Expenses not deductible for tax purposes	-1 163	-1 317
Effect of unrecognised deferred tax assets in an asset acquisition	-4 743	19 917
<b>Total tax expense</b>	<b>-33 298</b>	<b>-2 250</b>



## 8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Work in progress	Furniture, fixtures and equipment	Total
<b>At 1 January 2019</b>				
Cost	410 743	109 979	349 924	870 646
Accumulated depreciation	-184 215	-	-257 483	-441 698
<b>Net book amount</b>	<b>226 527</b>	<b>109 979</b>	<b>92 441</b>	<b>428 947</b>
<b>Year ended 31 December 2019</b>				
Opening book amount	226 527	109 979	92 441	428 947
Additions	208 286	35 952	30 718	274 956
Acquisition of subsidiary	14 696	-	4 232	18 928
Disposals	-69 955	-37 363	-8 311	-115 629
Depreciation	-29 927	-	-25 237	-55 164
Impairment loss	-	-	-	-
Exchange differences	-579	-297	-2 004	-2 881
Closing net book amount	349 047	108 271	91 838	549 157
<b>At 31 December 2019</b>				
Cost	510 684	108 271	359 915	978 870
Accumulated depreciation	-161 636	-	-268 077	-429 713
<b>Net book amount</b>	<b>349 048</b>	<b>108 271</b>	<b>91 838</b>	<b>549 157</b>
<b>Year ended 31 December 2020</b>				
Opening book amount	349 048	108 271	91 838	549 157
Additions	82 979	21 740	40 663	145 382
Acquisition of subsidiary	115 485	-	7 960	123 445
Disposals	-295 372	-	-5 406	-300 778
Depreciation	-10 740	-	-42 455	-53 194
Impairment loss	-	-	-	-
Reclassification	-69 434	-17 222	86 657	-
Exchange differences	336	-671	-383	-719
Closing net book amount	172 302	112 117	178 874	463 293
<b>At 31 December 2020</b>				
Cost	344 678	112 117	489 406	946 201
Accumulated depreciation	-172 376	-	-310 532	-482 908
<b>Net book amount</b>	<b>172 302</b>	<b>112 117</b>	<b>178 874</b>	<b>463 293</b>

Property, plant and equipment pledged as security for liabilities.

	2020	2019
Land and buildings, including work in progress	284 419	457 319



## 9. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
<b>At 1 January 2019</b>			
Cost or fair value	1 574 509	821 831	2 396 340
Accumulated amortisation	-	-156 452	-156 452
<b>Net book amount</b>	<b>1 574 509</b>	<b>665 379</b>	<b>2 239 888</b>
<b>Year ended 31 December 2019</b>			
Opening book amount	1 574 509	665 379	2 239 888
Additions	-	3 512	3 512
Acquisition of subsidiary	21 739	-	21 739
Disposals	-3 727	-301	-4 028
Amortisation	-	-38 045	-38 045
Impairment loss	-	-	-
Exchange differences	-9 680	-3 115	-12 795
Closing net book amount	1 582 842	627 430	2 210 272
<b>At 31 December 2019</b>			
Cost or fair value	1 582 842	821 927,04	2 404 769
Accumulated amortisation	-	-194 497	-194 497
<b>Net book amount</b>	<b>1 582 842</b>	<b>627 430</b>	<b>2 210 272</b>
<b>Year ended 31 December 2020</b>			
Opening book amount	1 582 842	627 430	2 210 272
Additions	-	4 474	4 474
Acquisition of subsidiary	40 920	485	41 405
Disposals	-13 070	-	-13 070
Amortisation	-	-41 588	-41 588
Impairment loss	-2 000	-	-2 000
Exchange differences	43 664	8 377	52 041
Closing net book amount	1 652 356	599 178	2 251 534
<b>At 31 December 2020</b>			
Cost or fair value	1 652 356	835 264	2 487 620
Accumulated amortisation	-	-236 085	-236 085
<b>Net book amount</b>	<b>1 652 356</b>	<b>599 178</b>	<b>2 251 534</b>

The Group has no contractual commitments for development costs.

Current estimates of useful economic life of intangible assets are as follows:

Goodwill	Indefinite
Other intangible assets	5 -20 years

## 10. GOODWILL AND IMPAIRMENT

Goodwill and other intangible assets result from business combinations and mainly relates to strategic investments in order to strengthen the platform for the provided services within the Group. Such investments provide synergies both between segments and countries as it enables developing new services and to seek business opportunities between countries. The managing directors within a segment operate across countries and businesses within a segment which is considered to be integrated. Goodwill and other intangible assets are allocated to the identified cash-generating units (CGU).

### Impairment testing for cash-generating units (CGU) containing goodwill

The material amount of goodwill and other intangibles is allocated as follows between four CGU's:



	2020	2019
Preschools	760 886	698 364
Care	593 197	579 310
Integration services	129 927	127 105
Individual & family	168 346	178 063
<b>Total goodwill</b>	<b>1 652 356</b>	<b>1 582 842</b>

## IMPAIRMENT TEST FOR THE PRESCHOOL CGU

### Cash flow projections and assumptions

For the Preschool CGU the model was based on a five-year forecast of discounted cash flow plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated after tax. The NPV-model included the following assumptions:

The estimated cash flows included in the impairment test include a five-year projection based on the long term business plan. Estimated cash flow projections beyond the period covered by the most recent long term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0 % for subsequent years.

### Discount rate assumptions

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 6.3 % after tax.

### Sensitivity analysis

The following sensitivity analysis were carried out to test whether changes in key assumptions would result in impairment:

#### 1. Changes in cash flows:

The analysis showed that a decline in free cash flow in excess of 65% % was necessary to change the conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.

