

INTERIM REPORT JANUARY–MARCH 2019

- Revenue increased by 23.3% to €199.7m (€161.9m). Organic revenue grew by 15.4%.
- Operating profit amounted to €11.3m (€9.0m), representing an operating margin of 5.7% (5.6%).
- Net profit amounted to €6.9m (€8.5m), which represents a net profit margin of 3.5% (5.3%).
- EBITDA increased by 23.9% to €27.5m (€22.2m), corresponding to an EBITDA margin of 13.8% (13.7%).
- Cash flow from operating activities increased to €24.1m (€13.7m).
- Basic/diluted earnings per share were €0.046 (€0.060).
- Members increased by 14.5% to 1,232K.

REVENUE AND EARNINGS

| € millions (€m) | Q1 2019 | Q1 2018 | Growth | FY 2018 |
|-------------------------------------|---------|---------|--------|---------|
| Revenue | 199.7 | 161.9 | 23% | 671.6 |
| Operating profit | 11.3 | 9.0 | 26% | 33.7 |
| Operating profit margin, % | 5.7% | 5.6% | | 5.0% |
| Net profit | 6.9 | 8.5 | -19% | 24.2 |
| Net profit margin, % | 3.5% | 5.3% | | 3.6% |
| Basic/diluted earnings per share, € | 0.046 | 0.060 | -23% | 0.167 |
| EBITDA | 27.5 | 22.2 | 24% | 90.7 |
| EBITDA margin, % | 13.8% | 13.7% | | 13.5% |
| EBITDAaL | 18.5 | 14.5 | 28% | 58.5 |
| EBITDAaL margin, % | 9.3% | 9.0% | | 8.7% |
| EBITA | 12.5 | 9.6 | 30% | 37.0 |
| EBITA margin, % | 6.3% | 5.9% | | 5.5% |

For definition and reconciliation of alternative performance measures, refer to note 9.

All comparative figures have been restated for the impact of the adoption of IFRS 16, *Leases* compared to the published consolidated financial statements as at and for the year ended 2018. Refer to the restatement release of 17 April 2019.

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 2018, Medicover had revenue around €672 million and 20,970 employees. For more information, go to www.medicover.com

CEO STATEMENT



It is now almost two years since Medicover was listed on NASDAQ OMX Stockholm, and I am very proud that these two years have illustrated our strong growth momentum. Our revenue in Q1 2019 is 41% larger than Q1 2017, 75% of which is organic growth. This is a testament to our strong market position, ability to execute our M&A agenda as well as driving margin expansion and profit growth through scale and operating efficiency.

We have seen a strong start to the new year, with first quarter revenue growth continuing to accelerate from an already strong level during the prior year, and profit margins expanding.

Revenue for the first quarter of the year reached €199.7m (€161.9m) or 23.3% growth, of which 15.4% was organic growth. Annual run-rate revenue is now just short of €800m, which is already a robust 18.9% growth on full year 2018 revenue.

EBITDA for the quarter increased by a strong 23.9% to €27.5m (€22.2m), with a margin of 13.8% (13.7%).

With reference to our stated financial profit growth target of 18-20%, organic adjusted EBITDAaL grew in line with this at 18.7%.

Healthcare Services had another strong quarter with revenue growth of 28.1% lifting revenue to €102.9m (€80.3m), with organic growth of 17.8%. The integrated healthcare model together with good performance for our Fee-For-Service offerings, as well as the enhanced M&A activity, continue to be the main growth drivers. The demand for our services remains strong, especially in our key markets Poland and Romania. The number of members reached 1.2 million at the end of the quarter, with a growth of 14.5% compared to the same period last year.

Healthcare Services EBITDA reached €11.1m (€8.8m), a margin of 10.8% (11.0%), which was a strong growth of 26.1% on prior year.

Revenue for Diagnostic Services grew equally strong by 18.7% in the quarter with organic growth of 13.4%, reaching €100.2m (€84.4m). Revenue growth was supported by laboratory tests growing by 8.2% to 27.6 million (25.5 million) in the quarter.

Diagnostic Services EBITDA grew also strongly by 25.9% to reach €20.9m (€16.6m) for the quarter, an EBITDA margin of 20.9% (19.7%), representing a 120bp margin expansion versus prior year, evidencing the strong bounce back in our German lab trading as well as continued solid performance in the other main markets.

The Medicover German clinics reported revenue for the quarter of €15.1m, which was up a solid 16.2%, and reported a double digit EBITDA margin of 15.9%, or €2.4m, 60% higher versus the prior year level, evidencing the continued progress in growing our care delivery and operating efficiencies.

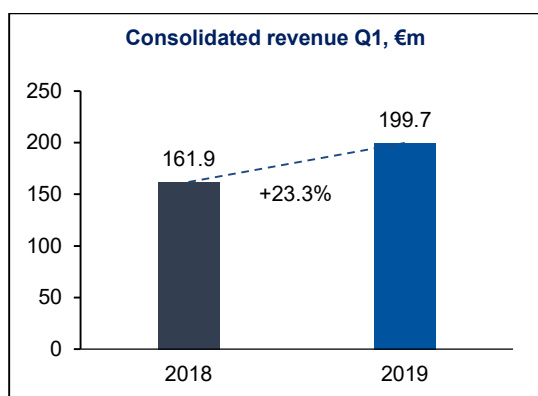
This has been a strong start to the new year, where we look forward to continued strong revenue growth momentum, enhanced by several already announced acquisitions to close, with a focus on a successful integration.

