Annual report 2017

FROM HI BIDCO AS

HI BIDCO AS
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Report from the Chairman – HI Bidco AS

Nature of the business activities and where these are conducted

HI Bidco AS was established on 14 August 2017. The company was established to become the parent company of the Melin Medical Group. The group was established November 2017. HI Bidco AS is the parent company in the group and the company's business is trading in and investing in real estate, securities and other property assets, including participation in other companies with similar activities. The group provides solutions to the healthcare sector and specializes in providing payment solutions and administration systems that release health professionals from unnecessary administrative work and improve processes around the work of healthcare professionals and communication with patients.

HI Bidco AS is located at Sandane.

On a national basis, the group handles around 75,000 patients each day and over 18 million patient visits a year. Today, approximately 80% of the country's medical offices and emergency rooms, in addition to other healthcare providers, have had a simpler working life with our services.

The subsidiary Melin Collectors AS is an approved debt collection company and is responsible for the collection of monetary claims.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the assumptions of continued operation are present. Based on the assessment, the balance sheet and equity for 2017 and profit forecasts for the year 2018 are in a healthy economic and financial position.

Business outlook

Market development in 2018 is steadily growing. The main market for the group has been services for medical offices and the group is also growing in other nearby markets in the healthcare sector.

The Group's services have so far been aimed at the Norwegian market. The Group has established a strategy towards 2020, which will provide a basis for continued growth and earnings development.

Analysis of the annual accounts and key risks and uncertainties

Due to the fact that the Group was established on November 1, 2017, financial figures for the Group are only for 2 months for the financial year 2017. The company's turnover in 2017 was NOK 0 million. The Group's turnover was NOK 47,093 million in 2017. The company's profit for the year was NOK 0 million in 2017. For the Group, the annual result was NOK -41,421 million in 2017.

The group has research and development expenses in 2017. The subsidiary Melin Medical AS has had NOK 37,2 million in research and development. Melin Medical AS has capitalized NOK 28,1 million as research and development in 2018.

Total cash flow from operations in the Group was NOK 12 million, while operating deficit for the Group amounted to NOK -28,1 million. The difference is mainly due to ordinary depreciation and changes in short term liabilities. Total cash flow from operations in the company was NOK 0 million, while operating deficit in the company amounted to NOK 0,1 million.

Total investments in the group in 2017 were NOK 2,5 million, while the investment for the company was NOK 0 million in 2017.

The company's liquidity portfolio was per. 31.12.2017 NOK 48 million. The Group's liquidity portfolio was NOK 81.2 million as of 31.12.2016. The company's and the group's ability to self-finance investments are good.

The company's current liabilities amounted to 1.9 % of total debt in the company as of 31 December 2017. The company's financial position is good. The Group's current liabilities amounted to 6,4 % of total liabilities in the Group as of 31 December 2017. The group's financial position is good.

For the company, total capital at the end of the year was NOK 1 921,78 million. Equity ratio as of 31 December 2017 was 31,2 %. Total assets for the group at the end of the year were NOK 2 155,186 million. The equity ratio in the group as at 31 December 2017 was 25,9 %.

Financial risk

Overall goals and strategy

HI Bidco AS Group is exposed to some financial risk in various areas, ie currency and interest rate risk. The goal is to reduce the financial risk to the greatest extent possible. The company's current strategy does not include the use of financial instruments, but this is subject to ongoing review by the Board.

Market risk

The subsidiary Melin Medical AS is exposed to changes in exchange rates, especially Danish kroner, as part of the company's costs are in foreign currency.

The company has chosen to hold floating interest rates during the reporting period.

Credit risk

The risk of loss on receivables is considered to be low. No change is expected in 2018, as the health sector is not so cyclically exposed to general market fluctuations. The Group has so far not had significant losses on receivables. Gross credit exposure at the balance sheet date totalled NOK 72,727 million for the Group and NOK 0. 0 for the company in 2017. The listed figures for the company are exclusive of claims on group companies.

There have been no agreements on offsetting or other financial instruments that reduce credit risk in the HI Bidco Group.

