

## INTERIM REPORT JULY–SEPTEMBER 2017

### Third Quarter

- Revenue increased by 16.0% to €144.0m (€124.1m). Organic revenue grew by 13.2%.
- Operating profit amounted to €8.5m (€6.7m), representing an operating margin of 5.9% (5.4%).
- Net profit amounted to €4.3m (€3.2m), which represents a net profit margin of 3.0% (2.6%).
- Cash flow from operating activities amounted to €15.3m (€10.6m).
- Basic/diluted earnings per share (EPS) was €0.030 (€0.030).
- EBITDA increased by 20.0% to €15.0m (€12.5m), corresponding to an EBITDA margin of 10.4% (10.1%).

### 9 Months

- Revenue increased by 17.2% to €427.5m (€364.8m). Organic revenue grew by 15.0%.
- Net profit amounted to €11.0m (€4.8m), which represents a net profit margin of 2.6% (1.3%).
- EBITDA increased by 22.4% to €40.4m (€33.0m), corresponding to an EBITDA margin of 9.5% (9.0%). Excluding IPO costs expensed, EBITDA increased by 27.9% to €42.2m a margin of 9.9%.
- Number of members increased by 18.2% reaching 1 million members at 30 September 2017 (846K). Number of lab tests increased by 9.4% reaching 93.0m (85.0m) for the nine months.

## REVENUE AND EARNINGS

€ millions (€m)	Q3 2017	Q3 2016	Growth	9M 2017	9M 2016	Growth	FY 2016
Revenue	144.0	124.1	16.0%	427.5	364.8	17.2%	497.3
Operating profit	8.5	6.7	26.9%	21.0	13.7	53.3%	17.6
Operating profit margin, %	5.9%	5.4%		4.9%	3.8%		3.5%
Net profit	4.3	3.2	34.4%	11.0	4.8	129.2%	6.5
Net profit margin, %	3.0%	2.6%		2.6%	1.3%		1.3%
Earnings per share, €	0.030	0.030	n/m	0.085	0.038	123.7%	0.046
Diluted earnings per share, €	0.030	0.030	n/m	0.085	0.037	129.7%	0.045
EBITDA <sup>1</sup>	15.0	12.5	20.0%	40.4	33.0	22.4%	44.3
EBITDA margin, %	10.4%	10.1%		9.5%	9.0%		8.9%

<sup>1</sup> For Alternative Performance Measure definitions and reconciliations, refer to note 9

Medicover is a leading international healthcare and diagnostic services company and was founded in 1995. Medicover operates a large number of ambulatory clinics, hospitals, specialty-care facilities and laboratories and the largest markets are Poland and Germany. In 2016, Medicover had revenue around €0.5 billion and 14,400 employees. For more information, go to [www.medicover.com](http://www.medicover.com)

## CEO STATEMENT

---



The third quarter confirms that we are well on track to reach our targets with good organic growth and healthy margin expansion across both divisions. We reached revenue growth of 16.0% for the whole company and organic growth of 13.2%. All in all, we reached revenue of €144.0m (€124.1m) for the third quarter, and EBITDA of €15.0m (€12.5m). Adjusted EBITDA grew 20.5% reaching an adjusted EBITDA-margin of 10.6% (10.2%), reflecting scale and operating leverage for both divisions.

Healthcare Services reached 1 million members in the quarter which is a historic milestone and a recognition for the work we do. We continue to see a stable market development in both Poland and Romania, with sustained robust demand for our services, and currently do not foresee any major changes to market conditions. Revenue growth was 18.0% in the quarter, lifting revenue to €71.5m (€60.6m) with organic growth of 13.9%.

In the quarter, revenue for Diagnostic Services rose 14.5% to €74.8m (€65.3m), with organic growth of 13.0%. All major markets contributed to the favourable development of revenue. We have a continued expansion of blood drawing points, 30 so far in 2017, whereof 13 in Ukraine, which have started to contribute to revenue as well as improved market positions in Romania and Germany. The German clinical business contributed with €12.2m (€8.5m) to revenue in the quarter and €0.7m (€-0.2m) to EBITDA and we expect the contribution to profitability to continue to improve over the quarters.

We announced in the prospectus that part of the proceeds from the IPO were going to be used to expand into India. In October, we have completed our planned transactions and the acquired fertility business will be consolidated from the fourth quarter while the 22% investment in the hospital group – MaxCure – will be recorded as an associate. We envisage continued solid development of this investment and have options exercisable in 2018 and 2019 to take us to over 50%. We are excited about possibilities in India and expect both businesses to add to revenue and profitability over time.

During the quarter we acquired a genetics laboratory and practise in Berlin and shortly after the quarter end closed the acquisition of an infectious diseases practise also based in Berlin to complement our clinical based business. In Romania we acquired a clinical network in Constanta, the main Romanian sea port, which will supplement our network of clinics in Romania, supporting both the Diagnostic and Healthcare Services.

In addition to acquisitions, we are on an ongoing basis investing in new technologies and technological innovations across the group. In the quarter we have inaugurated and launched our digital histopathology platform in the central laboratory in Bucharest, Romania, which significantly strengthens our offering within pathology.

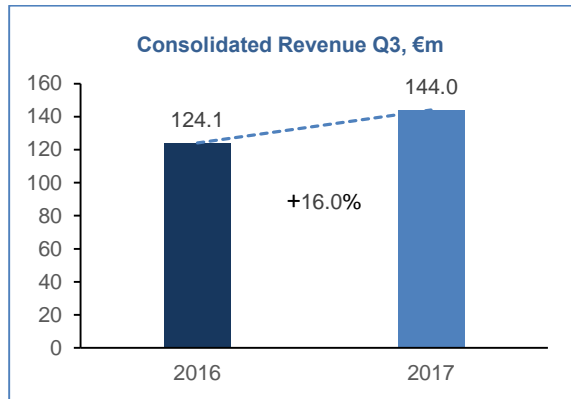
We are now getting closer to the year end, and I am very proud of what we have achieved so far. Since we were established in 1995 we have reported solid underlying organic growth on a yearly basis. Now with the recent footprint in India and investments in new technological platforms in the diagnostic field we further enhance our platform for growth.

Fredrik Rågmark

CEO

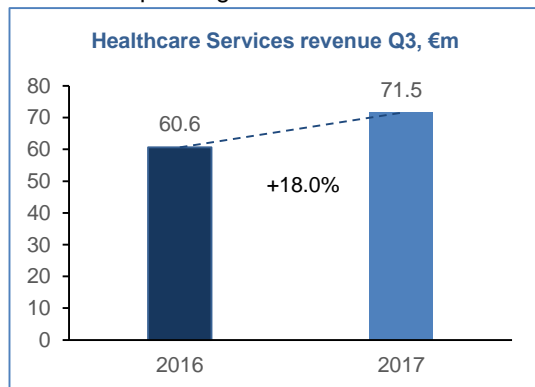
## REVENUE THIRD QUARTER 2017

**Consolidated revenue** increased by 16.0% to €144.0m (€124.1m) with organic revenue growth of 13.2%. Growth has been strong in all major business lines.



**Healthcare Services** revenue grew by 18.0% to €71.5m (€60.6m), with organic growth of 13.9%. Members grew by 18.2% to 1 million at period end (846K).

The favourable employment market in the major countries supports member growth under employee health packages in the funded businesses. This has been the strongest growth driver representing some 60% of the growth. The out of pocket private pay has been the other growth driver. Healthcare Services continue to see good economic development in the main economies with increasing employment, real wage increases and increasing consumer spending.

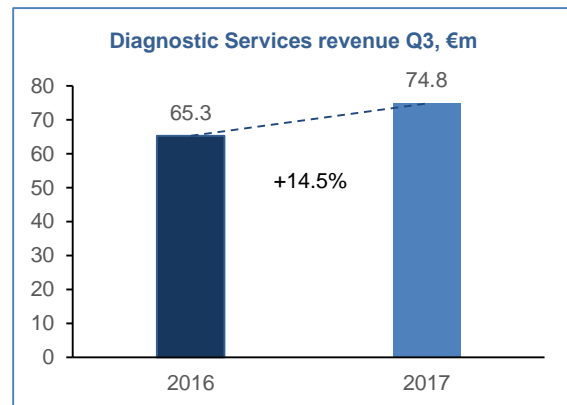


The summer months tend to see the growth trend decline as the activity on the out of pocket private pay is slower however the funded business sees a steady growth in revenue recognised as membership increases.

Effective from the beginning of August a clinical business with five sites located in the coastal city of Constanta in Romania was acquired and consolidated from August in the third quarter.

**Diagnostic Services** revenue grew by 14.5% to €74.8m (€65.3m), with organic growth of 13.0%. Laboratory test volume was stable at 30.0m (30.0m), with composition changes driving the revenue increase.

