



Q3 2017

THIRD QUARTER RESULTS FROM HI BIDCO AS (HEREINAFTER
REFERRED TO AS "MELIN GROUP")

Highlights from the quarter



Please note that all figures on pages 2 and 3 are pro forma including *Odin Kapital*, which was acquired in Q4 2017, and included synergies. Moreover, revenue, EBITDA and net profit in Q3 2017 are all positively affected by one-off effects following the adoption of the accrued revenue principle (see note #3 for further information). To adjust for this one-time effect, and to reflect the impact of accrued revenue as if it was adopted for the full year, the revenue, EBITDA and net profit included on page 2 and 3 have been adjusted accordingly. For stand-alone *Melin Group* figures, excluding *Odin Kapital*, see page 4 onwards.

REVENUE
IN MNOK

96.0

↑ 86.0 % vs. Q3 16

EBITDA
IN MNOK

56.3

↑ 242.5 % vs. Q3 16

NET PROFIT
IN MNOK

32.1

↑ 450.1 % vs. Q3 16

SOLUTIONS
IN OPERATION

1,768

↑ 14.4 % vs. Q3 16

Key figures	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
Revenue in MNOK	96.0	51.6	286.1	166.8	220.1
EBITDA in MNOK	56.3	16.4	174.3	60.9	96.2
EBITDA margin in %	58.7 %	31.9 %	60.9 %	36.5 %	43.7 %
Net profit in MNOK	32.1	5.8	106.0	28.5	43.7
Solutions in operation	1,768	1,545	1,768	1,545	1,611

Table 1 *Melin Group* key figures—pro forma including the acquisition of *Odin Kapital*.

Letter from the CEO

The third quarter 2017 was a solid quarter from a financial perspective, demonstrating a continued strong underlying operational performance in both *Melin Medical* and *Melin Collectors*. *Melin Group* revenues and EBITDA increased significantly compared to both the corresponding quarter last year and the previous quarter, in line with our expectations and ambitions.

Although the *Odin Kapital* transaction was not closed until the fourth quarter, we have chosen to present pro-forma figures including *Odin Kapital* in this quarterly report in order to present bond investors with an accurate like-for-like comparison as early as possible.

Revenue for the third quarter 2017 ended at NOK 96.0 million, including one-off items, representing an increase of 86.0 % from the same quarter last year (Q3 2016: NOK 51.6 million). Underlying organic growth, year over year, was 36.3 %, excluded *Odin Kapital* was growth 38.0 %. EBITDA rose to NOK 56.3 million, up from NOK 16.4 million last year. Total solutions in operation—terminals and invoicing solutions—increased from 1,545 in the third quarter 2016 to 1,768 in the third quarter 2017. Increasing the number of terminals is important as it creates a domino effect on revenue, driving the number of invoices generated and the following debt collection. Churn remained low in the third quarter.

For the senior management of *Melin Group*, large parts of the third quarter was spent readying the group for the next growth phase. We completed the due diligence and prepared the acquisition of *Odin Kapital*, and in parallel completed preparations for the contemplated issuing of new bonds.

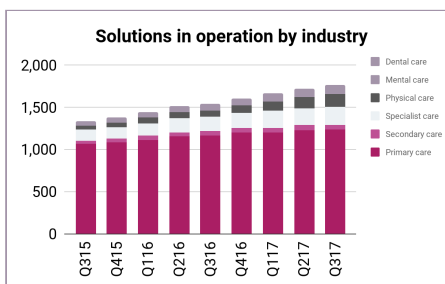
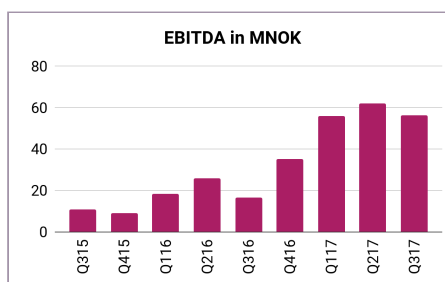
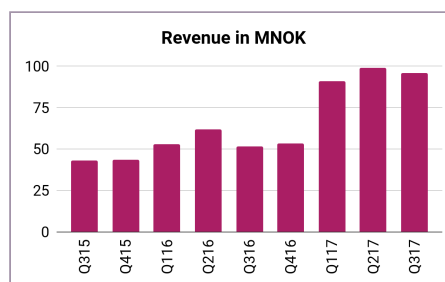
We were very pleased with how the European investment market responded to the *Melin Group* business case. Subsequent to the quarter, we completed a NOK 1,000 million senior secured bond issue and a NOK 350 million 2nd lien bond issue. The bond financing will provide us with significant financial flexibility going forward, and enable us to capitalize on the upside potential that *Melin Collectors* in particular represents. It will also allow us to further increase our focus on product development, thereby maintaining our market leading position for patient administration systems, to the benefit of our customers.