Liquidity risk

The company assesses the liquidity of the company as good. Maturities for accounts receivable are maintained and other long-term receivables are not reviewed renegotiated or redeemed.

Working environment

The company has no employees. The sickness absence in the group was a total of approx. 6,66% of total working hours in the Group. Adjusted for long-term sick leave, sickness absence was 2,96% for 2017 in the group. The group will continue to reduce the number of sick days and have initiated measures in the form of training services, physical therapy offerings and adaptation of workplaces to reduce stress injuries.

No serious occupational accidents or incidents have been experienced over the year, whether in the parent company or in the subsidiaries.

The working environment is considered to be good and ongoing measures are being taken for improvements. The HSE Group meets once a month to ensure good follow-up of various measures.

The cooperation with the employee organizations has been constructive and contributed positively to the operation.

Equal opportunities

The group's goal is to be a workplace where there is full equality between women and men. In its policy, the Group has introduced provisions aimed at preventing discrimination based on gender in matters such as salary, advancement and recruitment. The company has traditionally recruited from environments where the number of women and men is evenly represented.

Of the groups 191 employees there are 73 women. There are little wage differences in the company.

Working time schemes in the company follow the various positions and are independent of gender. The company plans to continue the implemented measures regarding gender equality described above.

Non-discrimination and accessibility

The Group works actively, purposefully and in a plan to promote the purpose of the Anti-Discrimination Act within our activities. The activities include recruitment, pay and working conditions, promotion, development opportunities and protection against harassment.

The group's goal is to be a workplace where there is no discrimination due to disability. The group works actively and purposefully to design and organize the physical conditions so that the various functions of the company can be used as widely as possible. For employees or jobseekers with disabilities, individual workplace and work tasks are organized.

External environment

The Group's operations are not regulated by licenses or orders. A significant part of the environmental work concentrates on establishing systems for measuring dust and noise related to the production plant. The group has an agreement with RENAS for the return of payment terminals.

Annual results and disposals

The Board proposes the following disposal of the annual deficit for the year of MNOK -41,421 in HI Bidco Group:

Allocated to other equity:	-41,421
Total transfers:	**-41,421**

Net result for parent company is 0.

Oslo, 30. April 2018

Johan B. Michelsen, Chairman of the Board

Ingvill Hestenes, Managing Director

HI Bidco AS

INCOME STATEMENT

(NOK '000)

Parent 2017		Note	Group 1.11-31.12.2017
	Sales revenue	4,12	46 302
	Other operating income		791
0	**Total operating revenue**		**47 093**
	Cost of materials		7 403
	Personnel expenses	10,13	15 501
	Depreciation	1,2	37 107
	Write-downs	1	5 595
1	Other operating expenses	13	9 590
1	**Total operating expenses**		**75 195**
-1	**Operating result**		**-28 102**
17 901	Income from subsidiaries and associated companies		0
	(Other) interest income		179
38	Other finance income		699
17 938	(Other) interest expenses	14	17 938
	Other financial expense		3 493
0	**Earnings before tax**		**-48 654**
	Income taxes	11	-7 281
0	**Net result for the period**		**-41 421**
0	Contribution to equity		

HI Bidco AS

BALANCE SHEET AT 31.12.

(NOK '000)

Parent 2017	ASSETS	Note	Group 2017
	Trademark	1	71 912
	Customer related assets	1	597 807
	Other intangible assets	1	175 985
	Research and development	1	37 426
	Licences	1	1 875
	Goodwill	1	1 059 724
0	**Total intangible assets**		**1 944 729**
	Buildings	2	4 483
	Equipment, fixtures and fittings	2	2 662
	Machinery and plant	2	19 851
0	**Total tangible assets**		**26 996**
1 855 001	Shares in subsidiaries	3	
	Other investments		129
	Other non-current receivables		231
1 855 001	**Total financial fixed assets**		**360**
1 855 001	**TOTAL FIXED ASSETS**		**1 972 085**
1 094	Public duties receivable		
	Account receivable	5	7 429
	Accrued revenue	4	65 298
17 901	Intercompany receivables	5,6	
	Other current receivables		29 169
18 995	**Total receivables**		**101 896**
47 980	**Cash and cash equivalents**	7	**81 205**
66 975	**TOTAL CURRENT ASSETS**		**183 100**
1 921 976	**TOTAL ASSETS**		**2 155 186**

HI Bidco AS

BALANCE SHEET AT 31.12.