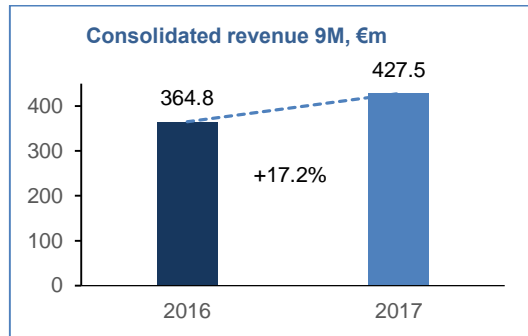
The German clinical business starts to be less of a weight in the growth as the difference in the number of the clinics in the comparable quarter reduces. The impact is still strong but moderating. The ambition is to increase the number of doctors in existing medical centres which is a factor that drives continuing growth and seek to acquire established clinics within existing cities and new cities. The German clinical business had revenue of €12.2m (€8.5m). The established businesses grew well in all major markets.



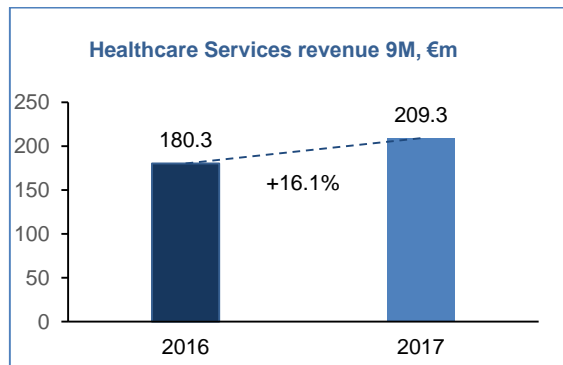
Effective from the 1<sup>st</sup> July a Berlin genetics clinic and laboratory was acquired and has been consolidated within this report. Just after the quarter closed, a Berlin infectious diseases clinic was acquired and will be consolidated from the fourth quarter. This will be integrated into the Germany clinical business operations and is our 7th clinical site in Berlin. The continuing economic stability in Romania and Poland as well as an economic recovery in Ukraine is leading to increased ability to self-pay for health care and the expansion of access through more blood drawing points supports this growth. During the quarter seven new blood drawing points were opened in Ukraine.

## REVENUE NINE MONTHS 2017

**Consolidated revenue** increased by 17.2% to €427.5m (€364.8m) with organic growth at 15.0%. Growth for the nine months has been balanced, slightly weighted to the Diagnostic Services segment with 56.1% of the growth.

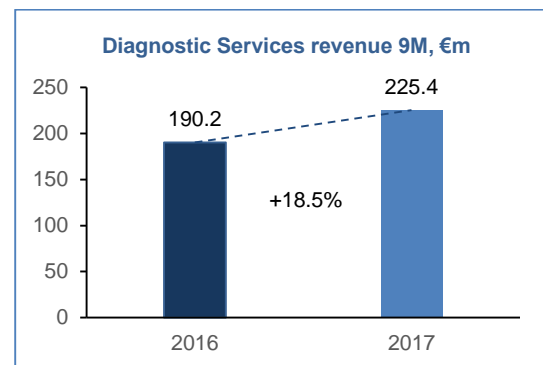


**Healthcare Services** revenue grew by 16.1% to €209.3m (€180.3m), with organic growth of 12.3%. A favourable employment market combined with continued good economic development are driving member growth and revenue in the funded business, which represented towards 2/3rds of the growth. The self-pay business in both Poland and Romania grows at a faster rate but from a smaller base, representing the other 1/3rd of the growth, while public reimbursed services are flat versus prior year period.



**Diagnostic Services** revenue grew by 18.5% to €225.4m (€190.2m), with organic growth of 17.9%. The German clinical business is the largest contributor to strong growth. The 14 sites opened or taken over in 2016 were all operational for the nine months of 2017. An infectious diseases clinic was acquired just after the quarter end. The German clinical business had revenue of €36.1m (€18.5m).

The established businesses also grew well in all markets, including the German laboratory activity. As mentioned above the economic situation is supportive for growth in all key markets.



## PROFIT DEVELOPMENT THIRD QUARTER 2017

**Operating profit (EBIT)** increased to €8.5m (€6.7m) with operating margin expansion of 0.5% points to 5.9% (5.4%).

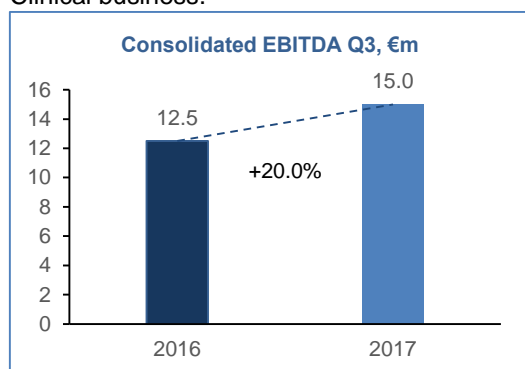
**Profit for the period** amounted to €4.3m (€3.2m), a margin of 3.0% (2.6%).

Net financial items for the quarter amounted to €2.2m (€1.5m). Debt costs reduced significantly as the revolving credit facility of €200m is largely unutilised. €0.9m was interest charged on the Group's other debt, commitment fees and other discounted liabilities. Unrealised foreign exchange losses amounted to €1.4m.

Basic/diluted earnings per share of €0.030 (€0.030).

**Consolidated EBITDA** increased by 20.0% to €15.0m (€12.5m) with an EBITDA margin of 10.4% (10.1%). Adjusted EBITDA was €15.3m (€12.7m) a margin of 10.6%.

The improvement in the profit reflected increased revenue in both segments making contributions and in particular the development of the German Clinical business.



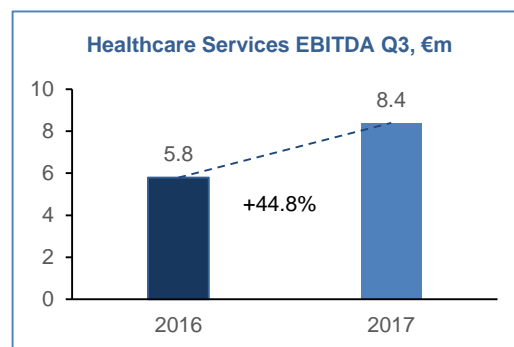
### Items affecting comparability

Effective from August 2016 the Warsaw hospital previously leased by the Healthcare Services segment was acquired hence reducing the operational costs and increasing EBITDA for the future. Compared to the prior year the impact of this is nil for operating profit and €0.3m for EBITDA.

Smaller acquisitions have been made over the year. Revenue recognised in the third quarter 2017 from acquisitions made since 30 September 2016 was €2.9m.

EBITDA for **Healthcare Services** increased by 44.8% to €8.4m (€5.8m), an EBITDA margin of 11.7% (9.6%). With €0.3m of this improvement

due to the change of the property ownership of the hospital building in Poland. Most of the improvement is through contribution of the new business volumes. Operating profit increased by 66.7% to €5.0m (€3.0m). Operating profit margin was 7.0% (5.0%).



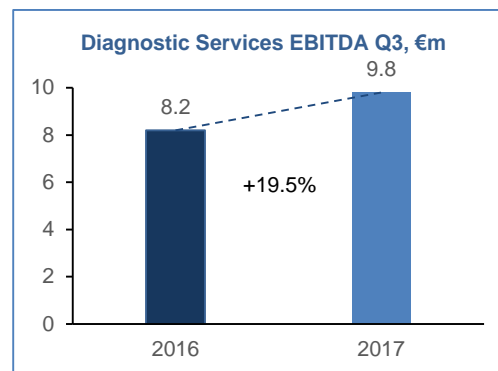
The segment results were driven by the increase in funded members and incremental increases in the developing businesses. The summer months are some of the best financial performance months for the funded business due to the seasonal lower demand for medical services and the straight line recognition of revenue. The in-vitro fertility business in Poland has progressed well in growing self-pay revenue replacing the revenue from the National Health Fund which stopped their funding program in June 2016. The business is back to growth along with a strong performance from the Ukrainian fertility unit.

The Polish health ministry has not made any decision in regards of Medicover's hospital publicly funded revenue, and this is expected to continue into the next year before any decision is made. Public pay contracts are a minor part of Medicover's business and represent 3.6% of the segment's revenue.

EBITDA for **Diagnostic Services** increased by 19.5% to €9.8m (€8.2m) with an EBITDA margin of 13.1% (12.6%).

The established businesses all grew well. Flow through to EBITDA margins from gross profit has been the driver for the increase. The summer months see seasonal reduction in volume compared to other periods due to lower doctor visits. The development of the German clinical business boosted EBITDA, as it moved from being negative in the prior year to contributing in the current quarter, with an EBITDA of €0.7m and a margin of 5.7%. The development of this business unit also slows in the summer months. A

new unit has been added for the fourth quarter of 2017 with the closing of the acquisition of a Berlin based clinic focusing on infectious diseases, such as hepatitis and HIV. Operating profit was €6.8m (€5.2m) a margin of 9.1% (8.0%), an improvement of 1.1 percentage points.