In the fourth quarter, we will start integrating *Odin Kapital* into the *Melin Group*. We aim to harvest significant synergies from this acquisition. The effect of these will gradually increase throughout 2018.

Best regards,



INGVILL HESTENES
CEO



Segment information

Melin Medical

Melin Medical specializes in providing payment solutions and administration systems that free physicians and other health professionals from unnecessary administrative tasks. *Melin Medical's* T1 and T2 terminals give patients the option of paying for the services they receive at the clinic in a simple and intuitive way. *Melin Medical's* invoicing solutions include complete systems for the administration of deductibles. The below figures are all *Melin Group* numbers, excluding *Odin Kapital*.

Solutions in operation

Solutions in operation	Q3 2017	Q2 2017	Q3 2016	2016
Terminals	1,058	1,046	958	992
Invoicing solutions	196	189	138	163
Total solutions	1,254	1,235	1,096	1,155

Table 2 *Melin Medical* solutions in operation—excluding the acquisition of *Odin Kapital*.

Key financial figures

NOK thousands	Q3 2017	Q2 2017	Q3 2016	2016
Revenue from terminals	8,153	8,268	7,643	30,468
Revenue from invoicing	16,215	21,862	12,931	66,124
Other revenue	1,706	741	2,172	1,660
Accrued revenue [see note #3]	13,768	-	-	-
Total revenue	39,842	30,871	22,746	98,252
Growth year over year in %	75.2 %	14.2 %	16.3 %	11.0 %
Annual customer churn rate in %	0.8 %	2.4 %	0.1 %	1.1 %

Table 3 *Melin Medical* key financial figures—excluding the acquisition of *Odin Kapital*.

Melin Collectors

Melin Collectors is a debt collection company that handles outstanding claims in the healthcare sector. *Melin Collectors* receives automatic notification from the EHR¹ system about what is unpaid. The system then

¹ *Electronic health record*—sometimes known as *electronic medical record* (EMR).

ensures that an invoice is sent to the patient in question. When the patient settles his or her invoice, this is automatically recorded in the clinic's EHR system.

Key financial figures

NOK thousands	Q3 2017	Q2 2017	Q3 2016	2016
Reminder fee	3,640	7,990	5,388	18,571
Debt collection	24,379	18,059	12,530	56,564
Legal claims	4,502	3,547	2,342	6,161
Other revenue	2,089	3,410	959	7,273
Accrued revenue [see note #3]	58,764	-	-	-
Total revenue	93,374	33,006	21,219	88,569
Growth year over year in %	340.0 %	29.7 %	34.9 %	42.5 %

Table 4 Melin Collectors key financial figures—excluding the acquisition of Odin Kapital.

Other information

Significant events during the period

- Due diligence of *Odin Kapital* completed.
- Preparations for the contemplated issuing of new bonds.

Significant events after the period

- In October, *Melin Group* successfully completed a NOK 1,000 million senior secured bonds issue and a NOK 350 million 2nd lien bond issue.
- Repayment of existing bank loans in *Sogn og Fjordane Sparebank*, plus repayment of vendor loan notes to former *Melin Medical* shareholders, in line with terms of the new bonds.
- Subsequent to the completion of the bonds issue, *Melin Group* acquired 100 % of the shares in *Helseinnovasjon AS*.
- Following the completion of the bonds issue and acquisition of *Helseinnovasjon AS*, *Jesper Melin Ganc-Pedersen* increased his ownership in *Melin Group* from 36.9 % to 57.0 %, and *Johan B. Michelsen & associates* increased their ownership from 10.0 % to 25.0 %. *Anton Lorenz Bondesen* and *Christian Strøjer Hansen* retains their respective ownership shares of 8.0 %, while new owners (company management) increased their ownership share from 0.0 % to 2.0 %.
- In early November, *Melin Group* successfully closed the acquisition of *Odin Kapital AS* ("Target 2"), in line with the agreed use of proceeds for the bonds.

