



Q4 2017

FOURTH 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 (acquisition was closed on 3 November 2017), and include synergies. Moreover, please note that the accrued revenue principle was adopted in Q3 2017. In the Q4 2017 report, historical accrued revenue (NOK 71.5 million) and EBITDA (NOK 65.1 million) has been evenly distributed across all four quarters to present a comparable revenue, EBITDA and net profit development (see note #3 for further information) in 2017. Similarly, positive one-off accounting effects obtained in Q4 2016 have been evenly distributed across all four quarters of 2016 to create a like-for-like comparison between 2017 and 2016. Please note that the pro forma figures do not include a NOK 12 million non-recurring restructuring cost, of which the majority is related to the acquisition of *Odin Kapital*. For *Melin Group* figures, including *Odin Kapital* from the date of ownership 3 November 2017, in line with *NGAAP* accounting principles, see page 4 onwards.

REVENUE
IN MNOK

90.1

↑ 69.0 % vs. Q4 16

EBITDA
IN MNOK

51.1

↑ 146.9 % vs. Q4 16

NET PROFIT
IN MNOK

20.4

↑ 35.9 % vs. Q4 16

SOLUTIONS
IN OPERATION

1,780

↑ 10.6 % vs. Q4 16

Key figures	Q4 2017	Q4 2016	2017	2016
Revenue in MNOK	90.1	53.3	357.3	220.1
EBITDA in MNOK	51.1	20.7	208.1	96.2
EBITDA margin in %	56.7 %	38.8 %	58.2 %	43.7 %
Net profit in MNOK	20.4	15.0	114.1	43.7
Solutions in operation	1,780	1,609	1,780	1,609

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

Letter from the CEO

The fourth quarter 2017 was another solid quarter, both from an operational and financial perspective. A key priority in the fourth quarter was the successful closing of the *Odin Kapital* acquisition, which significantly increased *Melin Group's* customer base in the Norwegian healthcare sector. The integration of *Odin Kapital's* customers began in January. It will be completed in the first quarter. We expect minimal churn. Synergy effects will gradually increase throughout 2018, with expected full effect in 2019.

Consolidated pro forma revenues, including *Odin Kapital*, grew with 69 percent to NOK 90.1 million compared to Q4 last year (Q4 2016: NOK 53.3 million), while the EBITDA result ended at NOK 51.1 million, up from NOK 20.7 million in the same quarter last year. Total solutions in operation—terminals and invoicing solutions—increased from 1,609 in Q4 2016 to 1,780 in Q4. Churn remained low in the fourth quarter.

The *Melin Group* completed a NOK 1,000 million senior secured bond issue and a NOK 350 million 2nd lien bond issue in the fourth quarter. The proceeds secured the financial flexibility to pursue our aggressive growth strategy, both through organic growth and acquisitions. Subsequent to the quarter, we have announced the acquisitions of *CrediCare AS*, a well-established provider of payment solutions and administration systems for the Norwegian healthcare, dental, fitness and veterinary industries, and *Gordion AB*, which will make *Melin Group* the #1 provider of self-service payment solutions and administration systems to the Swedish healthcare industry. The acquisition of *Gordion AB* was closed in early February, while *CrediCare AS* is expected to be closed in March 2018.

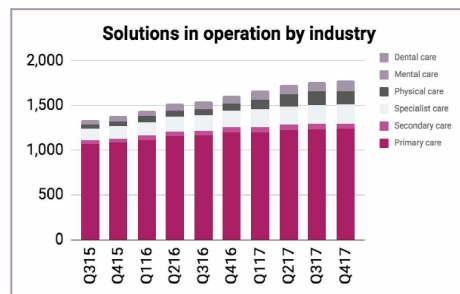
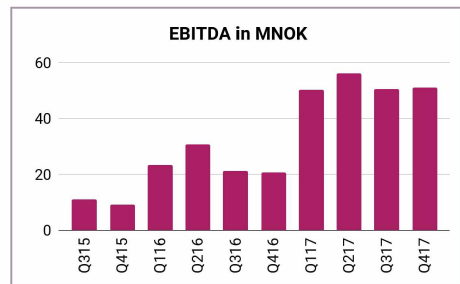
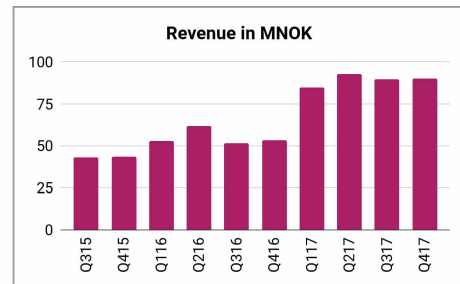
With these acquisitions, *Melin Group* will be the leading provider of payment solutions and administration systems to the healthcare industry in both Norway and Sweden. Additionally, entering multiple sectors where *Melin Group* is not present today, such as the veterinary and fitness industries (*CrediCare*) as well as car rental and check-in terminals for ferry lines (*Gordion*), makes us less vulnerable to changes in national or industry-specific regulations. They 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.