## PROFIT DEVELOPMENT NINE MONTHS 2017

**Operating profit** (EBIT) grew by 53.3% to €21.0m (€13.7m) with operating margin expansion of 1.1% points to 4.9% (3.8%). IPO costs were €1.8m. Adjusted for the IPO costs, operating profit was €22.8m with an operating profit margin of 5.3%.

**Profit for the period** more than doubled to €11.0m (€4.8m), a margin of 2.6% (1.3%) and adjusted for the IPO costs, profit was €12.8m, nearly a three-fold increase representing a margin of 3.0%.

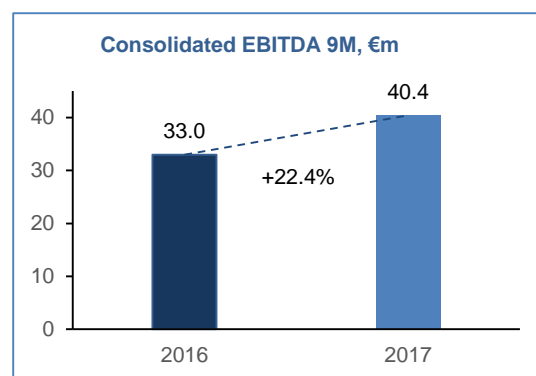
Net financial items for the nine months amounted to €4.8m (€3.9m). Unamortised legal and arrangement fees balances of €0.5m were accelerated and expensed in the first half relating to the early termination of the prior credit facility, replaced with a new undrawn facility for €200m and commitment fees paid subsequently on the undrawn facility. €4.4m (€4.0m) was interest charged on the Group's debt and other discounted liabilities. Unrealised foreign exchange losses amounted to €0.5m.

Earnings per share of €0.085 (€0.038). Diluted earnings per share of €0.085 (€0.037).

**Consolidated EBITDA** increased by 22.4% to €40.4m (€33.0m) with an EBITDA margin of 9.5% (9.0%). Adjusted EBITDA, also excluding the €1.8m of IPO costs, was €43.0m, a growth of 28.4% with a margin of 10.1%.

The increase was more weighted to the Diagnostic Services segment, with both segments growing contribution and the absolute growth flowing through to profit. Within the Diagnostic Segment this is driven by revenue growth and the Clinical business in Germany developing. Within the Healthcare Services segment, from increased funded members and

the change in the real estate acquired property in Poland.



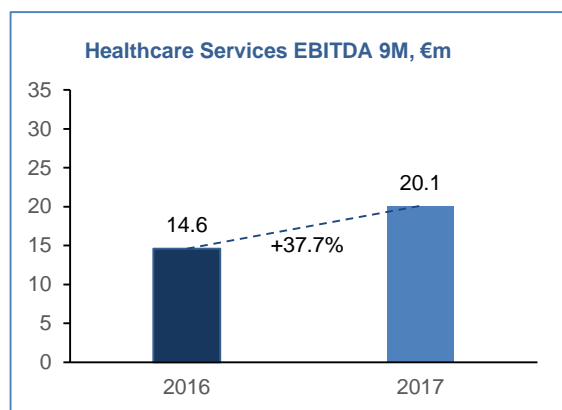
### Items affecting comparability

In the second quarter 2016 a one off non-cash charge of €3.5m was made in the Diagnostic Services segment for impairment of goodwill and intangibles for the Turkish business operations.

From August 2016 the Warsaw hospital previously leased by the Healthcare Services segment was acquired hence reducing the operational costs and increasing the profit measures. Compared to the prior year the impact of this is €0.9m for operating profit and €2.0m for EBITDA.

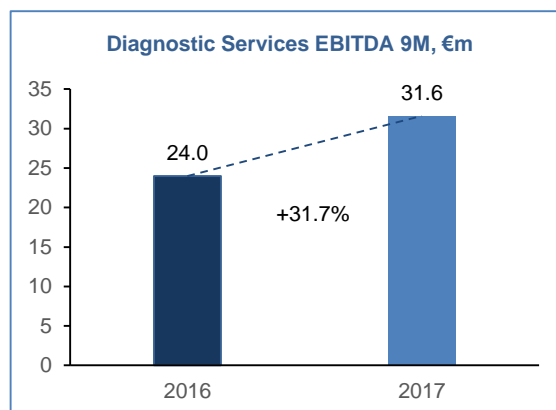
In May 2017 the Company's B class of shares were listed on the Nasdaq Stockholm exchange and new capital raised. Costs incurred in respect of this were in total €10.4m with €1.8m expensed in the second quarter and €8.6m offset against capital raised.

EBITDA for **Healthcare Services** increased by 37.7% to €20.1m (€14.6m), an EBITDA margin of 9.6% (8.1%). The increase in EBITDA derived from the change in the property ownership of the hospital building in Warsaw was an impact of €2.0m. The balance of the improvement is through contribution on the new business volumes. Operating profit amounted to €10.0m (€6.8m), an increase of 47.1% with an operating margin of 4.8% (3.8%).



EBITDA for **Diagnostic Services** increased by 31.7% to €31.6m (€24.0m) with an EBITDA margin of 14.0% (12.6%). The established businesses all grew well. Flow through to EBITDA margins from gross profit has been a main driver for the increased profitability. The development of the German clinical business boosted EBITDA as it moved from being negative to contributing in the

nine months with an EBITDA of €1.8m and a margin of 5.0%.



Operating profit for the segment followed a similar trend with 79.2% growth amounting to €22.4m (€12.5m) a margin of 9.9% (6.6%). Adjusting for the impairment charge in the first half 2016 the comparative would have been €16.0m, a margin of 8.4%.

Strong economic activity in the major markets continues to support self-pay demand for health care. The Diagnostic Services segment has increased its number of blood collection points and distribution in Romania, Poland and Ukraine, with the addition of 30 blood drawing locations over 2017.



## KEY FINANCIAL DATA

<b>Medicover</b>	<b>Jul-Sep 2017</b>	<b>Jul-Sep 2016</b>	<b>Growth</b>	<b>Jan-Sep 2017</b>	<b>Jan-Sep 2016</b>	<b>Growth</b>	<b>FY 2016</b>
Revenue, €m	144.0	124.1	16.0%	427.5	364.8	17.2%	497.3
Operating profit	8.5	6.7	26.9%	21.0	13.7	53.3%	17.6
Operating profit margin, %	5.9%	5.4%		4.9%	3.8%		3.5%
Net profit	4.3	3.2	34.4%	11.0	4.8	129.2%	6.5
Net profit margin, %	3.0%	2.6%		2.6%	1.3%		1.3%
Earnings per share, €	0.030	0.030	n/m	0.085	0.038	123.7%	0.046
Diluted earnings per share, €	0.030	0.030	n/m	0.085	0.037	129.7%	0.045
EBITDA, €m <sup>1)</sup>	15.0	12.5	20.0%	40.4	33.0	22.4%	44.3
EBITDA margin, % <sup>1)</sup>	10.4%	10.1%		9.5%	9.0%		8.9%
Adjusted EBITDA, €m <sup>2)</sup>	15.3	12.7	20.5%	41.2	33.5	23.0%	46.5
Adjusted EBITDA margin, % <sup>2)</sup>	10.6%	10.2%		9.6%	9.2%		9.4%
IPO costs expensed	-	-		1.8	-		-
Adjusted EBITDA excluding IPO costs €m	15.3	12.7	20.5%	43.0	33.5	28.4%	46.5
Adjusted EBITDA excluding IPO costs, margin, %	10.6%	10.2%		10.1%	9.2%		9.4%
EBITA €m <sup>1)</sup>	9.2	7.3	26.0%	22.9	18.8	21.8%	23.6
EBITA margin, % <sup>1)</sup>	6.4%	5.9%		5.4%	5.2%		4.7%
<b>Healthcare Services</b>	<b>Jul-Sep 2017</b>	<b>Jul-Sep 2016</b>	<b>Growth</b>	<b>Jan-Sep 2017</b>	<b>Jan-Sep 2016</b>	<b>Growth</b>	<b>FY 2016</b>
Revenue, €m	71.5	60.6	18.0%	209.3	180.3	16.1%	244.7
EBITDA, €m	8.4	5.8	44.8%	20.1	14.6	37.7%	20.0
EBITDA margin, %	11.7%	9.6%		9.6%	8.1%		8.2%
Members (period end), (000's) <sup>1)</sup>	1,000	846	18.2%	1,000	846	18.2%	889
<b>Diagnostic services</b>	<b>Jul-Sep 2017</b>	<b>Jul-Sep 2016</b>	<b>Growth</b>	<b>Jan-Sep 2017</b>	<b>Jan-Sep 2016</b>	<b>Growth</b>	<b>FY 2016</b>
Revenue, €m	74.8	65.3	14.5%	225.4	190.2	18.5%	260.5
EBITDA, €m	9.8	8.2	19.5%	31.6	24.0	31.7%	33.3
EBITDA margin, %	13.1%	12.6%		14.0%	12.6%		12.8%
Lab tests (period volume) (m) <sup>1)</sup>	30.0	30.0	0.0%	93.0	85.0	9.4%	115.0

1) For Alternative Performance Measure definitions and reconciliations, refer to note 9

2) EBITDA adjusted for non-cash share based payments and merger and acquisition related payments. For Alternative Performance Measure definitions and reconciliations, refer to note 9



## CASH FLOW

---

### Third quarter

Cash generated from operations before working capital changes and taxes paid amounted to €15.4m (€12.9m), being 102.7% of EBITDA (103.2%). Net working capital reduced by €1.4m (increase €0.6m), as the German Clinical business matures on its payment profile from the state health funds, it is reducing days of sales outstanding. Cash paid tax was €1.5m (€1.7m). Cash generated from operations was €15.3m (€10.6m), an increase of 44.3%.