(NOK '000)

Parent 2017	EQUITY AND LIABILITIES	Note	Group 2017
90	Share capital	8,9	90
599 950	Share premium	8	599 950
600 040	**Total paid-in equity**		**600 040**
0	Retained earnings	8	-41 421
0	**Total retained earnings**		**-41 421**
600 040	**TOTAL EQUITY**		**558 619**
0	Deferred tax	1,11	211 690
14 268	Intercompany loan	6	0
1 282 359	Bond loan	5	1 282 359
1 296 627	**Total non-current liabilities**		**1 494 049**
0	Short term liabilities to parent company		5 001
8 793	Accounts payables	6	22 272
0	Tax payable		14 451
	Public duties payable		14 360
16 517	Other current liabilities	7	46 435
25 310	**Total current liabilities**		**102 518**
1 321 937	**TOTAL LIABILITIES**		**1 596 567**
1 921 976	**TOTAL EQUITY AND LIABILITIES**		**2 155 186**

Oslo, 30 April 2018

Johan Bernt Michelsen
Chairman of the Board

Ingvill Hestenes
CEO

HI BIDCO AS

Cash flow statement
(NOK '000)

Parent 2017		Group 2017
	Cash flow from operations	
0	Profit before income taxes	-48 654
0	Depreciation	37 107
0	Imparement of fixed assets	5 595
0	Change in trade debtors	1 235
8 793	Change in trade creditors	-1 745
15 402	Change in other provisions	18 445
24 195	**Net cash flow from operations**	**11 982**
	Cash flow from investments	
0	Purchase of fixed assets	-2 530
-1 855 001	Purchase of shares and investments in other companies	-107 560
0	Purchase of other investments	0
-1 855 001	**Net cash flow from investments**	**-110 090**
	Cash flow from financing	
1 282 359	Proceeds from long term loans	0
0	Proceeds from short term loans	5 001
600 000	New equity received	0
14 268	Proceeds from issuance of equity	0
-17 901	Group contribution received	0
1 878 726	**Net cash flow from financing**	**5 001**
	Exchange gains / (losses) on cash and cash equivalents	
47 920	Net change in cash and cash equivalents	**-93 107**
60	Cash and cash equivalents at the beginning of the period	174 312
47 980	**Cash and cash equivalents at the end of the period**	**81 205**

Accounting principles

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

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Shares in subsidiaries and associated companies

Subsidiaries are companies controlled by a parent through the ownership of greater than 50 percent of its voting stock. An associate company is a company in which another company owns a significant portion of voting shares, usually 20-50 percent.

The following companies are included in the Group:
Parent and susidiaries
HI Bidco AS (parent)
Helseinnovasjon AS
Melin Medical AS
Melin Collectors AS
Melin Medical AB
Melin Collectors Danmark ApS
Melin Medical Danmark ApS

Ownership throughout the group is 100 %

Accounting principles for shares in subsidiaries and associated companies

Investments in subsidiaries and associated companies are booked according to the cost method. The cost price increases when facilities gets provided by capital expansion or when subsidiaries receive intra-group contributions. Received contributions are treated in the first place as income. Contributions that exceed the share of retained earnings of purchase are recognized as a reduction of purchase cost. Dividends/intra-group contributions from subsidiaries are accounted for in the same year as the subsidiaries deposits the amount. Dividends from other companies are accounted for as financial income when the dividend are decided.

Consolidation principles

Subsidiaries are consolidated when the control is transferred to the Group (acquisition date).

In the consolidated financial statement are shares in subsidiaries replaced by the subsidiaries assets and liabilities. The consolidated financial statement are prepared as if the Group was one economic unit. Transactions, unrealized profits and balances with group companies are eliminated.