#### 2. Changes in discount rates:

The analysis showed that an increase in discount rate of 8.1 % was needed to change the conclusion. The result indicated that the test was robust in terms of the level of discount rate.

### Impairment - test result and conclusion

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement to write down.

## IMPAIRMENT TEST FOR THE CARE CGU

### Cash flow projections and assumptions

For the Care CGU the model was based on a five-year forecast of discounted cash flow plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated after tax. The NPV-model included the following assumptions:

The estimated cash flows included in the impairment test include a five-year projection based on the long term business plan. Estimated cash flow projections beyond the period covered by the most recent long term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0 % for subsequent years.

### Discount rate assumptions

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 6.3 % after tax.

### Sensitivity analysis

The following sensitivity analysis were carried out to test whether changes in key assumptions would result in impairment:

#### 1. Changes in cash flows:



The analysis showed that a decline in free cash flow in excess of 15 % was necessary to change the conclusion. The result indicated that there had to be a moderate decline in the market situation to trigger impairment.

## 2. Changes in discount rates:

The analysis showed that an increase in discount rate of 0.8 % was needed to change the conclusion. The result indicated that a moderate change in the level of discount rate would trigger impairment.

### **Impairment - test result and conclusion**

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement to write down. As the conclusion is somewhat sensitive for changes in the parameters the company will monitor closely the development each quarter the following year. At the same the Board is comfortable with the level of recognized goodwill and the expected development for the Care business going forward.

### **IMPAIRMENT TEST FOR THE INTEGRATION SERVICES CGU**

#### **Cash flow projections and assumptions**

For the Integration Services CGU the model was based on a five-year forecast of discounted cash flow plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated after tax. The NPV-model included the following assumptions:

The estimated cash flows included in the impairment test include a five-year projection based on the long term business plan. Estimated cash flow projections beyond the period covered by the most recent long term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0 % for subsequent years.

#### **Discount rate assumptions**

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 6.3 % after tax.

#### **Sensitivity analysis**

The following sensitivity analysis were carried out to test whether changes in key assumptions would result in impairment:

##### 1. Changes in cash flows:

The analysis showed that a decline in free cash flow in excess of 35% was necessary to change the conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.

##### 2. Changes in discount rates:

The analysis showed that an increase in discount rate of 2.2% was needed to change the conclusion. The result indicated that the test was robust in terms of the level of discount rate.

### **Impairment - test result and conclusion**

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement to write down.

### **IMPAIRMENT TEST FOR THE INDIVIDUAL & FAMILY CGU**

#### **Cash flow projections and assumptions**

For the Individual & Family CGU the model was based on a five-year forecast of discounted cash flow plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated after tax. The NPV-model included the following assumptions:

The estimated cash flows included in the impairment test include a five-year projection based on the long term business plan. Estimated cash flow projections beyond the period covered by the most recent long term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0 % for subsequent years.



#### **Discount rate assumptions**

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 6.3 % after tax.

#### **Sensitivity analysis**

The following sensitivity analysis were carried out to test whether changes in key assumptions would result in impairment:

1. Changes in cash flows:

The analysis showed that a decline in free cash flow in excess of 55% was necessary to change the conclusion. The result indicated that there had to be a significantly decline in the market situation to trigger impairment.

2. Changes in discount rates:

The analysis showed that an increase in discount rate of 5.3 % was needed to change the conclusion. The result indicated that the test was robust in terms of the level of discount rate.

#### **Impairment - test result and conclusion**

Value in use for the CGU's exceeds carrying amount. The impairment test indicated no requirement to write down.



## 11. SUBSIDIARIES AND ASSOCIATES

### List of subsidiaries

Norlandia Health & Care Group AS was established in December 2016. This was done by transferring the shares in Norlandia Care Group AS, Hero Group AS, Aberia Healthcare AS and Kidsa AS, from Hospitality Invest to a newly incorporated 100% owned subsidiary (Norlandia Health & Care Group AS).

The material subsidiaries of Norlandia Health & Care Group AS, all of which have been included in these consolidated financial statements are as follows:

Name	Country of incorporation	Place of office	Ownership interest	
			2020	2019
Norlandia Care Group AS	Norway	Bodø	100%	100%
Kidsa Drift AS	Norway	Bergen	100%	100%
Hero Group AS	Norway	Stavanger	100%	100%
Aberia AS	Norway	Oslo	100%	100%
NHC Management AS	Norway	Oslo	100%	100%
Care Properties AS	Norway	Oslo	100%	100%
NHC Services AS	Norway	Moss	100%	100%

### Material operating companies

Norlandia Barnehagene AS	Norway	Oslo	100%	100%
Kidsa Barnehager AS	Norway	Bergen	100%	100%
Norlandia Förskolor AB	Sweden	Stockholm	100%	100%
Kids2Home AB	Sweden	Stockholm	100%	100%
Norlandia Päiväkodit Oy	Finland	Helsinki	100%	100%
Norlandia Kinderopvang BV	Netherlands	Voorschoten	100%	100%
De Grüne Vlinder BV	Netherlands	Voorschoten	100%	100%
Norlandia Care Norge AS	Norway	Oslo	100%	100%
Norlandia Hjemmeomsorg AS	Norway	Oslo	100%	100%
Norlandia Care OY	Finland	Tampere	100%	100%
Norlandia Care AB	Sweden	Stockholm	100%	100%
Kosmo AB	Sweden	Stockholm	100%	100%
Hero Norge AS	Norway	Stavanger	100%	100%
Aberia Ung AS	Norway	Moss	100%	100%
Aberia Avlastning BPA AS	Norway	Moss	100%	100%
Aberia Omsorg AS	Norway	Moss	100%	100%
Marcus Assistans AB	Sweden	Örebro	76%	51%
Norlandia Sprelloppbarnehagene AS	Norway	Oslo	100%	-