Cash paid for investments in tangible and intangible assets amounted to €6.7m (€19.8m) with the Polish hospital real estate being acquired in the comparative quarter. Excluding this real estate the comparative was €5.7m. Payments were made of €0.5m (€0.1m) to acquire businesses, the settlement of the earlier announced German genetics acquisition is still outstanding upon post-closing actions to be completed with the payment recognised in debt obligations. Payments for acquisition of non-controlling interests in the Ukraine invitro fertility business and a small interest in a Turkish entity were settled in the quarter for €3.1m. Cash paid for loans repaid was €2.9m, (net loans received €5.9m). Interest paid reduced to €0.6m (€0.9m) being the payment of commitment fees on the undrawn €200m facility and payment of interest on the remaining drawn debt amounts.

Cash and cash equivalents increased by €1.5m in the quarter to €54.4m (€27.3m).

### Nine months

Cash generated from operations before working capital changes and taxes paid amounted to €41.3m (€33.9m), being 102.2% of EBITDA (102.7%). Net working capital increased by €2.9m (increase €9.4m) as the growth rate in the German Clinical business slowed in the first nine months after the rapid build-up over 2016. Cash paid tax was €5.5m (€5.9m). Cash generated from operations was €32.9m (€18.6m).

Cash paid for investments in tangible and intangible assets amounted to €16.2m (€43.4m) with the Polish hospital real estate being acquired in the prior year along with the investments in the German clinical business. Payments were made of €1.0m (€8.8m) to acquire businesses.

Net proceeds of the share issue in May 2017 were €199.0m of which €170.8m net was used to repay debt. Interest paid was €4.4m (€3.0m) due to the higher levels of debt and funding of the real estate acquisition. Payments for acquisition of non-controlling interests in the Ukraine invitro fertility business and a small interest in a Turkish entity were settled in for €3.1m.

Cash and cash equivalents increased by €36.7m for the nine months to €54.4m (€27.3m).

## FINANCIAL POSITION

---

Consolidated equity as at 30 September 2017 amounted to € 303.9m (31 December 2016: €98.8m). The increase in the levels of equity are as a result of profits for the period and the new share issue with share capital of €7.3m and €191.7m additional paid in capital recognised during the second quarter. The payments for the above mentioned acquisitions of the non-controlling interests in the third quarter were accounted as transactions between shareholders and the amounts paid in excess of the non-controlling interest balance were offset against shareholder reserves.

Consolidated debt and discounted long term obligations amounted to €61.3m (€227.3m at the

end of 2016). Net debt has been paid down with the proceeds from the new share issue, with full repayment of the €167m outstanding of the former €220m credit facility in the second quarter. Remaining drawn credits comprise a €30.7m loan financing the hospital building in Warsaw, Poland and other minor operational overdrafts and facilities. Cash net of loans and borrowings was positive €7.2m. Net debt including a long term discounted liability balance of €13.7m (representing a liquidity obligation for acquisition of a non-controlling share of a business) was €6.9m.

## TAX

---

The Group's tax rate is expected to be approximately 32% for the year. This estimate was applied to the nine month profit before tax to determine the corporate tax charge. The final

outcome of the tax rate depends on the results of the Group's various subsidiaries and the corporate tax rates in each country and the recognition or not of deferred tax amounts.

## PARENT COMPANY

---

The parent company, Medicover AB (publ) is the listed parent company of the Group with the CEO being employed by the parent company since 1 April 2017 in conjunction with appointments in major operating entities. There was no significant revenue for the first nine months and the loss after tax was €0.6m. The Parent company's assets

consist of participation in Group companies and loans to Group companies. The business is financed with equity contributed by the owners. Equity of the parent company at 30 September 2017 was €432.5m.

## EVENTS AFTER THE REPORTING PERIOD

---

After the period end, the Group has closed several acquisitions:

A clinic network in Germany for a consideration of €1.8m with €1.5m settled in cash at closing and the remainder to be settled upon closing actions.

An invitro fertilization business in India for a payment net of cash acquired of \$6.2m (€5.3m), will be consolidated from October 2017.

A 22% interest in Sahrudaya Health Care Private Limited (MaxCure Group with 9 hospital sites in India) for a payment of €13.2m, including options to invest further and acquire more shares in 2018 and 2019 which would bring the ownership above 50%. This will be accounted for as an associate. The two Indian investments were acquired from a related party, Celox Holding AB on the terms described in the *Initial Public Offering Circular*.

## RISK FACTORS

---

Operating risks faced by the Medicover Group include risk relating to access to sufficient qualified employees and the related payroll expense to fulfil growth and customer service expectations, risk relating to medical quality or service deficiencies and medical malpractice. External risks include risk relating to the regulatory environment and the general economy, political risk and change in public government funding policies.

Apart from the risks described in the *Initial Public Offering Circular*, no other significant new risks are deemed to have emerged.

Medicover Group is exposed to various financial risks, such as credit risk, interest rate risk, liquidity risk and foreign currency risk. Financial risks are managed by the central finance department.

For further information on risk management and financial instruments, see the consolidated financial statements of the Group as at and for the year ended 31 December 2016: note 22 on pages F-49-F-51.<sup>1</sup>

<sup>1</sup> The Group's consolidated financial statements are available in the investor section on [medicover.com](http://medicover.com)

## OWNERS AND SHARE CAPITAL

---

Medicover AB (publ) is a public listed company that was listed on the Nasdaq Stockholm exchange on May 23 2017. Share capital as of 30 September 2017 was €26.7m represented by 133,335,195 shares divided into 81,379,271 class A shares and 51,955,924 class B shares. The quota value is €0.2

per share. Celox Holding AB owns 47,157,365 shares with 54.5% of the voting rights.

Refer to note 8 for more details on share capital and additional paid in capital.

## BASIS & AUDIT

---

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read together with the consolidated financial statements of the Group for the year

ended 31 December 2016.<sup>1</sup> The interim information on page 1-12 is an integral part of this interim report. This report has not been reviewed by the Company's statutory auditor.

<sup>1</sup> The Group's consolidated financial statements are available in the investor section on [medicover.com](http://medicover.com)



The Board of Directors and Chief Executive Officer declare that the interim report for the period January-September 2017 gives a fair overview of the Parent Company's and Group's operations, financial position and results of operations and describes significant risks and uncertainties facing the Parent Company and companies included in the Group.

Stockholm on 27 October 2017

Fredrik Stenmo

*Chairman of the Board*

Jonas af Jochnick  
*Vice Chairman*

Arno Bohn  
*Board member*

Sonali Chandmal  
*Board member*

Michael Flemming  
*Board member*

Peder af Jochnick  
*Board member*

Robert af Jochnick  
*Board member*

Margareta Nordenvall  
*Board member*

Fredrik Rågmark  
*Board member and CEO*

This information is information that Medicover AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8.00 (CET) on 27 October 2017. This interim report and other information about Medicover, is available at [medicover.com](http://medicover.com).

