



Q1 2018

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

## Highlights from the quarter

Please note that all figures on pages 2, 3 and 4 include:

- Odin Kapital AS which was acquired in Q4 2017 (acquisition was closed in November 2017). Pro forma figures from first quarter 2017.
- Gordion AB which was acquired in Q1 2018 (acquisition was closed in February 2018). Pro forma figures from first quarter 2018.
- CrediCare AS which Melin Medical AS in January 2018 entered into an agreement to acquire 100% of the shares (acquisition expected to be closed in the second quarter 2018). Pro forma figures from first quarter 2018.



All pro forma figures include synergies. In the Q4 2017 report, historical accrued revenue (NOK 71.5 million) and EBITDA (NOK 65.1 million) was evenly distributed across all four quarters to present a comparable revenue, EBITDA and net profit development in 2017 (see note #3 for further information). For Melin Group figures, including Odin Kapital and Gordion, in line with NGAAP accounting principles, see page 5 onwards.

REVENUE IN MNOK	EBITDA IN MNOK	NET PROFIT <sup>1</sup> IN MNOK	SOLUTIONS IN OPERATION
100.9	47.2	17.0	1,923
↑ 39.0% vs. Q1 17	↑ 20.6% vs. Q1 17	↓ -12.4% vs. Q1 17	↑ 15.4% vs. Q1 17

Key figures	Q1 2018	Q1 2017 <sup>2</sup>	2017 <sup>3</sup>
Revenue in MNOK	100.9	72.6	309.7
EBITDA in MNOK	47.2	39.1	163.4
EBITDA margin in %	46.8%	53.9%	52.8%
Net profit excluding depreciation excess values in MNOK	17.0	19.4	69.4
Solutions in operation	1,923	1,667	1,780

Table 1 Melin Group key figures—pro forma including Odin Kapital, Gordion and CrediCare.

<sup>1</sup> Net profit excludes PPA adjustments related to acquisitions of MNOK 48.7.

<sup>2</sup> Adjusted for accrued revenue until 2016 to make like-for-like comparison, with reference to tables on next page (Quarterly accrued revenue: MNOK 11.9. Quarterly accrued EBITDA: MNOK 11.2).

<sup>3</sup> Adjusted for accrued revenue until 2016 to make like-for-like comparison, with reference to tables on next page (Annual accrued revenue: MNOK 47.6. Annual accrued EBITDA MNOK 44.7).

## Letter from the CEO

The underlying growth for Melin Group continues to be healthy as a result of solid operational performance throughout the first quarter, resulting in an organic year-on-year growth of 19.1 percent, supported by continued stable market conditions.

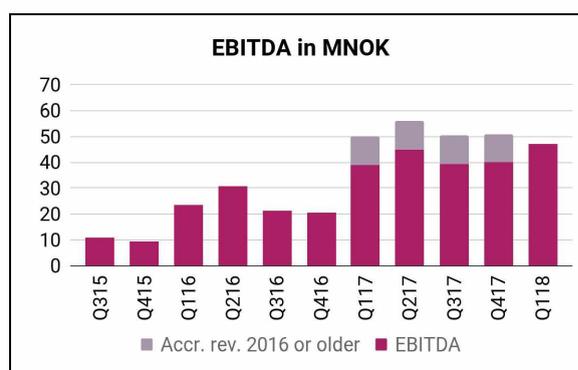
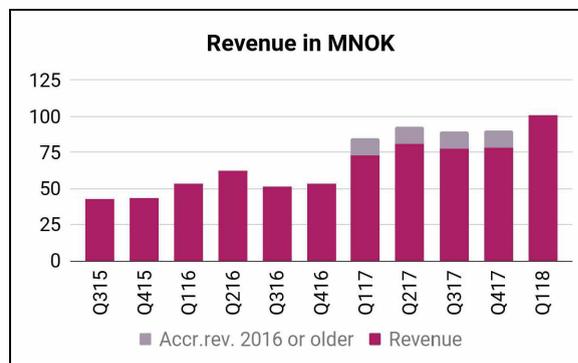
The integration of Odin Kapital has been a success and we therefore retain our growth forecast for the group. Two other milestones in Q1 2018 were the acquisitions of CrediCare and Gordion, underpinning our ambitions for growth and international expansion.