Melin Group pro forma figures, including *Gordion* and *CrediCare*, will be presented in the Q1 2018 report.

Best regards,



INGVILL HESTENES
CEO



Segment information



The following pages include *Melin Group* figures, including *Odin Kapital* from the date of ownership 3 November 2017, 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 (3 November 2017), in line with *NGAAP* accounting principles.

Key financial figures

NOK thousands	Q4 2017	Q3 2017	Q4 2016	2017	2016
Revenue from terminals	8,269	8,153	7,659	33,000	30,468
Revenue from invoicing	17,093	16,215	16,284	75,973	66,124
Revenue from Odin Kapital	6,067	-	-	6,067	-
Other revenue	798	1,706	-512	5,208	1,660
Accrued revenue [see note #3]	-700	13,768	-	13,068	-
Total revenue	31,527	39,842	23,431	133,316	98,252
Growth year over year in %	34.7 %	75.2 %	12.2 %	35.7 %	11.0 %
Annual customer churn rate in %	1.1 %	0.9 %	1.0 %	1.1 %	1.1 %

Table 2 *Melin Medical* key financial figures (reported numbers—not adjusted for accrued revenue and non-recurring items). The Q4 2016 figures include a positive non-recurring item of NOK 14.7 million.

Solutions in operation

Solutions in operation	Q4 2017	Q3 2017	Q4 2016
Terminals	1,315	1,058	992
Invoicing solutions	465	196	163
Total solutions	1,780	1,254	1,155

Table 3 *Melin Medical* solutions in operation. Q4 2017 includes solutions from *Odin Kapital*.**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*¹ 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	Q4 2017	Q3 2017	Q4 2016	2017	2016
Reminder fee	3,779	3,640	-202	22,066	18,571
Debt collection	23,465	24,379	18,236	79,705	56,564
Legal claims	5,529	4,502	2,105	15,000	6,161
Other revenue	2,541	2,089	1,779	10,586	7,273
Accrued revenue [see note #3]	-340	58,764	-	58,424	-
Total revenue	34,974	93,374	21,918	185,781	88,569
Growth year over year in %	59.6 %	340.0 %	59.1 %	109.8 %	42.5 %

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

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

Other information

Significant events during 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.

Significant events after the period

- On 17 January 2018, *Melin Medical* announced that it had entered into an agreement to acquire 100.0 % 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 centers and veterinary offices. *CrediCare* has more than 700 clinics across different industries in its customer portfolio. *Melin Medical* will acquire 100.0 % 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, *CrediCare* has budgeted revenues of approximately NOK 83 million with a budgeted EBITDA of NOK 22 million. In addition to this, *Melin Medical* expects integration synergies of NOK 20–30 million. The acquisition is funded 50 percent by equity or subordinated loan from shareholders, and 50 percent by bank loan, as in accordance with the bond agreement's clause for the RCF. Subject to certain closing conditions, closing of the agreement is expected in March 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* will acquire 100 percent of the shares in *Gordion* for a cash consideration of SEK 21 million upon 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, *Jesper Melin Ganc-Pedersen* reduced his 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.

Personnel and organization

At the end of the period, the number of full time equivalent staff (FTEs) amounted to 132.5 (Q4 2016: 75.2), 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 December 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 fourth 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.

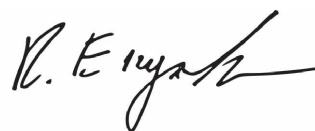
Oslo, Norway · 28 February 2018



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	Q4 2017	Q4 2016	2017	2016
Revenue [see note #3]	66,591	44,238	316,710	183,544
Other operating income	-90	1,110	2,386	3,277
Total revenue	66,501	45,348	319,095	186,821
Cost of materials	-8,106	-3,043	-38,156	-23,003
Personnel expenses	-23,388	-2,748	-60,200	-36,188
Other operating expenses	-12,798	-6,322	-45,136	-35,887
Depreciation and amortization	-3,475	-12,834	-32,217	-35,416
Total operating expenses	-47,767	-24,948	-175,710	-130,494
Operating result	18,734	20,400	143,386	56,328
Net financial items	-20,779	-2,146	-23,884	-5,152
Earnings before tax	-2,045	18,254	119,501	51,176
Taxes	873	-4,814	-29,844	-10,574
Net profit for the period	-1,172	13,440	89,657	40,602

Table 5 Statement of profit and loss (reported numbers—not adjusted for accrued revenue and non-recurring items). The Q4 2016 figures include a positive non-recurring item of NOK 14.7 million.