Acquired subsidiaries are accounted for in the consolidated financial statement based on the parent's purchase cost. Purchase cost is assigned to identifiable assets and liabilites of the subsidiary, which are listed in the consolidated financial statement at fair value at the acquisition date. Any added value out of what can be attributed to the identifiable assets and liabilites, is capitalized as goodwill. Goodwill is treated as a residual and capitalized with the proportion that is observed in the acquisition transaction. Excess value in the consolidated financial statement are depreciated over the expected life of the acquired assets.

Revenues

Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its services to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the services.

The group has 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. Historical data is applied to estimate and recognise accrued revenue from invoice fee, reminder fee and debt collection fee. The historical data contains resolution rates and expected revenue from different patinet segments where only segment A and B are recognized.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

Interest expense incurred in connection with the production of fixed assets is expensed.

Intangible assets

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

Fixed assets

Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.

Investments in other companies

Except for short term investments in listed shares, the cost method is applied to investments in other companies. 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.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.
Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Pensions

Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

all numbers in NOK '000

Note 1 Intangible assets

Group

Intangible assets	R&D	Licences	Total
Purchase cost pr. 01.11	37 752	1 646	39 398
Additions	5 143	242	**5 385**
Disposals		0	**0**
Purchase cost pr. 31.12.	42 895	1 888	**44 783**
Accumulated depreciation 31.12.	327	13	20 708
Write down 31.12	5 143	0	5 143
Net book value pr. 31.12.	**37 426**	**1 875**	**39 301**
Depreciation in the year	327	13	340
Estimated useful life	5 years	3-5 years	
Depreciation plan		Straight line	

Group

Intangible assets	Trademark	Customer related assets	Other. Int. assets	Goodwill	Total
Purchase cost pr. 01.11	73 666	607 939	182 053	1 077 816	1 941 474
Additions					**0**
Disposals					**0**
Purchase cost pr. 31.12.	73 666	607 939	182 053	1 077 816	**1 941 474**
Accumulated depreciation 31.12.	1 754	10 132	6 068	18 091	0
Write down 31.12					0
Net book value pr. 31.12.	**71 912**	**597 807**	**175 985**	**1 059 724**	**1 905 428**
Depreciation in the year	1 754	10 132	6 068	18 091	36 046
Estimated useful life	7 years	10 years	5 years	10 years	
Depreciation plan	Straight line	Straight line	Straight line	Straight line	

HI Bidco AS aquired 100% of the shares in Helseinnovasjon AS 1.11.2017 due to a restructuring of the group. Simultanously the sibling Melin Medical aquired 100% of the shares in Odin Kapital AS. The transacations for the shares in Helseinnovasjon AS and Odin Kapital are booked at purchase cost according to the acquisition method.

Goodwill, Trademark, Customer related assets and other intantigable assets derives from the aquisition of Helseinnovasjon AS and Odin Kapital. The group has estimated a added value for the companies equity of 1 941 where Goodwill is the residual of unindentified assets. Please note that these values is a preliminary purchase price allocation (PPA) in accordance with NGAAP. The effect of deffered tax on immaterial asstes has been taken into consideration in the groups deferred tax.

Note 2 Fixed assets

Group

Fixed assets	Buildings and land	Machines	Movables	Total fixed assets
Purchase cost 01.11	4 493	18 211	3 492	26 196
Additions		1 998	532	2 530
Disposals	0	0		0
Purchase cost 31.12.	4 493	20 209	4 024	28 726
Accumulated depreciation 31.12.	10	358	353	721
Write down 31.12	0	0	1 009	1 009
Net book value 31.12.	**4 483**	**19 851**	**2 662**	**26 996**
Depreciation in the year	10	358	353	721
Expected useful life	5-20 years	4-5 years	3-5 years	
Depreciation plan	Straight line	Straight line	Straight line	

Note 3 Subsidiaries and associated companies

Parent

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

Subsidiaries	Location	Ownership/ voting right	Equity 31.12.17 (100%)	Result 2017 (100%)	Balance sheet value
Helseinnovasjon AS	Sandane	100 %	386 055	-3	1 855 001
Balance sheet value 31.12.					**1 855 001**

Group

There are no other associated companies in the group than those owned by the parent, specified above.
Investments in subsidiaries and associated companies are booked according to the cost method.