#### **Financial Calendar**

Year-end report January–December 2017	9 February 2018
Interim report January–March 2018	26 April 2018
Annual General Meeting	26 April 2018
Interim report January–June 2018	27 July 2018
Interim report January–September	26 October 2018

#### **Contact information**

For further information, please contact:

Paula Treutiger, Director Corporate Communications & Investor Relations

Phone: +46 73 366 65 99

E-mail : [paula.treutiger@medicover.com](mailto:paula.treutiger@medicover.com)

#### **Address**

Org nr: 559073-9487

Medicover AB (publ)

P.O. Box 55720

SE-114 83 Stockholm

Visiting address: Riddargatan 12A

Stockholm, Sweden

Phone: +46 8-622 36 00

## CONDENSED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

Note	€ m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
	<b>Revenue</b>	<b>144.0</b>	<b>124.1</b>	<b>427.5</b>	<b>364.8</b>	<b>497.3</b>
	<b>Operating expenses</b>					
	Medical provision costs	(107.6)	(93.7)	(321.8)	(277.4)	(377.3)
	<b>Gross profit</b>	<b>36.4</b>	<b>30.4</b>	<b>105.7</b>	<b>87.4</b>	<b>120.0</b>
	Distribution, selling and marketing costs	(6.9)	(6.3)	(20.7)	(17.9)	(25.0)
	Administrative costs	(21.0)	(17.4)	(64.0)	(55.8)	(77.4)
	<b>Operating profit</b>	<b>8.5</b>	<b>6.7</b>	<b>21.0</b>	<b>13.7</b>	<b>17.6</b>
	<b>Investment income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
	Interest income	0.1	0.0	0.1	0.1	0.1
	Interest expense	(0.9)	(1.7)	(4.4)	(4.0)	(4.6)
	Other financial income/(loss)	(1.4)	0.2	(0.5)	0.0	(1.1)
	<b>Total financial result</b>	<b>(2.2)</b>	<b>(1.5)</b>	<b>(4.8)</b>	<b>(3.9)</b>	<b>(5.6)</b>
	Share of profit of associates	-	-	-	0.1	0.1
	<b>Profit before income tax</b>	<b>6.3</b>	<b>5.2</b>	<b>16.2</b>	<b>9.9</b>	<b>12.3</b>
	Income tax	(2.0)	(2.0)	(5.2)	(5.1)	(5.8)
	<b>Profit for the period</b>	<b>4.3</b>	<b>3.2</b>	<b>11.0</b>	<b>4.8</b>	<b>6.5</b>
	<b>Profit attributable to:</b>					
	Owners of the parent	4.0	2.9	9.7	3.6	4.3
	Non-controlling interests	0.3	0.3	1.3	1.2	2.2
	<b>Profit for the period</b>	<b>4.3</b>	<b>3.2</b>	<b>11.0</b>	<b>4.8</b>	<b>6.5</b>
	<b>Earnings per share (EPS) attributable to parent:</b>					
	Basic	€0.030	€0.030	€0.085	€0.038	€0.046
	Diluted	€0.030	€0.030	€0.085	€0.037	€0.045

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	€ m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
	<b>Profit for the period</b>	<b>4.3</b>	<b>3.2</b>	<b>11.0</b>	<b>4.8</b>	<b>6.5</b>
	<b>Other comprehensive income:</b>					
	Items that may be reclassified subsequently to profit and loss:					
	Exchange differences on translating foreign operations	(2.7)	1.3	(0.8)	(0.7)	(2.4)
	Income tax relating to these items	-	0.1	(0.1)	0.0	0.1
	<b>Other comprehensive income for the period, net of tax:</b>	<b>(2.7)</b>	<b>1.4</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(2.3)</b>
	<b>Total comprehensive income for the period</b>	<b>1.6</b>	<b>4.6</b>	<b>10.1</b>	<b>4.1</b>	<b>4.2</b>
	<b>Total comprehensive income attributable to:</b>					
	Owners of the parent	1.1	4.3	8.5	2.9	2.0
	Non-controlling Interests	0.5	0.3	1.6	1.2	2.2
		<b>1.6</b>	<b>4.6</b>	<b>10.1</b>	<b>4.1</b>	<b>4.2</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	as at: €m	Sep 30 2017	Sep 30 2016	Dec 31 2016
	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Goodwill	125.5	119.7	118.6
	Other intangible fixed assets	34.1	31.0	31.6
	Tangible fixed assets	140.1	138.4	141.8
	<b>Total fixed assets</b>	<b>299.7</b>	<b>289.1</b>	<b>292.0</b>
	Deferred tax assets	3.3	3.5	3.7
	Investment in associates	0.6	0.9	1.0
4	Other assets	1.3	1.5	1.3
	<b>Total non-current assets</b>	<b>304.9</b>	<b>295.0</b>	<b>298.0</b>
	<b>Current assets</b>			
	Inventories	26.4	25.7	25.8
4	Trade and other receivables	89.1	73.5	77.3
4	Cash and cash equivalents	54.4	27.3	18.4
	<b>Total current assets</b>	<b>169.9</b>	<b>126.5</b>	<b>121.5</b>
	<b>Total assets</b>	<b>474.8</b>	<b>421.5</b>	<b>419.5</b>
	<b>SHAREHOLDERS' EQUITY</b>			
8	Issued capital and reserves attributable to owners of the parent	300.1	88.7	92.7
	Non-controlling interests	3.8	6.1	6.1
	<b>Total shareholders' equity</b>	<b>303.9</b>	<b>94.8</b>	<b>98.8</b>
	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
4-6-7	Loans payable	39.9	199.7	195.4
	Deferred tax liabilities	23.2	25.8	23.4
	Provisions	0.4	0.2	0.4
4-7	Other non-current liabilities	14.1	16.9	16.6
	<b>Total non-current liabilities</b>	<b>77.6</b>	<b>242.6</b>	<b>235.8</b>
	<b>Current liabilities</b>			
4-6-7	Loans payable	7.3	13.7	15.3
	Provision for unearned premiums	10.9	7.1	6.7
	Corporate tax payable	4.8	4.8	4.4
4	Trade and other payables	70.3	58.5	58.5
	<b>Total current liabilities</b>	<b>93.3</b>	<b>84.1</b>	<b>84.9</b>
	<b>Total liabilities</b>	<b>170.9</b>	<b>326.7</b>	<b>320.7</b>
	<b>Total shareholders' equity and liabilities</b>	<b>474.8</b>	<b>421.5</b>	<b>419.5</b>



## CONSOLIDATED CASH FLOW STATEMENT

Note	€ m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
	<b>Profit before income tax</b>	<b>6.3</b>	<b>5.2</b>	<b>16.2</b>	<b>9.9</b>	<b>12.3</b>
	Adjustments for:					
	Depreciation and amortization	6.5	5.8	19.4	15.8	23.3
	Impairment	-	-	-	3.5	3.5
	(Gain)/loss on disposal of fixed assets	0.0	0.0	(0.1)	0.0	(0.1)
	Investment portfolio (gain)/loss	0.0	0.0	0.0	0.0	(0.2)
	Net Interest expense	0.8	1.7	4.3	3.9	4.5
	Employee share based compensation	0.2	0.1	0.5	0.2	1.8
	Other non-cash transactions	0.3	0.3	0.8	0.8	1.5
	Unrealised foreign exchange (gain)/loss	1.3	(0.2)	0.2	(0.2)	0.5
	<b>Cash generated from operations before working capital changes and tax</b>	<b>15.4</b>	<b>12.9</b>	<b>41.3</b>	<b>33.9</b>	<b>47.1</b>
	<b>Changes in operating assets and liabilities:</b>					
	Increase in receivables & inventories	(7.2)	(2.5)	(12.0)	(19.7)	(25.5)
	Increase/(decrease) in payables	8.6	1.9	9.1	10.3	11.7
	Cash generated from operations before tax payments	16.8	12.3	38.4	24.5	33.3
	Income tax paid	(1.5)	(1.7)	(5.5)	(5.9)	(7.4)
	<b>Net cash from operating activities</b>	<b>15.3</b>	<b>10.6</b>	<b>32.9</b>	<b>18.6</b>	<b>25.9</b>
	<b>Investing Activities:</b>					
3	Payment for acquisition of fixed assets	(6.7)	(19.8)	(16.2)	(43.4)	(54.3)
	Proceeds from disposal of fixed assets	0.0	(1.1)	0.2	0.2	0.2
	Investment in associates	0.0	0.0	0.0	0.2	0.2
	Payment for acquisition of subsidiaries, net of	(0.5)	(0.1)	(1.0)	(8.8)	(12.3)
	Proceeds from disposal of subsidiaries, net of	-	-	-	-	0.0
	Interest received	0.0	0.0	0.1	0.1	0.1
	<b>Net cash from financing activities</b>	<b>(7.2)</b>	<b>(21.0)</b>	<b>(16.9)</b>	<b>(51.7)</b>	<b>(66.1)</b>
	<b>Financing activities:</b>					
8	Proceeds from issue of shares	-	-	199.0	-	2.7
	Acquisition of non-controlling interests	(3.1)	-	(3.1)	-	-
7	Loans repaid	(2.9)	(1.1)	(186.8)	(2.4)	(21.1)
7	Loans received	0.0	7.0	16.0	48.6	64.6
	Interest paid	(0.6)	(0.9)	(4.4)	(3.0)	(4.7)
	<b>Net cash flow from financing activities</b>	<b>(6.6)</b>	<b>5.0</b>	<b>20.7</b>	<b>43.2</b>	<b>41.5</b>
	<b>Total cash flow</b>	<b>1.5</b>	<b>(5.4)</b>	<b>36.7</b>	<b>10.1</b>	<b>1.3</b>
	<b>Cash and cash equivalents</b>					
	Cash balance beginning of the period	53.4	32.5	18.4	17.2	17.2
	Net effects of exchange gain/(loss) on cash	(0.5)	0.2	(0.7)	0.0	(0.1)
	<b>Total cash balance as at end of the period</b>	<b>54.4</b>	<b>27.3</b>	<b>54.4</b>	<b>27.3</b>	<b>18.4</b>
	<b>Increase in cash and cash equivalents</b>	<b>1.5</b>	<b>(5.4)</b>	<b>36.7</b>	<b>10.1</b>	<b>1.3</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