CrediCare is an established provider of payment solutions and administration systems in the Norwegian market. The acquisition gives us access to segments we are not present in today, including fitness centres and veterinary offices. Additionally, both the CrediCare and Odin Kapital acquisitions further strengthen Melin Medical's position within the healthcare industry. Closing of the CrediCare transaction was initially planned for March, but is now expected by the end of Q2. Melin Medical has a significant pipeline of Norwegian dental practices ready to install CrediCare's system as soon as the acquisition is closed.

The acquisition of Gordion makes Melin Group the #1 provider of self-service payment solutions and administration systems to the Swedish healthcare industry, providing us with a significantly larger platform to grow from in the Swedish market. The company's solutions include patient administration terminals for health clinics, gift card terminals for stores and shopping malls, terminals for car rental, check-in and payment terminals for ferry lines, plus more. This acquisition was closed in February.

The combined strengths of our recent acquisitions enable us to build new and improved systems that make us a more cost effective company and an even more reliable supplier to our customers. The acquisitions also underline our strategy of branching out into new industry verticals and establishing a leading position at the physical point-of-sales channel, where self-service payment solutions and administrative systems can replace less cost-efficient ways of solving the needs of the end-user.

Consolidated pro forma revenues, including Odin Kapital, Gordion and CrediCare, grew with 39.0 percent to NOK 100.9 million compared to the corresponding quarter last year (NOK 72.6 million, adjusted for accrued revenue of NOK 11.9 million). The Q1 revenues could have been higher had we not chosen to postpone some of the Odin Kapital customer migration to the Easter period. However, in order to provide good customer service and keep operational disturbances to an absolute minimum, we chose to migrate over the



Easter period which is traditionally very quiet for health clinics. This move was well received by our customers. As a result, our churn rate remained low in the quarter, while some revenues were postponed to Q2.

The EBITDA result ended at NOK 47.2 million in Q1 2018, an increase from NOK 39.1 million in Q1 2017. We did not see full effect from Melin Collectors in Q1, but Q2 looks stronger. The lower than expected EBITDA contribution from Melin Collectors was primarily caused by optimisation work of the value chain from the payment terminals through to final payment received. This has affected Melin Collectors' operational performance in Q1, but will yield positive returns from Q2 onwards.



**INGVILL HESTENES**  
CEO

## Segment information



The following pages include Melin Group figures, including Odin Kapital from the date of ownership November 2017 and Gordion from the date of ownership February 2018, in line with NGAAP accounting principles.

The following segments are presented on the next pages:

- Melin Medical
- Melin Collectors

### 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, including Odin Kapital from date of ownership (November 2017) and Gordion from the date of ownership (February 2018), in line with NGAAP accounting principles.

#### Key financial figures

NOK thousands	Q1 2018	Q4 2017	Q1 2017	2017
Revenue from terminals	9,145	8,929	8,425	33,660
Revenue from invoicing	25,649	22,500	20,803	81,380
Revenue from Gordion	4,345	-	-	-
Other revenue	2,705	798	1,847	5,208
Accrued revenue [see note #3]	4,415	-700	-	13,068
<b>Total revenue</b>	<b>46,259</b>	<b>31,527</b>	<b>31,075</b>	<b>133,316</b>
<b>Growth year over year in %</b>	<b>48.9%</b>	<b>34.7%</b>	<b>24.1%</b>	<b>35.7%</b>
<b>Annual customer churn rate in %</b>	<b>0.7%</b>	<b>1.1%</b>	<b>0.4%</b>	<b>1.1%</b>

Table 2 Melin Medical key financial figures (reported numbers—not adjusted for accrued revenue and non-recurring items).