### Investment in associated companies

	2020	2019
<b>Investment in associates as of 01.01</b>	<b>41 596</b>	<b>20 976</b>
Share of post-tax profits of associates	5 935	-2 637
Gain on transfers to subsidiaries	-	-
New investment in associates	6 776	24 696
Transfer to subsidiaries	-	-
Other changes	-	-
Disposal of investment associates	-	-1 439
<b>Investment in associates as of 31.12</b>	<b>54 306</b>	<b>41 596</b>



## 12. LEASES

### Lease contracts

The Group leases the majority of its offices, hotels, preschools, nursing homes and houses. Lease agreements typically run for 10+ years within preschools and less for the other segments. Preschools represent more than 60% of the total ROU, while Care represent more than 25%. Contracts normally include an option to prolong the lease. The Group has not included any such prolonging due to the uncertainty related to the long remaining lease. Interest rate is estimated per country and vary between 2.5-3.6%. Contracts with less than 12 month obligation or payments related to revenue is not capitalized.

	2020	2019
<b>Right of use asset</b>		
Balance at 1 January	3 326 194	3 336 822
Additions	749 518	375 875
Disposals	-	-
Depreciation	-404 525	-361 452
Exchange differences	128 167	-25 050
<b>Year ended 31 December</b>	<b>3 799 355</b>	<b>3 326 194</b>
<b>Lease liabilities</b>		
<i>Maturity analysis - undiscounted cash</i>		
Less than one year	498 511	421 316
One to five years	1 640 218	1 378 917
More than five years	2 589 309	2 299 022
<b>Total undiscounted lease liabilities 31</b>	<b>4 728 039</b>	<b>4 099 255</b>
<b>Lease liabilities incl. in the statement of financial position 31 December</b>	<b>3 977 129</b>	<b>3 405 907</b>
Current	388 728	324 282
Non-current	3 588 402	3 081 625

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

	2020	IFRS 16 effects	2020 Adjusted	2019	IFRS 16 effects	2019 Adjusted
Revenue	5 313 829		5 313 829	5 008 388		5 008 388
Other income	75 680	59 956	135 636	38 176	39 788	77 964
<b>Total revenue and income</b>	<b>5 389 509</b>	<b>59 956</b>	<b>5 449 465</b>	<b>5 046 564</b>	<b>39 788</b>	<b>5 086 352</b>
Raw materials and consumables used	131 440		131 440	157 767		157 767
Staff costs	3 849 098		3 849 098	3 668 335		3 668 335
Depreciation and amortisation expense	501 308	-404 525	96 783	454 661	-361 452	93 209
Other operating expenses	638 910	469 637	1 108 547	643 194	415 813	1 059 007
<b>Total operating expenses</b>	<b>5 120 755</b>	<b>65 112</b>	<b>5 185 868</b>	<b>4 923 957</b>	<b>54 361</b>	<b>4 978 318</b>
<b>Profit from operations</b>	<b>268 754</b>	<b>-5 156</b>	<b>263 598</b>	<b>122 607</b>	<b>-14 573</b>	<b>108 034</b>
Finance income	21 769		21 769	48 089		48 089
Finance expense	-345 285	102 995	-242 290	-234 063	99 550	-134 513
Share of post-tax profits of associates	5 935		5 935	-2 637	5 553	2 916
<b>Net finance</b>	<b>-317 582</b>	<b>102 995</b>	<b>-214 586</b>	<b>-188 611</b>	<b>105 103</b>	<b>-83 508</b>
<b>Profit before tax</b>	<b>-48 828</b>	<b>97 839</b>	<b>49 012</b>	<b>-66 005</b>	<b>90 531</b>	<b>24 526</b>



## 13. TRADE AND OTHER RECEIVABLES

	Note	2020	2019
Trade receivables		210 842	215 684
Less: provision for impairment of trade receivables		-11 185	-8 455
Trade receivables - net		199 658	207 229
Other receivables		268 692	213 900
<b>Total financial receivables classified as loans and receivables</b>		<b>468 350</b>	<b>421 130</b>
Less: non-current portion - Loan to related parties	21	587	18 267
Less: non-current portion - other receivables		40 272	5 546
<b>Current portion</b>		<b>427 491</b>	<b>397 317</b>

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values.

The Group does not hold any collateral as security.

Movements on the Group provision for impairment of trade receivables are as follows:

	2020	2019
At 1 January	8 455	6 073
Provided during the year	2 730	2 382
Receivable written off during the year as uncollectible	-	-
<b>At 31 December</b>	<b>11 185</b>	<b>8 455</b>

The movement on the provision for impaired receivables has been included in the other operating expenses line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Aging analysis on trade receivables	Total	Not due (less than)			More than 90 days
		30 days	30-60 days	60-90 days	
<b>2020</b>	210 842	188 625	7 919	498	13 801
<b>2019</b>	215 684	200 047	4 981	3 917	6 739



## 14. SHARE CAPITAL, SHAREHOLDERS, DIVIDENDS AND RESERVES

### Share capital

(Amounts in NOK)

	2020	2020	2019	2019
	Number	NOK	Number	NOK
Ordinary shares of NOK 10 each	30 000 000	300 000 000	30 000 000	300 000 000
<b>Total</b>	<b>30 000 000</b>	<b>300 000 000</b>	<b>30 000 000</b>	<b>300 000 000</b>

### Shareholders

All shares are owned by Hospitality Invest AS as listed below. Each share gives the shareholder one voting right.