Personnel and organization

At the end of the period, the number of full time equivalent staff (FTEs) amounted to 126.3 (Q3 2016: 81.3), including external resources.

Related party transactions

In the third quarter, the decision was made to demerge *PatientSky AS* from *Helseinnovasjon AS*. The demerger took place in October 2017, prior to *Melin Group's* acquisition of 100.0 % of the shares in *Helseinnovasjon AS*.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 September 2017 has been prepared in accordance with *Norske regnskapsstandarder (NGAAP)*, and gives a true and fair view of *Melin Group's* assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair view of important events that have occurred during the third quarter 2017 and their impact on the condensed financial statements, a description of the principal risks and uncertainties facing *Melin Group* over the next accounting period, and significant related parties' transactions.

Risks and uncertainties

Melin Group's investments are exposed to certain risks that could have a varying impact on its earnings or financial position. These can be divided into risks related to the industry the company operates within, operational and financial risks, including regulatory and competitive risks, and the bonds issue. Please refer to the *Melin Group* investor presentation prepared in connection with the contemplated bond issue for a detailed walk-through of the risks identified.

Legal disclaimer

Certain statements in this *Melin Group* report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

Outlook

The *Melin Group* expects continued strong EBITDA growth, with forecasts underpinned by an established revenue base and recurring income from a growing number of solutions in operations.

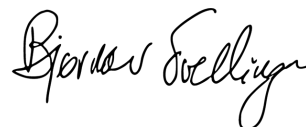
Oslo, Norway · 30 November 2017



JOHAN B. MICHELSEN
Chairman



INGVILL HESTENES
CEO



BJØRNAR SVELLINGEN
CFO

Condensed consolidated
interim financial statements



HI Bidco AS acquired Helseinnovasjon AS on 1 November 2017. Thus, as of 30 September 2017 (Q3 2017), HI Bidco AS did not exist. The consolidated financial statements for Q3 2017 presented here, reflects the financial statements of Helseinnovasjon AS with subsidiaries as of 30 September 2017. See note #4.

Statement of profit and loss

NOK thousands	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
Revenue [see note #3]	132,897	43,744	250,119	139,307	183,544
Other operating income	319	222	2,476	2,167	3,277
Total revenue	133,215	43,966	252,594	141,473	186,821
Cost of materials	-13,742	-5,922	-30,051	-19,960	-23,003
Personnel expenses	-16,184	-14,066	-36,812	-33,440	-36,188
Other operating expenses	-13,303	-7,782	-32,337	-29,565	-35,887
Depreciation and amortization	-10,189	-7,394	-28,743	-22,581	-35,416
Total operating expenses	-53,418	-35,164	-127,943	-105,546	-130,494
Operating result	79,798	8,802	124,652	35,927	56,328
Net financial items	-822	-941	-3,106	-3,005	-5,152
Earnings before tax	78,975	7,861	121,546	32,922	51,176
Taxes	-21,098	-2,069	-30,717	-5,759	-10,574
Net profit for the period	57,877	5,792	90,829	27,162	40,602

Table 5 Statement of profit and loss—excluding the acquisition of *Odin Kapital*.