€ m	Share Capital	Reserve for own shares	Additional paid in Capital	Accumulated profit and loss reserve	Non-controlling interests put-option reserve	Other Reserves	Translation Reserve	Total attributable to owners of the parent	Non-controlling Interests	Total Equity
<b>Opening balance as at 1 January 2016</b>	<b>106.3</b>	<b>(0.1)</b>	<b>46.5</b>	<b>(37.4)</b>	<b>(10.0)</b>	<b>2.3</b>	<b>(18.4)</b>	<b>89.2</b>	<b>4.0</b>	<b>93.2</b>
Profit for the period	-	-	-	3.6	-	-	-	3.6	1.2	4.8
Other comprehensive income	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
<i>Total comprehensive income for the period</i>	-	-	-	3.6	-	-	(0.7)	2.9	1.2	4.1
<i>Transactions with owners in their capacity as owners:</i>										
Non-controlling interests put-option reserve	-	-	-	-	(3.6)	-	-	(3.6)	(1.2)	(4.8)
Non-controlling interests on business combinations	-	-	-	-	-	-	-	-	2.1	2.1
Employee share compensation costs	-	-	-	-	-	0.2	-	0.2	-	0.2
<i>Total transactions with owners in their capacity as owners</i>	-	-	-	-	(3.6)	0.2	-	(3.4)	0.9	(2.5)
<b>Closing Balance as at 30 September 2016</b>	<b>106.3</b>	<b>(0.1)</b>	<b>46.5</b>	<b>(33.8)</b>	<b>(13.6)</b>	<b>2.5</b>	<b>(19.1)</b>	<b>88.7</b>	<b>6.1</b>	<b>94.8</b>
<b>Opening Balance as at 1 January 2017</b>	<b>109.0</b>	<b>-</b>	<b>46.4</b>	<b>(29.3)</b>	<b>(13.0)</b>	<b>0.4</b>	<b>(20.8)</b>	<b>92.7</b>	<b>6.1</b>	<b>98.8</b>
Profit for the period	-	-	-	9.7	-	-	-	9.7	1.3	11.0
Other comprehensive income	-	-	-	-	-	-	(1.2)	(1.2)	0.3	(0.9)
<i>Total comprehensive income for the period</i>	-	-	-	9.7	-	-	(1.2)	8.5	1.6	10.1
<i>Transactions with owners in their capacity as owners:</i>										
De-recognition of previous parent company	(109.0)	-	(125.1)	-	-	-	-	(234.1)	-	(234.1)
Issuance of Medicover AB shares for in kind contribution	19.4	-	214.7	-	-	-	-	234.1	-	234.1
Issuance for cash of equity, net of transaction costs (note 8)	7.3	-	191.7	-	-	-	-	199.0	-	199.0
Acquisition of an additional interest in a subsidiary	-	-	-	(0.7)	-	-	-	(0.7)	(2.3)	(3.0)
Non-controlling interests put-option reserve	-	-	-	-	0.1	-	-	0.1	(1.6)	(1.5)
Non-controlling interests on business combinations	-	-	-	-	-	-	-	-	(0.0)	(0.0)
Employee share compensation costs	-	-	-	-	-	0.5	-	0.5	-	0.5
Reclassification on issuance of shares to employees	-	-	-	0.2	-	(0.2)	-	-	-	-
<i>Total transactions with owners in their capacity as owners</i>	<i>(82.3)</i>	-	<i>281.3</i>	<i>(0.5)</i>	<i>0.1</i>	<i>0.3</i>	-	<i>198.9</i>	<i>(3.9)</i>	<i>195.0</i>
<b>Closing Balance as at 30 September 2017</b>	<b>26.7</b>	<b>-</b>	<b>327.7</b>	<b>(20.1)</b>	<b>(12.9)</b>	<b>0.7</b>	<b>(22.0)</b>	<b>300.1</b>	<b>3.8</b>	<b>303.9</b>

## PARENT COMPANY INCOME STATEMENT

Note	€ m	Jul-Sep 2017	Jan-Sep 2017
	<b>Revenue</b>	-	-
	Operating expenses	(0.6)	(1.3)
	<b>Operating profit/(loss)</b>	<b>(0.6)</b>	<b>(1.3)</b>
	Interest expense and similar profit/loss	-	(0.1)
	<b>(Loss) before income tax</b>	<b>(0.6)</b>	<b>(1.4)</b>
	Income tax	-	-
	<b>(Loss) for the period</b>	<b>(0.6)</b>	<b>(1.4)</b>

As the loss for the period corresponds with the amount in total comprehensive income, no separate statement is presented.

## PARENT COMPANY BALANCE SHEET

Note	€ m	Sep 30 2017	Dec 31 2016
	Tangible fixed assets	0.1	-
	<b>Total fixed assets</b>	<b>0.1</b>	<b>-</b>
	Investment in subsidiaries	234.1	-
	Other assets	200.9	-
	<b>Total non-current assets</b>	<b>435.1</b>	<b>-</b>
	Current receivables	0.0	-
	Cash and bank balances	1.9	0.0
	Other current assets	0.0	-
	<b>Total current assets</b>	<b>1.9</b>	<b>0.0</b>
	<b>Total assets</b>	<b>437.0</b>	<b>0.0</b>
	Restricted equity	26.7	0.0
	Non-restricted equity	405.8	-
	<b>Total equity</b>	<b>432.5</b>	<b>0.0</b>
	Non-current liabilities	3.3	-
	Current liabilities	1.2	-
	<b>Total equity and liabilities</b>	<b>437.0</b>	<b>0.0</b>

## SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

---

### 1. Basis of preparation and principal accounting policies

#### *Basis of preparation*

Medicover AB (publ) ("the Company") together with its subsidiaries are referred to as "the Group". Medicover AB (publ) is a company domiciled in Sweden. The reporting and functional currency of the Company and the Group is the Euro.

On 2 February 2017, Medicover AB (publ) became the parent company of Medicover Holding SA. The former Medicover Holding SA shareholders were issued new shares in Medicover AB (publ) on a one-for-one basis under the terms of an exchange offer approved by Medicover Holding SA shareholders. Immediately following the approval of the exchange offer, the former shareholders of

Medicover Holding SA held the same economic interest in Medicover AB (publ) as they held in Medicover Holding SA immediately prior to its implementation. The effect of this is that the consolidated financial statements of the combined group represent a continuation of Medicover Holding SA's consolidated financial statements. The assets and liabilities of Medicover Holding SA have been recognised and measured in these financial statements at their pre-combination carrying amounts. The consolidated accumulated losses and other reserves of the combined group are based on the amount of Medicover Holding SA's pre-combination "total equity".

#### *Statement of compliance*

This interim report has been prepared in accordance with IAS 34: *Interim Financial Reporting* and should be read together with the consolidated financial statements of the Group as at and for the year ended 31 December 2016<sup>1</sup>. The interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements.

The accounting policies applied are consistent with those in the consolidated financial statements of the Group for 2016<sup>1</sup>.

The condensed interim financial information on pages 1-12 is an integral part of this interim report. The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 27 October 2017.

#### *Significant accounting policies, use of judgements and estimates*

The Group applies the International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016<sup>1</sup>. The new or amended IFRS standards, which became effective 1 January 2017, have had no material effect on the condensed consolidated interim financial statements.

The Group has not early adopted any of the standards or interpretations issued but not yet effective. The anticipated effects of IFRS 9:

*Financial Instruments*; IFRS 15: *Revenue from Contracts with Customers*; and IFRS 16: *Leases*, (expected to be endorsed by the EU later this year) have been discussed in the consolidated financial statements of the Group as at and for the year ended 31 December 2016. For more details on the Group's assessment of the impact of these new standards and interpretations, refer page F-31<sup>1</sup>.

The Group is currently reviewing the impact of IFRS 17: *Insurance Contracts*, issued in May 2017 (but not yet endorsed by the EU), and establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

<sup>1</sup> The Group's consolidated financial statements are available in the investor section on [medicover.com](http://medicover.com)

The preparation of interim condensed financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. There were no changes in the areas where significant judgments and estimates have been made. Refer to the Group's consolidated financial statements as at and for the year ended 31 December 2016.<sup>1</sup>

The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities.

At the beginning of 2017, the parent company changed its accounting and reporting framework from local Swedish GAAP BFNAR 2012:1 Annual report and consolidation (Sw. BFNAR 2012:1 Årsredovisning och koncernredovisning) to RFR 2.