Hospitality Invest AS	30 000 000	100,00%
<b>Total</b>	<b>30 000 000</b>	<b>100,00%</b>

Kristian A. Adolfsen holds, directly and indirectly, 45.94 % of the shares in Hospitality Invest AS

Roger Adolfsen holds, directly and indirectly, 45.94% of the shares in Hospitality Invest AS

### The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## 15. LOANS AND BORROWINGS

The book value and fair value of loans and borrowings are as follows:

	Book value 2020	Fair value 2020	Book value 2019	Fair value 2019
<b>Non-Current</b>				
Interest bearings loans	118 016	118 016	1 904 405	1 904 405
<b>Total non current</b>	<b>118 016</b>	<b>118 016</b>	<b>1 904 405</b>	<b>1 904 405</b>
<b>Current</b>				
Interest bearings loans	1 892 293	1 892 293	204 842	204 842
<b>Total non current</b>	<b>1 892 293</b>	<b>1 892 293</b>	<b>204 842</b>	<b>204 842</b>

The currency profile of the Group's loans and borrowings is as follows:

(Currency in NOK)

	2020	2019
NOK	862 459	843 208
SEK	1 147 850	1 058 967
EUR	-	2 230
<b>Total</b>	<b>2 010 309</b>	<b>1 904 405</b>

Borrowings as of 31.12.2020	Interest	Amount	Due date
Debt to Husbanken	1.510%-2.869%	22 342	2050
Bond issued 2016/2021	NIBOR +4.5%	1 892 184	2021
Other debt/property debt		95 783	
<b>Total</b>		<b>2 010 309</b>	



## 16. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 22 %.

The movement on the deferred tax account is as shown below:

	2020	2019
<b>At 1 January</b>	-85 645	-96 654
Recognised in profit and loss	-	-
Tax expense	47 995	13 203
Recognition of previously unrecognised deferred tax assets	-	-
Recognised in other comprehensive income	4 571	-2 194
	<b>-33 079</b>	<b>-85 645</b>
Arising on business combination	-0	-
<b>At 31 December</b>	<b>-33 079</b>	<b>-85 645</b>

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.



Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Asset 2020	Liability 2020	Net 2020	(Charged)/ credited to profit or loss 2020	(Charged)/ credited to equity 2020
Fixed assets	42 391	-137 289	-94 898	36 041	-
Accounts receivable	1 910	-	1 910	854	-
Inventory	-	-	-	-	-
Pensions	27 782	-2 931	24 851	1 272	4 571
Financial instruments	-	-	-	-	-
Profit and loss account	-	-2 652	-2 652	1 034	-
Provisions	61 792	-7 053	54 739	40 531	-
Tax loss carried forward	8 912	-	8 912	-5 797	-
<b>Tax asset/(liabilities)</b>	<b>142 787</b>	<b>-149 925</b>	<b>-7 138</b>	<b>73 936</b>	<b>4 571</b>
Set off of tax	-	-	-	-	-
Unrecognised deferred tax asset	-25 941	-	-25 941	-25 941	-
<b>Net tax assets/(liabilities)</b>	<b>116 846</b>	<b>-149 925</b>	<b>-33 079</b>	<b>47 995</b>	<b>4 571</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
Fixed assets	3 280	-134 220	-130 940	10 574	-
Accounts receivable	1 056	-	1 056	476	-
Inventory	-	-	-	-	-
Pensions	24 056	-5 048	19 007	-13 847	-2 194
Financial instruments	-	-	-	-	-
Profit and loss account	-	-3 685	-3 685	-2 180	-
Provisions	30 991	-16 784	14 207	28 556	-
Tax loss carried forward	14 709	-	14 709	-10 376	-
<b>Tax asset/(liabilities)</b>	<b>74 092</b>	<b>-159 737</b>	<b>-85 645</b>	<b>13 203</b>	<b>-2 194</b>
Set off of tax	-	-	-	-	-
Unrecognised deferred tax asset	-	-	-	-	-
<b>Net tax assets/(liabilities)</b>	<b>74 092</b>	<b>-159 737</b>	<b>-85 645</b>	<b>13 203</b>	<b>-2 194</b>

The unused tax losses and deductible temporary differences can be carried forward indefinitely. Deferred tax assets are recognized as an asset as the Group expect to utilize these with expected profit in the coming years. For 2020 the Group has decided not to recognize a tax asset related to the deferred interest charges as these may only be carried forward for 10 years.

	2020	2019
Taxes payable in consolidated Statement of Comprehensive	-	-
Prepaid tax	-	12 783
<b>Taxes payable in Statement of Financial Position</b>	<b>-</b>	<b>-12 783</b>



## 17. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	125 111	112 029
Tax and social security payments	292 528	186 045
Other short term debt	484 507	452 885
<b>Total financial liabilities, excluding loans and borrowings, Classified as financial liabilities measured at amortised cost</b>	<b>902 146</b>	<b>750 960</b>

Book values approximate to fair value at 31 December 2020 and 2019.