Statement of financial position

NOK thousands	30 Sep 2017	30 Sep 2016	31 Dec 2016
Intangible assets	344,485	339,319	348,884
Tangible fixed assets	25,953	25,310	24,283
Financial assets	20,348	83,857	84,775
Deferred tax assets	1,145	11	1,145
Total non-current assets	391,931	448,498	459,087
Accrued revenue [see note #3]	66,249	-	-
Accounts receivable	8,499	5,965	6,854
Other current receivables	17,523	16,510	15,376
Cash and cash equivalents	13,014	14,953	23,572
Total current assets	105,285	37,428	45,802
TOTAL ASSETS	497,216	485,925	504,888
Total equity	277,995	261,801	240,625
Deferred tax liabilities	74,465	61,743	61,003
Bond loans	-	-	-
Liabilities to financial institutions	40,670	48,292	46,324
Other non-current liabilities	33,869	72,740	69,587
Total non-current liabilities	149,004	182,775	176,914
Short-term liabilities to bondholders / financial institutions	4,711	3,352	7,361
Accounts payable	18,433	6,737	10,048
Tax payables	13,800	13,099	1,361
Public duties payable	14,785	9,159	9,156
Other current liabilities	18,488	9,003	59,423
Total current liabilities	70,217	41,349	87,349
Total liabilities	219,221	224,125	264,263
TOTAL EQUITY AND LIABILITIES	497,216	485,925	504,888

Table 6 Statement of financial position—excluding the acquisition of *Odin Kapital*.

Statement of cash flow

NOK thousands	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
Profit/loss before income taxes	78,975	7,861	121,546	32,922	51,176
Income tax payable	-795	-680	-4,815	-4,768	-7,683
Depreciation and amortization expenses	10,189	7,394	28,743	22,581	35,416
Changes in accounts receivables and payable	7,046	947	6,740	-3,426	-4,548
Changes in other accruals	-68,642	-3,990	-57,569	-5,124	153
Net cash flow from operating activities	26,773	11,532	94,643	42,186	74,514
Purchase, tangible non-current assets	-9,067	-1,792	-29,118	-8,069	-29,074
Proceeds, disposal of tangible non-current assets	-	-	3,105	-	-
Net purchase and proceeds, other investments	-38	-	-47	-64.0442	-34,064
Net cash flow from investment activities	-9,105	-1,792	-26,059	-8,133	-63,138
Repayment of borrowings	-20,434	-6,670	-50,704	-15,075	16,220
Dividends	-	-20,000	-46,044	-20,000	-20,000
Capital increase	-	-	17,606	-	-
Net cash flow from financing activities	-20,434	-26,670	-79,141	-35,075	-3,780
Net change in cash and cash equivalents	-2,766	-16,930	-10,557	-1,022	7,596
Opening cash balance	15,780	31,883	23,572	15,976	15,976
Closing cash balance	13,014	14,954	13,014	14,954	23,572

Table 7 Statement of cash flow—excluding the acquisition of *Odin Kapital*.

Net interest-bearing debt

NOK thousands	30 Sep 2017	30 Jun 2017	30 Sep 2016
Intragroup loans	-	-	-
Bond loan	-	-	-
Liabilities to shareholders	-38,581	-38,115	-76,091
Liabilities to financial institutions	-40,670	-42,319	-48,292
Cash and cash equivalents	13,014	15,780	14,953
Net interest-bearing debt	-66,236	-64,654	-109,430
EBITDA last twelve months	186,627	112,837	65,815
Net interest-bearing debt in % of EBITDA last twelve months	35.5 %	57.3 %	166.3 %

Table 8 Net interest-bearing debt—excluding the acquisition of *Odin Kapital*.

Consolidated key ratios

NOK thousands	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
RETURN ON EQUITY					
Return on equity in %	20.8 %	2.2 %	32.7 %	10.4 %	16.9 %
PROFIT					
EBITDA	89,987	16,196	153,394	58,508	91,743
EBITDA margin in %	67.5 %	36.8 %	60.7 %	41.4 %	49.1 %
Operating result	79,798	8,802	124,652	35,927	56,328
Operating margin in %	59.9 %	20.0 %	49.3 %	25.4 %	30.2 %
Net profit margin in %	59.3 %	17.9 %	48.1 %	23.3 %	27.4 %
KEY RATIOS—GROWTH VERSUS TO LAST YEAR					
Revenue growth in %	203.0 %	24.6 %	78.5 %	22.0 %	24.0 %
Revenue growth in absolute numbers	89,249	8,683	111,121	25,466	36,154
KEY RATIOS—FINANCIAL POSITION					
Cash liquidity in %	149.9 %	90.5 %	149.9 %	90.5 %	52.4 %
Total assets	497,216	485,925	497,216	485,925	504,888
Total equity	277,995	261,801	277,995	261,801	240,625
Equity/assets ratio in %	55.9 %	53.9 %	55.9 %	53.9 %	47.7 %
Gross interest-bearing debt	79,251	124,384	79,251	124,384	123,273
Net interest-bearing debt	66,236	109,430	66,236	109,430	99,701
Cash conversion ratio in %	19.6 %	60.1 %	44.7 %	58.2 %	12.4 %