Statement of financial position

NOK thousands	31 Dec 2017	31 Dec 2016
Intangible assets	1,950,640	348,884
Tangible fixed assets	26,773	24,283
Financial assets	341	84,775
Deferred tax assets	-	1,145
Total non-current assets	1,977,754	459,087
Accrued revenue [see note #3]	65,298	-
Accounts receivable	9,011	6,854
Other current receivables	24,638	15,376
Cash and cash equivalents	82,408	23,572
Total current assets	181,355	45,802
TOTAL ASSETS	2,159,110	504,888
Total equity	769,452	240,625
Deferred tax liabilities	9,956	61,003
Bond loans	1,282,359	-
Liabilities to financial institutions	-	46,324
Other non-current liabilities	-	69,587
Total non-current liabilities	1,292,314	176,914
Short-term liabilities to bondholders / financial institutions	16,078	7,361
Accounts payable	22,499	10,048
Tax payables	14,496	1,361
Public duties payable	10,857	9,156
Other current liabilities	33,414	59,423
Total current liabilities	97,344	87,349
Total liabilities	1,389,658	264,263
TOTAL EQUITY AND LIABILITIES	2,159,110	504,888

Table 6 Statement of financial position.

Statement of cash flow

NOK thousands	Q4 2017	Q4 2016	2017	2016
Profit/loss before income taxes	-2,045	18,254	119,501	51,176
Income tax payable	-931	-2,916	-5,747	-7,683
Depreciation and amortization expenses	3,475	12,834	32,217	35,416
Changes in accounts receivables and payable	2,748	-1,122	10,293	-4,548
Changes in other accruals	-5,099	5,277	-52,810	153
Net cash flow from operating activities	-1,852	32,328	103,455	74,514
Purchase, tangible non-current assets	-15,460	-21,005	-41,434	-29,074
Proceeds, disposal of tangible non-current assets	-	-	-	-
Net purchase and proceeds, other investments	-2,058,398	-34,000	-1,976,142	-34,064
Net cash flow from investment activities	-2,073,858	-55,005	-2,017,576	-63,138
Repayment of borrowings	1,240,691	31,295	1,178,561	16,220
Dividends	-	-	-46,044	-20,000
Capital increase	893,855	-	840,440	-
Net cash flow from financing activities	2,134,546	31,295	1,972,957	-3,780
Net change in cash and cash equivalents	58,836	8,618	58,836	7,596
Opening cash balance	23,572	14,954	23,572	15,976
Closing cash balance	82,408	23,572	82,408	23,572

Table 7 Statement of cash flow.

Net interest-bearing debt

NOK thousands	31 Dec 2017	30 Sep 2017	31 Dec 2016
Intragroup loans	-	-	-
Bond loan	-1,298,436	-	-
Liabilities to shareholders	-	-38,581	-69,587
Liabilities to financial institutions	-	-40,670	-53,686
Cash and cash equivalents	82,408	13,014	23,572
Net interest-bearing debt	-1,216,028	-66,237	-99,701
EBITDA last twelve months	180,345	186,627	91,742
Net interest-bearing debt in % of EBITDA last twelve months	674.3 %	35.5 %	108.7 %

Table 8 Net interest-bearing debt.

Consolidated key ratios

NOK thousands	Q4 2017	Q4 2016	2017	2016
RETURN ON EQUITY				
Return on equity in %	-0.2 %	5.6 %	11.7 %	16.9 %
PROFIT				
EBITDA	22,209	33,235	175,603	91,743
EBITDA margin in %	33.4 %	73.3 %	55.0 %	49.1 %
Operating result	18,734	20,400	143,386	56,328
Operating margin in %	28.2 %	45.0 %	44.9 %	30.2 %
Net profit margin in %	-3.1 %	40.3 %	37.4 %	27.4 %
KEY RATIOS—GROWTH VERSUS LAST YEAR				
Revenue growth in %	46.6 %	30.8 %	70.8 %	24.0 %
Revenue growth in absolute numbers	21,153	10,688	132,274	36,154
KEY RATIOS—FINANCIAL POSITION				
Cash liquidity in %	186.3 %	52.4 %	186.3 %	52.4 %
Total assets	2,159,110	504,888	2,159,110	504,888
Total equity	769,452	240,625	769,452	240,625
Equity/assets ratio in %	35.6 %	47.7 %	35.6 %	47.7 %
Gross interest-bearing debt	1,298,436	123,273	1,298,436	123,273
Net interest-bearing debt	1,216,029	99,701	1,216,029	99,701
Cash conversion ratio in %	-9,346.3 %	-68.2 %	-1,090.0 %	12.4 %

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 the following one-off effects in the profit and loss statement for YTD Q3 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 31 December 2017 the total effect on accrued revenue was MNOK 71.5, the cost of materials was MNOK -6.2 and the EBITDA was MNOK 65.3.

Note 4—Consolidated financial statements

Please note that as *Odin Kapital AS* was acquired 3 November 2017, and in line with *NGAAP* standards have been integrated into the *Melin Group* accounts from this date. 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 December 2016 as presented in this interim report, do not reconcile back to the reported historical financial statements for the *Melin Group*.