## 18. SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings	Current loans and borrowings	Derivative financial liabilities	Total
At 1 January 2019	2 008 077	112 656	-	2 120 733
Cash flows	-76 826	88 807	-	11 981
Net amounts from purchase and sale of companies	-	-	-	-
Effects of foreign exchange	-26 846	-	-	-26 846
Interests accrued in period	-	3 379	-	3 379
<b>At 31 December 2019</b>	<b>1 904 405</b>	<b>204 842</b>	<b>-</b>	<b>2 109 247</b>
Cash flows	-102 282	-179 612	-	-281 894
Net amounts from purchase and sale of companies	98 847	-	-	98 847
Effects of foreign exchange	109 230	-	-	109 230
Interests accrued in period	-	-25 121	-	-25 121
Reclassified	-1 892 184	1 892 184	-	-
<b>At 31 December 2020</b>	<b>118 016</b>	<b>1 892 293</b>	<b>-</b>	<b>2 010 309</b>

## 19. RETIREMENT BENEFITS

At 31.12.2020, a total of 8,407 employees in the Group are included in a defined contribution plan. The plan is in accordance with the laws and regulations concerning obligatory pension plans. The costs in connection with the plan are recognized in accordance with premiums paid. The Group's defined benefit plan through 2020 includes 590 employees. The plan involves lifelong pension from 67 years. The pension plans are accounted for in accordance with IAS 19 Employee benefits. Defined benefit plans give rise to defined future payments. These are mainly dependent on number of years of service, salary level at retirement and the level of payments received from Social Security. The obligations are covered through an insurance company.



	2020	2019
Pension costs for defined contribution schemes	179 440	178 863

Details of the Group's defined benefit schemes are as follows:

	2020	2019
Fair value of plan assets	345 579	332 683
Present value of funded obligations	458 480	429 953
Change in net obligation as a result of business combination	-35	-2 759
<b>Net pension obligations</b>	<b>112 866</b>	<b>94 512</b>

<b>Reconciliation of plan assets</b>	<b>2020</b>	<b>2019</b>
<b>At 1 January</b>	<b>313 179</b>	<b>369 241</b>
Expected return	5 977	7 938
Contributions by Group	29 844	61 866
Benefits paid	-1 650	-137
Actuarial gain/(loss)	104	-16 462
Settlements	-	-89 558
Administration fees	-299	-206
Change as a result of business combination	-1 695	-19 504
<b>At 31 December</b>	<b>345 459</b>	<b>313 179</b>

<b>Reconciliation of plan liabilities</b>	<b>2020</b>	<b>2019</b>
<b>At 1 January</b>	<b>413 138</b>	<b>532 071</b>
Interest cost	9 524	13 111
Current service cost	31 488	5 445
Benefits paid	-1 650	-1 410
Actuarial (gain)/loss	20 446	-26 434
Social security tax	-3 274	-7 531
Settlements	-	-89 098
Change as a result of business combination	-1 502	-13 016
<b>At 31 December</b>	<b>458 325</b>	<b>413 138</b>

	2020	2019
<b>Actuarial gains and losses recognised in OCI</b>	<b>-20 778</b>	<b>-9 972</b>

<b>Pension cost (defined benefit plan)</b>	<b>2020</b>	<b>2019</b>
Current service cost	27 843	3 556
Net interest cost	2 800	4 751
Administration costs	1 382	1 131
Accrued social security tax	4 226	1 442
<b>Net pension cost</b>	<b>36 251</b>	<b>10 880</b>

<b>Principal actuarial assumptions</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Discount rate on plan liabilities	1,7 %	2,3 %
Expected increase in pensionable salary	2,3 %	2,3 %
Future G-increase	2,0 %	2,0 %
Future pension increase	0,0 %	0,5 %
Turnover	8,7 %	8,7 %
Social security tax	14,1 %	14,1 %



## 20. ACQUISITIONS DURING THE PERIOD AND COMPLETED PRIOR PERIODS

### Acquisitions during 2020

Acquisitions during 2020 have been made primarily in the preschool segment within Norway, Sweden and Finland, with Sprelloppbarnehagene being the largest. All business combinations during 2020 resulting in an addition to intangible assets of total MNOK 41.4.

### Acquisitions during 2019

Several minor acquisitions were completed during 2019. For the Care segment business combinations have been carried out in Finland and Norway, with the acquisition of the home care business Alina in Finland being the largest. Within both the Individual & Family and Preschools segments only minor acquisition has been made within Finland and Norway. All business combinations during 2019 resulting in an addition to intangible assets of total MNOK 21.7.

## 21. TRANSACTIONS WITH RELATED PARTIES

In addition to the transactions described in note 11, the financial statements include the following transactions with related parties.

<b>Related party</b>	<b>Relation to the Group</b>		
Kristian Adolfsen	Shareholder in Hospitality Invest AS, board member in the Group		
Roger Adolfsen	Shareholder in Hospitality Invest AS, board member in the Group		
Hospitality Invest AS	Major shareholder 100%		
Pioneer Property Group ASA	Significant ownership interest from the same shareholders		

<b>Transaction with related parties (Amounts in NOK)</b>	<b>2020</b>	<b>2019</b>
<b>Receivables from related parties</b>		
Pioneer Property Group ASA		
<b>Total receivable related parties</b>	-	-
<b>Liabilities to related parties</b>		
Hospitality Invest AS	24 314	24 314
<b>Total liability related parties</b>	<b>24 314</b>	<b>24 314</b>
<b>Interest received</b>		
Pioneer Property Group AS	-	2 595
<b>Interest received from related parties</b>	-	<b>2 595</b>
<b>Sale of assets to related parties</b>	<b>2020</b>	<b>2019</b>
Sale of property to Pioneer Public Properties IV AS (see note 4)	-	202 660
<b>Total sale off assets to related parties</b>	-	<b>202 660</b>
<b>Rent of properties from related parties</b>		
Rent of properties from Pioneer Property Group ASA	12 008	108 993

## 22. CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
Cash related to payroll tax withholdings	2 738	1 009
Unrestricted cash	282 622	168 098
<b>Total cash and cash equivalents</b>	<b>285 360</b>	<b>169 107</b>



## 23. DESCRIPTION OF INCURRENCE COVENANT

The senior secured bond issued in December 2016 includes an incurrence covenant. Certain actions and transactions, inter alia issuance of new debt and payment of dividends, is subject to the satisfaction of an incurrence test. The incurrence test considered satisfied provided that:

Total Net Debt / EBITDA = not greater than 3.75

## 24. EVENTS AFTER THE REPORTING DATE

No material events has been identified after the reporting date which might have had a significant effect on the consolidated financial Statements.