Table 9 Consolidated key ratios (see note #1 for definitions)—excluding the acquisition of *Odin Kapital*.

Notes

Note 1—Definition of key ratios

Return on equity in %

Profit/loss after tax divided by equity.

EBITDA

Earnings before interests, tax, depreciation and amortization.

EBITDA margin in %

EBITDA divided by total revenue.

Operating result

Profit before financial items and tax.

Operating margin in %

Operating profit divided by total operating revenue.

Net profit margin in %

Profit after financial items divided by total operating revenue.

Revenue growth in %

Growth in comparison with the same period previous year in %.

Revenue growth in absolute numbers

Growth in comparison with the same period previous year in absolute numbers.

Cash liquidity in %

Current assets divided by current liabilities.

Equity/assets ratio in %

Total equity divided by total assets.

Net interest-bearing debt

Gross interest-bearing debts less cash and cash equivalents.

Cash conversion in %

Cash flow from operating and investing activities divided by EBITDA.

Note 2—Accounting principles

This interim report has been prepared in accordance with *Norske regnskapsstandarder (NGAAP)*. The accounting principles applied are the same as those applied in the latest annual reports of *Melin Medical* and *Melin Collectors* unless otherwise stated below. This report has not been subject to review by the *Melin Group's* auditor. The preparation of financial statements in conformity with *NGAAP* requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the group's accounting policies.

Note 3—Accrued revenue

Up until Q2 2017, *Melin Group* recognized revenue from invoice fee, reminder fee and debt collection fee at the time when the fee/claim was settled and paid. After gaining more experience and collecting empirical data regarding resolution rates and expected revenue from different patient segments, *Melin Medical AS* and *Melin Collector AS* have in Q3 2017 adopted the accrued revenue principle, where recognition of invoice fee, reminder fee and debt collection fee is based on the expected revenues and resolution rates for the active claims / portfolio of claims. This principle for accrued revenue is in line with the principle applied by similar debt collection companies in the Nordic market.

By applying the accrued revenue principle in Q3 2017, *Melin Group* had the following one-off effects in the profit and loss statement for YTD 2017 (equaling the accumulated accrued revenue as of 31 December 2016):

- One-off effect on revenue of MNOK 47.6
- One-off effect on cost of materials of MNOK -2.9
- One-off effect on EBITDA of MNOK 44.7

As per 30 September 2017 the total accrued revenue per Q3 2017 was MNOK 72.5, the cost of materials was MNOK -6.3 and the EBITDA was MNOK 66.2.

Note 4—Consolidated financial statements

HI Bidco AS acquired *Helseinnovasjon AS* on 1 November 2017. Thus, as of 30 September 2017 (Q3 2017), *HI Bidco AS* did not exist. The consolidated financial statements for Q3 2017 presented here, reflects the financial statements of *Helseinnovasjon AS* with subsidiaries as of 30 September 2017.

Please note that as *Odin Kapital AS* was acquired 3 November 2017, this entity is not included in the *Melin Group* figures. Also note that at the 30 June 2017, a demerger was carried out in *Helseinnovasjon AS*, where the shares in the subsidiary *PatientSky AS* was transferred to *Helseinnovasjon II AS*. Thus, in the consolidated financial statements presented here, *PatientSky AS* has been treated as an investment in associated companies (i.e. not included in the consolidated *Melin Group* figures).

As a consequence, the consolidated profit and loss, balance sheet and cash flow statements as of 30 September 2016 and 31 December 2016 as presented in this interim report, do not reconcile back to the reported historical financial statements for the *Melin Group*.