Note 4 Accrued revenue

Group

The subsidiaries, Melin Medical AS and Melin Collectors AS, uses 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. The companies has segmented the portfolio of claims based on a set of criteria and claims from segment A and B are recognized. The resolution rates are 91% and 75%. Within the net accrued revenue of 65 298, the companies has made a provision of 6 193 to collect the claims.

Note 5 Debtors and liabilities

Parent 2017	Trade debtors	Group 2017
0	Trade debtors at nominal value	7 599
0	Bad debts provision	-170
0	**Trade debtors in the balance sheet**	**7 429**

2017	Debtors which fall due later than one year	2017
17 901	Other long term debtors	0
17 901	**Total**	**0**

2017	Long term liabilities which fall due later than 5 years	2017
0	Liabilities to credit institution	0
1 282 359	Bond loan	1 282 359
14 268	Other long term liabilities	0
1 296 627	**Total**	0

Specification of bond	Issue Amount	Book value	Coupon rate	Maturity date
Senior secured callable bond	1 000 000	949 939	3 month NIBOR + 5,5%	30.10.2022
2nd Liend bond	350 000	332 419	3 month NIBOR + 8 %	30.01.2023
		1 282 359		

Note 6 Balance with group companies, etc.

Parent

	Trade debtors 2017	Other debtors 2017
Group companies	0	17 901
Associated companies	0	0
Total	**0**	**17 901**

	Other long term liabilities 2017	Trade creditors 2017
Group companies	14 268	7 310
Associated companies	0	0
Total	**14 268**	**7 310**

Note 7 Restricted bank deposits, overdraft facilities

Parent 2017	Restricted bank deposits	Group 2017
0	Withheld employee taxes	3 186

2017	Client funds	2017
	Client liability	24 334
0	Client debt	22 939
		1 395

The difference in client funds pr. 31.12 is due to payment that is not registred in the system on the client account pr 31.12. Net debt is presented as other current liability in the group acounts.

Note 8 Shareholders' equity

Parent

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Foundation	30	10	0	0	40
Conversion of receivable	30	548 970	0	0	549 000
Capital increase	30	50 970	0	0	51 000
Equity 31.12.	**90**	**599 950**	**0**	**0**	**600 040**

Group

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.11.	90	599 950	0	0	600 040
Profit for the year	0	0	0	-41 421	-41 421
Dividend	0	0	0	0	
Equity 31.12.	**90**	**599 950**	**0**	**-41 421**	**558 619**

Note 9 Share capital and shareholder information

The parent company HI Bidco AS has its registered offices in Grandavegen 26, 6823 Sandane, where the consolidated accounts which include the company can be obtained.

The share capital of NOK 90 000 consists of 1 000 shares with nominal value of NOK 90 each.

List of major shareholders at 31.12.	Number of shares	Ownership
HI Midco AS	1 000	100 %
Total number of shares	1 000	100 %

Note 10 Pensions

The group's pension scheme for the executives is financed from the company's operations. The constribution scheme is expensed on an ongoing basis.

The company's pension schemes meet the requirements of the law on compulsory occupational pension.

Note 11 Taxes

Calculation of deferred tax/deferred tax benefit

Parent 2017		Group 2017
	Temporary differences	
0	Fixed assets	-9 169
0	Accounts receivable	65 958
0	Inventory	-1 347
0	R&D	-6 937
0	Pension premium/liability	-8 001
0	Other intangiable assets	858 559
	Other	18 680
0	Net temporary differences	917 743
0	Tax losses carried forward	-3 600
	Amount not to be included in deffered tax	6 249
0	Basis for deferred tax	**920 392**
0	Deferred tax	211 690
0	Deferred tax benefit not shown in the balance sheet	0
0	**Deferred tax in the balance sheet**	**211 690**