## Income statement

Norlandia Health & Care Group AS - for the year ended 31 December 2020

(Amounts in NOK thousand)

	Note	2020	2019
Revenue		1 928	3 943
<b>Operating Revenue</b>		<b>1 928</b>	<b>3 943</b>
Staff costs		1 739	2 030
Other operating expenses		5 141	2 316
<b>Operating expenses</b>		<b>6 880</b>	<b>4 346</b>
<b>Operating profit</b>		<b>-4 952</b>	<b>-403</b>
<b>Financial income and expenses</b>			
Other interest income		33 653	38 772
Other financial income	1	184 758	132 231
Other interest expenses		-93 744	-98 298
Other financial expenses	1	-129 241	-7 258
<b>Net financial income and expenses</b>		<b>-4 574</b>	<b>65 447</b>
Operating result before tax		-9 527	65 044
Tax on ordinary result	2	3 523	7 553
<b>Operating result after tax</b>		<b>-6 004</b>	<b>72 598</b>
<b>Annual net profit</b>		<b>-6 004</b>	<b>72 598</b>
Brought forward			
To other equity		-6 004	72 598
<b>Net brought forward</b>		<b>-6 004</b>	<b>72 598</b>



## Balance sheet

Norlandia Health & Care Group - for the year ended 31 December 2020

(Amounts in NOK thousand)

### ASSETS

	Note	2020	2019
<b>Fixed assets</b>			
Deferred tax asset	2	21 202	17 679
<b>Total intangible assets</b>		<b>21 202</b>	<b>17 679</b>
<b>Financial fixed assets</b>			
Investments in subsidiaries	5	1 598 054	1 598 054
Investment in associated companies	5	28 616	24 696
Loans to group companies	6	689 381	665 728
Bonds and other receivables	7	-	-
<b>Total financial fixed assets</b>		<b>2 316 051</b>	<b>2 288 478</b>
<b>Total fixed assets</b>		<b>2 337 253</b>	<b>2 306 158</b>
<b>Current assets</b>			
<b>Debtors</b>			
Other receivables	6	185 051	100 141
<b>Total debtors</b>		<b>185 051</b>	<b>100 141</b>
Cash and bank deposits	9	68 096	3 151
<b>Total current assets</b>		<b>253 146</b>	<b>103 292</b>
<b>Total assets</b>		<b>2 590 400</b>	<b>2 409 450</b>



## Balance sheet

Norlandia Health & Care Group AS - for the year ended 31 December 2020

(Amounts in NOK thousand)

### EQUITY AND LIABILITIES

	Note	2020	2019
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	4	300 000	300 000
Share premium reserve		-	-
<b>Total restricted equity</b>		<b>300 000</b>	<b>300 000</b>
Other equity		68 498	74 502
<b>Total equity</b>	<b>3</b>	<b>368 498</b>	<b>374 502</b>
<b>Liabilities</b>			
<b>Other long-term liabilities</b>			
Group liabilities	6	-	-
Bonds	7	-	1 777 289
<b>Total of other long-term liabilities</b>		<b>-</b>	<b>1 777 289</b>
<b>Current liabilities</b>			
Trade creditors		374	2
Bonds	7	1 892 184	-
Other short term liabilities	6	329 343	257 657
<b>Total short term liabilities</b>		<b>2 221 902</b>	<b>257 660</b>
<b>Total liabilities</b>		<b>2 221 902</b>	<b>2 034 948</b>
<b>Total equity and liabilities</b>		<b>2 590 400</b>	<b>2 409 450</b>

Oslo, 22 April 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



## Cash flow statement

Norlandia Health & Care Group AS - for the year ended 31 December 2020

(Amounts in NOK thousand)

	Note	2020	2019
<b>Cash flow from operations</b>			
Profit before income taxes		-9 527	65 044
Taxes paid in the period		-	-
Gain/loss from sale of fixed assets		-	-
Depreciation		-	-
Impairment of fixed assets		-	-
Net financial items		4 574	-65 447
Change in trade debtors		-	-
Change in trade creditors		372	-77
Differences in expensed pensions and payments in/out of the pension scheme		-	-
Effect of exchange fluctuations		-	-
Items classified as investments or financing		-	-
Change in other provisions		1 155	2 722
<b>Net cash flow from operations</b>		<b>-3 425</b>	<b>2 241</b>
<b>Cash flow from investments</b>			
Capital increase in subsidiaries		-	-
Purchase of fixed assets		-	-
Proceeds from sale of shares and investments in other companies		-	-
Purchase of shares and investments in other companies		-3 920	-24 500
Net loans to subsidiaries		-23 653	-22 628
Proceeds from sale of other investments		-	-
<b>Net cash flow from investments</b>		<b>-27 573</b>	<b>-47 128</b>
<b>Cash flow from financing</b>			
Proceeds from long term loans		-	-
Proceeds from short term loans		-	-
Repayment of long term loans		-	-
Repayment of short term loans		-	-
Net change in bank overdraft		-179 612	89 901
Net Interest paid		-84 816	-58 471
New Equity received		-	-
Payment of group contribution		-	-45 000
Net group receivables		360 371	58 443
<b>Net cash flow from financing</b>		<b>95 943</b>	<b>44 873</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		64 945	-14
Cash and cash equivalents at the beginning of the period		3 151	3 165
<b>Cash and cash equivalents at the end of the period</b>		<b>68 096</b>	<b>3 151</b>



## Notes to the financial statements 2020

### 1. ACCOUNTING POLICIES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

#### **Operating income**

Revenues from sale of services are recognised in the income statement once the delivery has taken place.