The parent company's stand-alone accounting principles are aligned to the consolidated financial statements, except for the following:

- a) the parent company's income statement and balance sheet are presented in accordance with the format described in the Swedish Annual Accounts Act,
- b) the parent company accounts for investments in subsidiaries using the cost method,
- c) the parent company does not apply IAS 39 to financial instruments, instead measures non-current assets at cost less any impairment and financial current assets at the lower of cost or market value.

As the balances of the parent company at the start of the year comprised solely share capital and cash no retrospective restatement of prior periods' balances was required by the change in accounting and reporting framework.

## 2. Segment information

The chief executive officer examines the Group's performance under two reportable segments of the business model.

The Healthcare Services segment has a focus upon a broad range of medical services characterised with direct contact between the patient and the medical professional.

The Diagnostic Services segment has a focus upon in vitro diagnostics characterised with indirect contact between the patient and the medical diagnostic professionals.

The chief executive officer receives information about the segments' revenue on a monthly basis.

A measure of earnings before interest, tax, depreciation and amortisation (EBITDA) is used to assess the performance of the operating segments.

Segment results represent the contribution of the segments to central overheads. Where central costs are specific to a segment they have been allocated to that segment and the remaining balance of central costs is shown separately.

Revenue is disclosed on the basis of location of the legal entity providing the services, which is materially the same as location of client. Depreciation of segment assets includes depreciation of property, plant and equipment and amortization of intangible assets. Impairment of assets includes impairment related to property, plant and equipment, intangible assets and goodwill.

Unallocated items represent non-specific items whose allocation to a segment would be arbitrary and mainly comprises corporate expenses.

<sup>1</sup> The Group's consolidated financial statements are available in the investor section on [medicover.com](http://medicover.com)

## SEGMENT INFORMATION

€ m	Healthcare Services Jan-Sep 2017	Diagnostic Services Jan-Sep 2017	Other Jan-Sep 2017	Group Total Jan-Sep 2017
<b>Revenue</b>				
Total segment revenue	209.3	225.4	0.4	
Inter-segment revenue	(0.2)	(7.4)	0.0	
<b>Total revenue from external customers</b>	<b>209.1</b>	<b>218.0</b>	<b>0.4</b>	<b>427.5</b>
<b>Measure of segment profit/(loss):</b>				
<b>EBITDA</b>	<b>20.1</b>	<b>31.6</b>	<b>(11.3)</b>	<b>40.4</b>
Margin %	9.6%	14.0%		9.5%
Depreciation & Amortization	(10.1)	(9.2)	(0.1)	(19.4)
Investment income				0.0
Other financial income/ (loss)				(0.5)
Net interest expense				(4.3)
Tax charge				(5.2)
<b>Group profit after tax</b>				<b>11.0</b>
Additions to non-current assets:				
Tangible fixed assets, other than land & buildings	5.3	7.3	0.1	12.7
Land & buildings	-	-	-	-
Intangible fixed assets	1.7	4.6	-	6.3
Goodwill	2.1	4.4	-	6.5
<b>Total</b>	<b>9.1</b>	<b>16.3</b>	<b>0.1</b>	<b>25.5</b>

€ m	Healthcare Services Jan-Sep 2016	Diagnostic Services Jan-Sep 2016	Other Jan-Sep 2016	Group Total Jan-Sep 2016
<b>Revenue</b>				
Total segment revenue	180.3	190.2	0.4	
Inter-segment revenue	(0.2)	(5.9)	0.0	
<b>Total revenue from external customers</b>	<b>180.1</b>	<b>184.3</b>	<b>0.4</b>	<b>364.8</b>
<b>Measure of segment profit/(loss):</b>				
<b>EBITDA</b>	<b>14.6</b>	<b>24.0</b>	<b>(5.6)</b>	<b>33.0</b>
Margin %	8.1%	12.6%		9.0%
Depreciation & Amortization	(7.8)	(8.0)	0.0	(15.8)
Impairment charge	-	(3.5)	-	(3.5)
Investment income				0.0
Share of profit in associates				0.1
Other financial income/ (loss)				0.0
Net interest expense				(3.9)
Tax charge				(5.1)
<b>Group profit after tax</b>				<b>4.8</b>
Additions to non-current assets:				
Tangible fixed assets, other than land & buildings	11.2	14.5	-	25.7
Land & buildings	48.4	-	-	48.4
Intangible fixed assets	3.9	8.0	-	11.9
Goodwill	6.3	9.6	-	15.9
<b>Total</b>	<b>69.8</b>	<b>32.1</b>	<b>-</b>	<b>101.9</b>

€ m	External revenue by location of customers			Non-current assets by location of assets		
	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016	Sep 30 2017	Sep 30 2016	Dec 31 2016
Poland	190.6	165.8	224.4	117.2	109.9	117.1
Germany	111.3	88.1	122.2	133.9	124.3	126.0
Romania	55.0	46.1	61.7	30.2	26.6	28.3
Ukraine	33.2	28.1	38.1	7.3	6.0	7.4
Other	37.4	36.7	50.9	13.0	24.7	15.5
<b>Total</b>	<b>427.5</b>	<b>364.8</b>	<b>497.3</b>	<b>301.6</b>	<b>291.5</b>	<b>294.3</b>

Non-current assets by geography include land and buildings, equipment and intangible assets including goodwill. Deferred tax assets are excluded. As almost all sales in each geography are denominated in the countries' respective

currency the above table shows the exposure of the Group to foreign currency risks for revenues and for gross balance sheet translation exposures for non-current assets

### 3. Investments – Cash flow impact

€ m	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
<b>Investments</b>			
Investments in intangible assets	4.2	2.8	4.2
Investments in tangible assets	12.0	40.6	50.1
Disposals of tangible and intangible assets	(0.2)	(0.2)	(0.2)
<b>Total net investments</b>	<b>16.0</b>	<b>43.2</b>	<b>54.1</b>

In August 2016, the Group acquired the land and building previously leased to operate a hospital in Warsaw, Poland. The value of the assets acquired amounted to €47.3m settled in a cash payment of €14.1m; debt assumed of €32.2m and other obligations assumed of €1.0m.

### 4. Financial assets and liabilities

The following table shows the Group's significant financial assets and liabilities. All financial assets and liabilities are carried at amortised cost with the exception of:

- derivative financial instruments being reported at fair value through profit and loss;
- a put option liability being reported at fair value with the changes in fair value being reported to equity as a transaction between shareholders;

- a liquidity obligation for future distribution of minority interest share of profits with changes in fair value reported to non-controlling interests; and
- contingent considerations in relation to acquisitions reported at fair value through profit and loss.

All financial assets and liabilities are considered to have carrying amounts that materially correspond to fair value; for loan borrowings this is due to floating interest rates.



€m	Sep 30 2017	Sep 30 2016	Dec 31 2016
<b>Assets</b>			
Receivables	89.1	73.5	77.3
Cash and cash equivalents	54.4	27.3	18.4
Other assets	1.3	1.5	1.3
<b>Total financial assets</b>	<b>144.8</b>	<b>102.3</b>	<b>97.0</b>
<b>Liabilities</b>			
<b>Financial liabilities at fair value</b>			
Put option liability long term	13.7	14.4	13.8
Contingent consideration payable	6.8	2.8	2.8
Other non-current liability	-	1.5	2.1
Other liabilities short term	5.0	1.0	1.3
Derivatives (interest rate swap)	0.4	1.0	0.7
<b>Subtotal financial liabilities at fair value</b>	<b>25.9</b>	<b>20.7</b>	<b>20.7</b>
<b>At amortised cost</b>			
Borrowings	34.4	207.3	204.8
Trade and other payables	65.3	57.5	57.2
Deferred consideration	6.0	3.3	3.1
<b>Subtotal financial liabilities at amortised cost</b>	<b>105.7</b>	<b>268.1</b>	<b>265.1</b>
<b>Total financial liabilities</b>	<b>131.6</b>	<b>288.8</b>	<b>285.8</b>

#### Recognised fair value measurements - Valuation technique and principal inputs

A breakdown of how fair value is determined is indicated in the following three levels:

**Level 1:** Medicover presently has no financial assets or liabilities where the valuation is based on level 1.

**Level 2:** The fair value of interest rate swaps is determined by discounting the estimated cash flows. Discounting is based on quoted market rates on comparable instruments at the balance sheet date.

**Level 3:** The Group is contractually obliged to acquire at a future date a non-controlling interest at a market price determined at that future time. The put option presented above relates to one of the Group's German subsidiaries. The valuation is based on management's estimate of the exercise date and the expected valuation of the put option at that time. Due to contracted terms disadvantaging the holder, it is estimated that the put option will be exercised in 2023 at the earliest. In determining the fair value of the obligation estimations of key

variables are made, of which the most significant are the growth rate of the business to determine its profitability at the future date of exercise (compound rate of 5.5% in 3Q 2017 and year 2016; compound rate of 6.1% in 3Q 2016) and the discount rate applied to the nominal value (3Q 2017: 1.64%, 2016: 1.42% and 3Q 2016: 1.45%). This is a level 3 fair value technique with subsequent changes in fair value of the future obligation recognised as a movement within equity.