Basis for income tax expense, changes in deferred tax and tax payable

0	0	Result before taxes	-48 654
0	0	Permanent differences	18 296
0	**0**	Basis for the tax expense for the year	**-30 358**
0	0	Change in temporary differences	45 874
0	0	**Basis for payable taxes in the income statement**	**15 515**
0	0	+/- Group contributions received/given	-5 001
0	0	**Taxable income (basis for payable taxes in the balance sheet)**	**10 514**
		Components of the income tax expense	
0	0	Payable tax on this year's result	3 724
0	0	Adjustment in respect of priors	124
0	**0**	**Total payable tax**	**3 848**
0	0	Change in deferred tax based on original tax rate	-11 128
0	0	Change in deferred tax due to change in tax rate	
0	**0**	**Tax expense**	**-7 281**
		Reconciliation of the tax expense	
0	0	Result before taxes	-48 654
0	0	Calculated tax	-11 677
0	0	Tax expense	-7 281
0	0	Difference	4 396
		The difference consist of:	
0	0	Tax of permanent differences	4 391
0	0	Change in deferred tax due to change in tax rate	0
0	0	Other differences	5
0	0	Sum explained differences	4 396
		Payable taxes in the balance sheet	
0	0	Payable tax in the tax charge	3 724
		Tax deduction R&D	-4 728
		Tax effect of group contribution	-1 200
0	0	Payable tax pre group establishment	16 655
0	**0**	**Payable tax in the balance sheet**	14 451

Note 12 Operating income

Parent 2017	2016		Group 2017
0	0	Sales income	46 302
0	0	Other operating income (specify if material)	791
		Total	47 093

2017	2016	Activity distribution	2017
0	0	Consultant services	2 021
0	0	Administration services and invoice fee	15 312
0	0	Debt collection revenue	28 969
0	0	Other operating income	791
0	**0**	**Total**	**47 093**

2017	2016	Geographical distribution	2017
0	0	Norway	46 668
0	0	Denmark	425
0	**0**	**Total**	**47 093**

Note 13 Payroll expenses, number of employees, remunerations, loans to employees, etc.

Parent 2017	2016	Payroll expenses	Group 2017
0	0	Salaries/wages	11 796
0	0	Social security fees	1 582
0	0	Pension expenses	188
		Other remudation	-3 165
0	0	Provision for restructuring	5 100
0	**0**	**Total**	**15 501**
0	0	The number of employees in the accounting year has been	131

Remuneration to Group executives	**General manager**	**Board**
Salaries/board fee	148	30
Pension expenses	3	0
Other remuneration	89	0

No loans/sureties have been granted to the general manager, Board chairman or other related parties.
The general manager of Melin Medical and Melin Collectors has a bonus agreement of 1 % of the net result of the companies.

Expensed audit fee

	Parent	Group
Statutory audit (incl. technical assistance with financial statements)	0	46
Other assurance services	0	
Tax advisory fee (incl. technical assistance with tax return)	0	
Other assistance (to be specified)	0	
Total audit fees	**0**	**46**

Audit fee is the amount expensed in the period 1.1.-31.12.17

Note 14 Specification of financial income and expenses

Parent 2017	Parent 2016	Financial income	Group 2017	Group 2016
17 901	0	Income from subsidiaries	0	0
0	0	Interest income	179	0
0	0	Other financing income	699	0
38	0	Other financial income	0	0
17 939	**0**	**Total financial income**	**878**	**0**

The parent company has received a group contribution of 17 901 from its subsidiary Melin Medical AS to eliminate tax positions within the group

2017	2016	Financial expenses	2017	2016
17 938		Other interest expenses	17 938	
	0	Other financial expenses	3 493	0
17 938	**0**	**Total financial expenses**	**21 431**	**0**

The parent and group's interest expenses derives from the bond obligation

Note 15 Post balance sheet events

The group has aquired 100 % of the shares of the Swedish company Gordion AB.

To the General Meeting of HI Bidco AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HI Bidco AS showing a profit of NOK 0 in the financial statements of the parent company and loss of NOK thousand 41 421 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and 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 financial statements of the group, which comprise the balance sheet as at 31 December 2017, and 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.

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 parent company as at 31 December 2017, 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 financial statements give a true and fair view of the financial position of the group as at 31 December 2017, 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.

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.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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 fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 and 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 or 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 or 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 fair presentation.
- 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.

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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 proposal for the allocation of the profit 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 30 April 2018
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.