#### **Taxes**

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated as 22 % of temporary differences which exist between accounting and tax values of assets and liabilities, and any carryforward losses for tax purposes at the year-end. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset and reported net. Deferred tax on the excess value associated with acquisitions of subsidiaries is not settled.

#### **Classification of balance sheet items**

Assets intended for long term ownership or use have been classified as fixed assets. Fixed assets are valued at cost. They are recorded in the balance sheet, and depreciated over the estimated economic lifetime of the asset. Fixed assets are written down to recoverable amount when decreases in value are expected to be permanent. The recoverable amount is the highest amount of net realizable value and value in use. Value in use is the present value of future cash flows associated with the asset. Impairment losses are reversed when the basis for impairment no longer exists. Other assets are classified as current assets.

Current assets and short term debt are normally considered to be due within one year from the balance sheet date, as well as those connected to the trading cycle.

Current assets are valued at the lower of cost and fair value.

#### **Debtors**

Trade debtors and other debtors are recognised in the balance sheet at nominal value after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor.

#### **Investments in subsidiaries**

Subsidiaries are companies in which the parent company has control, and thus the power to govern the financial and operating policies, generally by owning more than half of the voting capital.

The cost method is applied as a principle for the investment in subsidiaries and associated companies in the company accounts. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries.

Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost.

Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount.

Dividend from other companies are reflected as financial income when it has been approved.

#### **Foreign Currencies**

Conversion of foreign companies is done by translating the balance sheet to the closing rate, and the income statement to the average exchange rate. Any significant transactions are translated at the transaction date.

#### **Financial risk**

For assessing the company's financial risks, see the discussion in the annual report.

#### **Cash Flow statement**

The cash flow statement has been prepared using the indirect method.



## 2. TAX

<b>This year's tax expense</b>	<b>2020</b>	<b>2019</b>
Entered tax on ordinary profit/loss:		
Payable tax	-	146
Changes in deferred tax advantage	-3 523	-7 699
<b>Tax expense on ordinary profit/loss</b>	<b>-3 523</b>	<b>-7 553</b>
Taxable income:		
Ordinary profit/loss before tax	-9 527	65 044
Permanent differences	-	-99 725
Changes temporary differences	9 527	34 998
<b>Taxable income before losses carried forward</b>	<b>-0</b>	<b>317</b>
Utilised losses carried forward		
<b>Taxable income:</b>	<b>-0</b>	<b>317</b>
Payable tax in the balance:		
Payable tax on this year's result	-0	70
<b>Total payable tax in the balance</b>	<b>-0</b>	<b>70</b>

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax and deferred tax advantages, specified on type of temporary differences:

	<b>2020</b>	<b>2019</b>
Long-term receivables and liabilities in foreign currency	-88 740	-20 570
Other differences	5 666	11 331
<b>Total</b>	<b>-83 074</b>	<b>-9 239</b>
Accumulated los to be brought forward	-13 301	-13 301
Interest cost carries forward	-117 913	-57 822
Unrecognized in deferred tax	117 914	-
<b>Basis for calculation of deferred tax</b>	<b>-96 374</b>	<b>-80 361</b>
<b>Deferred tax</b>	<b>-21 202</b>	<b>-17 679</b>

## 3. EQUITY

<b>This year's tax expense</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
Pr 01.01.2020	300 000	74 502	374 502
Income for the year	0	-6 004	-6 004
<b>Pr 31.12.2020</b>	<b>300 000</b>	<b>68 498</b>	<b>368 498</b>



## 4. SHARE CAPITAL AND SHAREHOLDERS

Share capital	Number	Nominal Value	In balance
Ordinary shares	30 000 000	10	300 000

Shareholders	Number	Ownership	Nominal Value	In balance
Hospitality Invest AS	30 000 000	100%	10	300 000
<b>Total</b>	<b>30 000 000</b>	<b>100%</b>	<b>10</b>	<b>300 000</b>

The company has one class of shares and all shares have equal voting rights.

### The shares held by the board of directors / CEO, ref. The Norwegian accounting law § 7-26:

	Number	Ownership
Kristian A. Adolfsen	13 782 000	45,94%
Roger Adolfsen	13 782 000	45,94%

## 5. SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Equity (100%)	Result (100%)	Balance sheet value
Norlandia Care Group AS	Bodø	100%	339 472	48 595	969 160
Kidsa Drift AS	Bergen	100%	202 201	-2 848	217 000
Hero Group AS	Stavanger	100%	202 477	17 333	155 051
Aberia AS	Oslo	100%	83 138	-4 963	193 952
Care Properties AS	Oslo	100%	23 461	27 268	50 000
NHC Management AS	Oslo	100%	9 136	211	10 362
NHC Services AS	Moss	100%	1 166	-1 567	2 530
NH Europe Holding AS	Oslo	49%	58 244	-0	28 616
<b>Balance sheet value 31.12.</b>					<b>1 626 670</b>

## 6. TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties (Amounts in NOK)	2020	2019
<b>Receivables from related parties</b>		
Short term receivables	184 758	100 000
Long term loans to group companies	689 381	665 728
<b>Total receivable related parties</b>	<b>874 139</b>	<b>765 728</b>
<b>Payables to related parties</b>		
Group contribution	-	-
Liabilities	321 766	232 669
<b>Total payables related parties</b>	<b>321 766</b>	<b>232 669</b>
<b>Income from subsidiaries</b>		
Group Contribution	184 758	100 000
Interest income	33 653	38 168
<b>Interest received from related parties</b>	<b>218 411</b>	<b>138 168</b>



## 7. DEBTORS AND LIABILITIES

	2020	2019
<b>Long term liabilities</b>		
Bonds	-	1 788 620
Accrued expense bond	-	-11 331
<b>Total</b>	-	<b>1 777 289</b>

<b>Short term liabilities</b>		
Bonds	1 897 850	-
Accrued expense bond	-5 666	-
<b>Total</b>	<b>1 892 184</b>	-

The bond is subject to Interest NIBOR/STIBOR +4.5%.