The fair value of contingent considerations payable is based on an estimated outcome of the conditional purchase price/contingent payments arising from contractual obligations. This is initially recognised as part of the purchase price and subsequently fair valued with changes recorded through profit or loss. No material changes have occurred to any related assumptions during the nine months to 30 September 2017. No financial assets or financial liabilities have been reclassified between the valuation categories during the period.

## 5. Related party transactions

The Group's financial position as at 30 September 2017 and profit for the 9-month period then ended were not significantly affected by the existence of related parties and by transactions and outstanding balances.

## 6. Loans and borrowings

€ m	Sep 30 2017	Sep 30 2016	Dec 31 2016
<b>Non-current loans payable</b>			
Loans	28.9	193.3	189.1
Finance lease liabilities	0.6	1.2	0.9
Other and acquisition vendor notes	10.4	5.2	5.4
<b>Total non-current loans payable</b>	<b>39.9</b>	<b>199.7</b>	<b>195.4</b>
<b>Current loans payable</b>			
Loans	3.6	12.0	14.0
Finance lease liabilities	0.6	0.6	0.6
Other and acquisition vendor notes	3.1	1.1	0.7
<b>Total current loans payable</b>	<b>7.3</b>	<b>13.7</b>	<b>15.3</b>

## 7. Liabilities arising from financing activities

The Group monitors debt in accordance with the definitions set out in its major loan agreements. This includes loans payable and other non-current liabilities mainly composed of a future liquidity obligation that would arise from the exercise of a put option over a non-controlling share of one of the Group's businesses.

€ m	Sep 30 2017	Sep 30 2016	Dec 31 2016
<b>Gross debt</b>			
Non-current loans payable	39.9	199.7	195.4
Other non-current liabilities	14.1	16.9	16.6
Current loans payable	7.3	13.7	15.3
<b>Total gross debt</b>	<b>61.3</b>	<b>230.3</b>	<b>227.3</b>

A reconciliation of movements of gross debt and a reconciliation to debt net of cash is presented below:

€ m	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
<b>Opening Balance gross debt</b>	<b>227.3</b>	<b>141.2</b>	<b>141.2</b>
Changes from cash flows	(170.8)	46.2	43.5
Foreign exchange	0.1	(0.1)	0.4
Debt assumed upon business combinations and acquisition of assets	0.5	35.9	38.8
Fair value changes, recognised through equity	(0.1)	3.6	3.0
Other non-cash transactions	4.3	3.5	0.4
<b>Closing Balance gross debt</b>	<b>61.3</b>	<b>230.3</b>	<b>227.3</b>
Less cash balance	(54.4)	(27.3)	(18.4)
<b>Net debt balance</b>	<b>6.9</b>	<b>203.0</b>	<b>208.9</b>

## 8. Share capital additional paid in capital

Under the Company's articles of association, the Company may issue class A and class B shares. The Company may also issue class C shares, as a part of the implementation of the Company's long term performance-based share program. Each

class A share carries one vote. Each class B share, or class C share, carries one tenth of a vote. Medicover's Class B share has been listed on Nasdaq Stockholm since May 2017.

An overview of the movements in share capital and additional paid in capital is presented below:

Share capital and additional paid-in capital	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
	Shares	Shares	€ m	€ m
Capital	133,335,195	6,500	26.7	0.0
Additional paid-in capital			327.7	-
<b>Total capital and additional paid-in capital</b>			<b>354.4</b>	<b>0.0</b>

	Number of shares Class A	Number of shares Class B	Par value, €m	Additional paid-in capital, €m	Total €m
<b>Opening balance 1 January 2017</b>	<b>6,500</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Completion of exchange offer and change of parent company	17,532,722	1,875,317	19.4	136.0	155.4
5:1 share split	70,156,888	7,501,268	-	-	-
Share issue on initial public offering	-	36,262,500	7.3	200.3	207.6
Less: Transaction costs arising on share issue	-	-	-	(8.6)	(8.6)
Conversion between class A and class B shares	(6,316,839)	6,316,839	-	-	-
<b>Balance 30 Sep 2017</b>	<b>81,379,271</b>	<b>51,955,924</b>	<b>26.7</b>	<b>327.7</b>	<b>354.4</b>

The shareholders on 31 March 2017 approved for the Company to issue up to 994,000 Class C shares to provide performance shares for an employee long term incentive plan subject to fulfillment of certain service and non-market performance conditions. This could equate to a potential dilution of approximately 0.7%.

to a maximum of 828,664 Class C shares have been granted relating to the long-term incentive plan, corresponding to a maximum dilution impact of 0.6%. As the shares are only contingently issuable, they were not included in the calculation of diluted earnings per share because the conditions are not yet satisfied.

At September 30, 2017, rights entitling their holders

## 9. Alternative performance measure definitions and reconciliations

In its decision-making, the Group uses some alternative performance measures that are not defined in IFRS, because they provide information useful to assess the Group's development and performance. These measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS.

### Acquired revenue

Net revenue related to companies or operations acquired in the last 12 months.

### Organic revenue

Net revenue excluding acquisitions and currency effects. This measure provides information on the change in net revenue assuming that foreign currency exchange rates had not changed between the prior and current period. The comparisons presented as constant currency rates reflect comparative local currency revenue at the prior year's foreign exchange rates. The

Group routinely evaluates third party net revenue performance at constant currency so that revenue results can be viewed without the impact of foreign currency exchange rates, thereby facilitating a period-to-period comparison of the operational activities, and this presentation also provides useful information to investors.

### Organic growth

Increase of revenue excluding acquisitions and currency effects relative to the corresponding period prior year's revenue.

### EBITA

Earnings before interest, other financial items, tax, amortization and impairment.

### EBITDA

Earnings before interest, other financial items, tax, amortization, depreciation and impairment.

### Adjusted EBITDA

Earnings before interest, other financial items, tax, amortization, depreciation and impairment adjusted for non-cash share based payments and merger and acquisition related expenses.

**EBITA margin**

EBITA as a percentage of revenue.

**EBITDA margin**

EBITDA as a percentage of revenue.

**Adjusted EBITDA margin**

Adjusted EBITDA as a percentage of revenue.

**Operating profit margin**

Operating profit as a percentage of revenue.

**Gross profit margin**

Gross profit as a percentage of revenue.

**Profit margin**

Profit for the period as a percentage of revenue.

**Laboratory tests**

Number of laboratory tests performed within the Diagnostic Services segment for the period referenced.

**Members**

Number of individuals covered under a pre-paid subscription or insurance plan within the Healthcare Services segment at the end of the relevant period.

Reconciliation to EBITDA in €m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating profit	8.5	6.7	21.0	13.7	17.6
Amortization	0.7	0.6	1.9	1.6	2.5
Goodwill impairment charge	-	-	-	3.5	3.5
<b>EBITA</b>	<b>9.2</b>	<b>7.3</b>	<b>22.9</b>	<b>18.8</b>	<b>23.6</b>
Depreciation	5.8	5.2	17.5	14.2	20.7
<b>EBITDA</b>	<b>15.0</b>	<b>12.5</b>	<b>40.4</b>	<b>33.0</b>	<b>44.3</b>
Share based payments	0.2	0.1	0.5	0.2	1.8
Merger and acquisition related expenses	0.1	0.1	0.3	0.3	0.4
<b>Adjusted EBITDA</b>	<b>15.3</b>	<b>12.7</b>	<b>41.2</b>	<b>33.5</b>	<b>46.5</b>
Revenue	144.0	124.1	427.5	364.8	497.3
Operating profit margin	5.9%	5.4%	4.9%	3.8%	3.5%
EBITDA margin	10.4%	10.1%	9.5%	9.0%	8.9%
Adjusted EBITDA margin	10.6%	10.2%	9.6%	9.2%	9.4%
Profit margin	3.0%	2.6%	2.6%	1.3%	1.3%

Reconciliation to organic revenue in €m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Acquisition revenue accounted	2.9	5.9	6.4	16.3	20.6

€m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	144.0	124.1	427.5	364.8	497.3
Less acquired revenue impact	(2.9)	(5.9)	(6.4)	(16.3)	(20.6)
<b>Organic revenue</b>	<b>141.1</b>	<b>118.2</b>	<b>421.1</b>	<b>348.5</b>	<b>476.7</b>

€m	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	144.0	124.1	427.5	364.8	497.3
Acquired revenue	(2.9)	(5.9)	(6.4)	(16.3)	(20.6)
<b>Organic revenue</b>	<b>141.1</b>	<b>118.2</b>	<b>421.1</b>	<b>348.5</b>	<b>476.7</b>
Currency effect	(0.6)	5.4	(1.7)	16.3	20.0
<b>Organic revenue adjusted for currency effect</b>	<b>140.5</b>	<b>123.6</b>	<b>419.4</b>	<b>364.8</b>	<b>496.7</b>