*Solutions in operation*

Solutions in operation	Q1 2018	Q4 2017	Q1 2017
Terminals	1,365	1,315	1,235
Invoicing solutions	558	465	432
<b>Total solutions</b>	<b>1,923</b>	<b>1,780</b>	<b>1,667</b>

Table 3 Melin Medical solutions in operation.

**Melin Collectors**

Melin Collectors is a debt collection company that handles outstanding claims in the healthcare sector. Melin Collectors is not exposed to the credit risk, but handles the credit risk on behalf the client. Melin Collectors receives automatic notification from the EHR system about what is unpaid. The system then 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	Q1 2018	Q4 2017	Q1 2017	2017
Reminder fee	4,737	3,779	6,656	22,066
Debt collection	20,764	23,465	13,802	79,705
Legal claims	4,529	5,529	1,422	15,000
Other revenue	2,608	2,541	2,546	10,586
Accrued revenue [see note #3]	2,524	-340	-	58,424
<b>Total revenue</b>	<b>35,162</b>	<b>34,974</b>	<b>24,426</b>	<b>185,781</b>
<b>Growth year over year in %</b>	<b>44.0%</b>	<b>59.6%</b>	<b>22.3%</b>	<b>109.8%</b>

Table 4 Melin Collectors key financial figures (reported numbers—not adjusted for accrued revenue and non-recurring items).

## Other information

### Significant events during the period

- On 17 January 2018, Melin Medical announced that it had entered into an agreement to acquire 100% of the shares in CrediCare AS (CrediCare), a well-established provider of payment solutions and administration systems for the healthcare, dental, fitness and veterinary industries. The acquisition strengthens Melin Medical's position within the healthcare industry. Furthermore, it gives Melin Medical access to industry segments where the company is not present today, including fitness centres and veterinary offices. CrediCare serve more than 700 clinics across different industries in its customer portfolio. Melin Medical will acquire 100% of the shares in CrediCare for a cash consideration of NOK 150 million, equivalent to an estimated enterprise value of NOK 145 million. For 2018, Melin Medical expects that CrediCare will contribute with approximately NOK 80 million in revenue and EBITDA in excess of NOK 40 million. The acquisition is funded by utilizing a RCF of NOK 75 million and subordinated loans. Subject to certain closing conditions, closing and payment of the agreement is expected in the second quarter 2018.
- In February 2018, Melin Medical closed the transaction to acquire 100% of the shares in Gordion AB (Gordion), which will make Melin Medical the #1 provider of self-service payment solutions and administration systems to the Swedish healthcare industry. Gordion is a turnkey provider of any type of solutions to facilitate self-service, including hardware, software, installation, service and support. The company was founded in 1990 and is headquartered in Halmstad, Sweden. It employs 15 people and has approximately 1,150 active solutions in the market. These include patient administration terminals for health clinics, gift card terminals for stores and shopping malls, terminals for car rental, check-in and payment terminals for ferry lines, plus more. In 2017, Gordion had revenues of SEK 31.5 million, with an EBITDA result of SEK 5 million. Melin Medical acquired 100 percent of the shares in Gordion for a cash consideration of SEK 21 million at closing of the transaction, and further NOK 21 million in various instalments over the following 12 months. The acquisition will be funded through Melin Medical's existing cash.
- On 29 January 2018, Melin Holding AS reduced its ownership in Melin Group from 57.0% to 49.9%, while Johan Michelsen & associates increased their ownership from 25.0% to 32.6%. Anton Lorenz Bondesen and Christian Strøjer Hansen each own 8.0%, while company management owns 1.4% of the shares.

### Significant events after the period

- None.

### Personnel and organization

At the end of the period, the number of full time equivalent staff (FTEs) amounted to 168.1 (Q1 2017: 87.0), including external resources.

## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 March 2018 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 first quarter 2018 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 · 31 May 2018*



**JOHAN B. MICHELSEN**  
Chairman



**INGVILL HESTENES**  
CEO



**REMY ENGELSEN**  
CFO

## Condensed consolidated interim financial statements

Reported numbers in line with  
*NGAAP* accounting principles

## Statement of profit and loss

NOK thousands	Q1 2018	Q1 2017	2017
Revenue [see note #3]	81,364	54,090	316,710
Other operating income	57	1,602	2,386
<b>Total revenue</b>	<b>81,421</b>	<b>55,693</b>	<b>319,095</b>
Cost of materials	-11,690	-7,629	-38,156
Personnel expenses	-18,173	-12,393	-60,200
Other operating expenses	-18,076	-7,043	-45,136
<b>Operating expenses</b>	<b>-47,939</b>	<b>-27,065</b>	<b>-143,492</b>
<b>EBITDA</b>	<b>33,482</b>	<b>28,628</b>	<b>175,603</b>
Depreciation and amortization	-55,335	-9,214	-32,217
<b>Operating result</b>	<b>-21,853</b>	<b>19,414</b>	<b>143,386</b>
Net financial items	-26,473	-1,321	-23,884
<b>Earnings before tax</b>	<b>-48,326</b>	<b>18,094</b>	<b>119,501</b>
Taxes	6,290	-4,352	-29,844
<b>Net profit for the period</b>	<b>-42,036</b>	<b>13,742</b>	<b>89,657</b>

Table 5 Statement of profit and loss (reported numbers—not adjusted for accrued revenue and non-recurring items).

## Statement of financial position

NOK thousands	31 Mar 2018	31 Mar 2017	31 Dec 2017
Intangible assets	1,902,149	348,145	1,950,640
Tangible fixed assets	28,821	23,569	26,773
Financial assets	1,383	98,713	341
<b>Total non-current assets</b>	<b>1,932,353</b>	<b>470,426</b>	<b>1,977,754</b>
Inventory	5,510	-	-
Accrued revenue [see note #3]	70,795	-	65,298
Accounts receivable	14,885	9,238	9,011
Other current receivables	28,932	21,475	24,638
Cash and cash equivalents	37,042	27,364	82,408
<b>Total current assets</b>	<b>157,164</b>	<b>58,077</b>	<b>181,355</b>
<b>TOTAL ASSETS</b>	<b>2,089,516</b>	<b>528,503</b>	<b>2,159,110</b>
<b>Total equity</b>	<b>501,262</b>	<b>271,921</b>	<b>769,452</b>
Deferred tax liabilities	209,597	59,045	9,956
Bond loans	1,284,235	-	1,282,359
Liabilities to financial institutions	-	44,332	-
Other non-current liabilities	-	66,746	-
<b>Total non-current liabilities</b>	<b>1,493,832</b>	<b>170,123</b>	<b>1,292,314</b>
Short term liabilities to parent company	5,001	-	-
Short-term liabilities to bondholders / financial institutions	16,078	124	16,078
Accounts payable	23,708	9,490	22,499
Tax payables	6,610	5,196	14,496
Public duties payable	13,859	12,278	10,857
Other current liabilities	29,167	59,370	33,414
<b>Total current liabilities</b>	<b>94,423</b>	<b>86,458</b>	<b>97,344</b>
<b>Total liabilities</b>	<b>1,588,255</b>	<b>256,581</b>	<b>1,389,658</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,089,516</b>	<b>528,503</b>	<b>2,159,110</b>

Table 6 Statement of financial position.