The maturity date of the bond loan is set in 2021.

### Balance sheet value of assets placed as security:

Subsidiaries	1 598 250	1 598 250
<b>Total</b>	<b>1 598 250</b>	<b>1 598 250</b>

In addition to its own subsidiaries, several of subsidiaries of the subsidiaries are placed as security for bond obligation.



## 8. STAFF COSTS

	2020	2019
Staff costs (including directors) comprise:		
Wages and salaries	976	952
Defined contribution pension cost	-	-
Other benefits	25	31
Social security contributions and similar taxes	139	247
Remuneration to Board of Directors	600	800
<b>Total payroll and related costs</b>	<b>1 739</b>	<b>2 030</b>

Number of employees (FTE) - -

The company had no employees during 2019 and 2020. Wages and salary paid is for Group CEO (part of total compensation as presented in note 5 of consolidated accounts).

### Audit fees

The following amounts have been recognised as audit fees and related services during the period

	2020	2019
Audit	429	257
Tax services	-	-
Attestation services	-	-
Other services	-	-
<b>Total</b>	<b>429</b>	<b>257</b>

## 9. CASH AND CASH EQUIVALENTS

	2020	2019
Cash related to payroll tax withholdings	-	-
Unrestricted cash	68 096	3 151
<b>Total cash and cash equivalents</b>	<b>68 096</b>	<b>3 151</b>



## Independent auditor's report



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0308 Oslo

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Internet www.kpmg.no  
Enterprise 935 174 627 MVA

To the General Meeting of Norlandia Health & Care Group AS

### Independent auditor's report

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Norlandia Health & Care Group AS, which comprise:

- The financial statements of the parent company Norlandia Health & Care Group AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norlandia Health & Care Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

##### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

##### Offices in:

Oslo	Ekerum	Mo i Rana	Stord
Alta	Finnnes	Molde	Strømme
Årendal	Hamar	Sjøeh	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bode	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansund	Stavanger	Ålesund

Femeco Dokumentnøkkel: W7G7P\_2PMHM\_TU6H\_YGTS\_KKCK VC153



**KPMG** Norlands Health & Care Group AS

Refer to note 9 Goodwill and Intangible Assets and note 10 Goodwill and impairment

**The key audit matter**

The Group has over several years acquired businesses resulting in significant goodwill and intangible assets such as customer contracts, licenses and trademarks.

As of 31 December 2020, the Group has goodwill of NOK 1 652 million and other intangible assets of NOK 589 million.

Management performed an impairment assessment of goodwill and intangible assets by determining the value in use of the Group's cash generating units ("CGUs"). Determining the value in use requires significant management judgement by making assumptions about future cash flows.

Due to the materiality of these assets to the financial statement as a whole and the inherent uncertainty and subjectivity involved in forecasting and discounting future cash flows, this is considered to be a key audit matter.

**How the matter was addressed in our audit**

Our audit procedures in this area included:

- Assessing management's process and results for identification, consistent treatment and classification of cash generating units;
- Evaluating management's assessment of impairment indicators;
- Where impairment indicators were identified or where impairment testing was required, assessing if the models used to calculate value in use are appropriate and mathematically accurate;
- Assessing the discount rate utilized in cash flow forecasts with reference to available market data for selected assets tested;
- Evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on the current year cash flow forecasts;
- Evaluating and challenging management on the growth assumptions in the cash flow forecasts;
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of goodwill and intangible assets.

**Other information**

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparator of financial statements that are free from material misstatement, whether due to fraud or error.

2

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**KPMG** Norlands Health & Care Group AS

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

3

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Norlandia Health & Care Group AS

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

##### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

##### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 April 2021  
KPMG AS

Ole Christian Fongaard  
*State Authorised Public Accountant*  
(This document is signed electronically)

Penneo Dokumentnr: W7G7P-2PMMH-TU6HH-YGITS-KAGCK-VC453



**NHC Group**  
Munkedamsveien 35  
0250 Oslo  
Norway

APRIL 2021





## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 18.04.2017	Vår dato 25.04.2017
Telefon 22078139	Deres referanse Kristoffer Lorck	Vår referanse 2017/419923

NORLANDIA HEALTH & CARE GROUP AS  
c/o Hospitality Invest AS  
Rådhusgata 23  
0158 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Norlandia Health & Care Group AS, org. nr. 917 933 367

Vi viser til deres brev av 18. april 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Norlandia Health & Care Group AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Norlandia Health & Care Group AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Norlandia Care Group AS er eid av Hospitality Invest AS som har tillatelse til å benytte engelsk språk. Norlandia Health & Care Group sin virksomhet er investering i selskaper som driver privat helse og omsorg og eiendom. Selskapet utstedte i 2016 et obligasjonslån. Selskapet er pålagt i henhold til betingelsene for obligasjonslånet å rapportere på engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal*

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et aksjeselskap som har tillatelse til å benytte engelsk språk. Eierkretsen er begrenset. Videre er det vektlagt at selskapet har utstedt et obligasjonslån og er i den forbindelse pålagt i henhold til betingelsene for obligasjonslånet å rapportere på engelsk

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*