## Statement of cash flow

NOK thousands	Q1 2018	Q1 2017	2017
Profit/loss before income taxes	-48,326	18,094	119,501
Income tax payable	-	-	-5,747
Depreciation and amortization expenses	55,335	9,214	32,217
Changes in accounts receivables and payable	-5,026	-2,942	10,293
Changes in other accruals	-6,717	-5,798	-52,810
<b>Net cash flow from operating activities</b>	<b>-4,735</b>	<b>18,568</b>	<b>103,455</b>
Purchase, tangible non-current assets	-18,923	-23,152	-41,434
Proceeds, disposal of tangible non-current assets	-	-	-
Net purchase and proceeds, other investments	-23,552	-	-1,976,142
<b>Net cash flow from investment activities</b>	<b>-42,474</b>	<b>-23,152</b>	<b>-2,017,576</b>
Repayment of borrowings	1,943	-9,230	1,178,561
Dividends	-	-	-46,044
Capital increase	-100	17,606	840,440
<b>Net cash flow from financing activities</b>	<b>1,843</b>	<b>8,376</b>	<b>1,972,957</b>
<b>Net change in cash and cash equivalents</b>	<b>-45,366</b>	<b>3,792</b>	<b>58,836</b>
Opening cash balance	82,408	23,572	23,572
<b>Closing cash balance</b>	<b>37,042</b>	<b>27,364</b>	<b>82,408</b>

Table 7 Statement of cash flow.

## Net interest-bearing debt

NOK thousands	31 Mar 2018	31 Mar 2017	31 Dec 2017
Intragroup loans	-	-	-
Bond loan	-1,300,313	-	-1,298,436
Liabilities to shareholders	-	-66,746	-
Liabilities to financial institutions	-	-44,456	-
Cash and cash equivalents	37,042	27,364	82,408
<b>Net interest-bearing debt</b>	<b>-1,263,271</b>	<b>-83,838</b>	<b>-1,216,028</b>
EBITDA last twelve months	178,367	102,019	180,345
<b>Net interest-bearing debt in % of EBITDA last twelve months</b>	<b>708.2%</b>	<b>82.2%</b>	<b>674.3 %</b>

Table 8 Net interest-bearing debt.

## Consolidated key ratios

NOK thousands	Q1 2018	Q1 2017	2017
<b>RETURN ON EQUITY</b>			
Return on equity in %	-8%	5%	12%
<b>PROFIT</b>			
EBITDA	33,482	28,628	175,603
EBITDA margin in %	41%	51%	55%
Operating result	-21,583	19,414	143,386
Operating margin in %	-27%	35%	45%
Net profit margin in %	-59%	32%	37%
<b>KEY RATIOS—GROWTH VERSUS LAST YEAR</b>			
Revenue growth in %	46%	31%	71%
Revenue growth in absolute numbers	25,729	10,688	132,274
<b>KEY RATIOS—FINANCIAL POSITION</b>			
Cash liquidity in %	166%	67%	186%
Total assets	2,089,516	528,503	2,159,110
Total equity	501,262	271,921	769,452
Equity/assets ratio in %	24%	51%	36%
Gross interest-bearing debt	1,300,313	111,201	1,298,436
Net interest-bearing debt	1,263,271	83,837	1,216,029
Cash conversion ratio in %	-141%	-16%	-1,090%

Table 9 Consolidated key ratios (see note #1 for definitions).

## 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 Collectors AS 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 from Q3 2017 onwards, Melin Group had one-off effects in the profit and loss statement for 2017 (equaling the accumulated accrued revenue as of 31 December 2016). One off effects described above amounted to MNOK 47.6 in revenue, MNOK -2.9 in cost of materials and MNOK 44.7 in EBITDA.

As per 31 March 2018 the total effect on accrued revenue was MNOK 78.4, the cost of materials was MNOK -7.6 and the EBITDA was MNOK 70.8.

## **Note 4—Consolidated financial statements**

Please note that as Odin Kapital AS (acquired 3 November 2017) and Gordion AB (acquired 6 February 2018), and have been integrated into the Melin Group accounts from these dates in line with NGAAP standards. 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 31 March 2017 as presented in this interim report, do not reconcile back to the reported historical financial statements for the Melin Group.