Medicover's most valuable asset is our tremendous team of dedicated people across our markets, and these results are a reflection of the commitment and professional skills and attitudes of all employees, and for this, I would like to express my pride and gratitude.

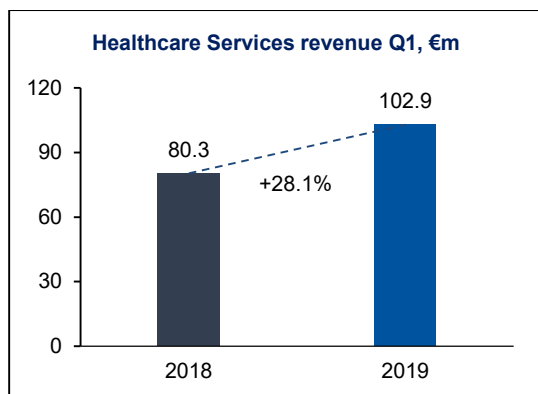
Fredrik Rågmark, CEO

REVENUE FIRST QUARTER 2019

Consolidated revenue increased by 23.3% to €199.7m (€161.9m) with organic growth of 15.4%. All main revenue lines have been strong except for the public paid laboratory services impacted by the German lab reimbursement changes. Acquisitions made within the last year contributed €15.0m to acquired revenue in the quarter representing 39.7% of the total year on year growth of €37.8m. These include Klein, a German genetic laboratory, Pelican, a hospital operator in Romania, as well as other Romanian and Polish businesses.



Healthcare Services revenue grew by 28.1% to €102.9m (€80.3m) with organic growth of 17.8%. Members grew by 14.5% to 1,232K versus prior year quarter (1,076K).



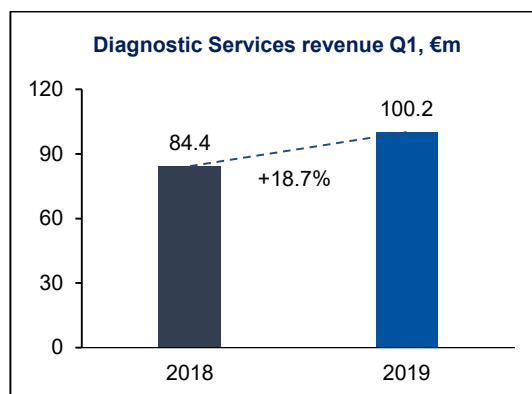
The favourable employment market in the major countries supports member growth under employer funded employee health packages. Although this has been the strongest growth driver this quarter out of pocket Fee-For-Service was 55% of the organic growth with good development across most business lines. Fee-For-Service volume increased in this quarter reflecting the seasonality in higher levels of healthcare demand during the winter quarters. Healthcare Services continue to benefit from a good economic background in the major countries of operation.

The Polish dental business is growing strongly with a combination of organic and acquisition growth. This business area grew 71.4% in local currency compared to the previous year quarter.

The Group signed an agreement to acquire Neomedic, a leading neonatology and obstetrics hospital group based in the south of Poland. This has now been approved by antitrust authorities and is expected to close in May 2019 and is expected to be consolidated from mid May 2019.

The MaxCure group, which is an associate and not consolidated, had revenue of approximately €15.9m (€13.6m) for Q1 2019 with local currency growth of 17.9% (16.6%), with the opening of a new hospital contributing to growth. The construction of two new cancer centres is progressing. The restructuring of the share capital has been completed and the ownership is now 45.1%.

Diagnostic Services revenue grew by 18.7% to €100.2m (€84.4m) with organic growth of 13.4%. The Romanian and Polish currencies were weaker but this was offset by a stronger Ukrainian currency. The laboratory test volume increased by 8.2% to 27.6 million (25.5 million).



The Group acquired 100% of the shares in the center for genetic diagnostics of Dr. Klein, Dr. Rost, and colleagues ("Klein") located near Munich in Germany at the start of the quarter for a total consideration of €25.3m. This acquisition was consolidated for the full quarter. For further information on this acquisition, refer to note 4.

The established businesses grew well in all major markets despite the comparative first quarter in 2018 being a strong quarter. Growth in the German laboratory offset the price revision which had not taken effect in Q1 2018. This was from a mixture of growth of number of customers and also doctors' referral patterns.

The German clinical business showed good underlying growth with an increase in the number of facilities and in doctors' productivity levels. For the first quarter, revenue was €15.1m (€13.0m), an increase of 16.2% despite price revisions.

The Ukrainian economy has grown by 3.3% over 2018, and demand for healthcare services remains strong. The length of time to receive regulatory approval in Ukraine for the previously disclosed

potential transaction may result in the transaction not occurring.

The continuing strong economic development in Romania and Poland is leading to increased ability to self-pay for healthcare and the expansion of access through more BDPs supports this growth. During the quarter, 29 new BDPs were opened, bringing the total to 599 locations at quarter end.

PROFIT DEVELOPMENT FIRST QUARTER 2019

Operating profit (EBIT) increased by 25.6% to €11.3m (€9.0m) with an operating margin of 5.7% (5.6%).

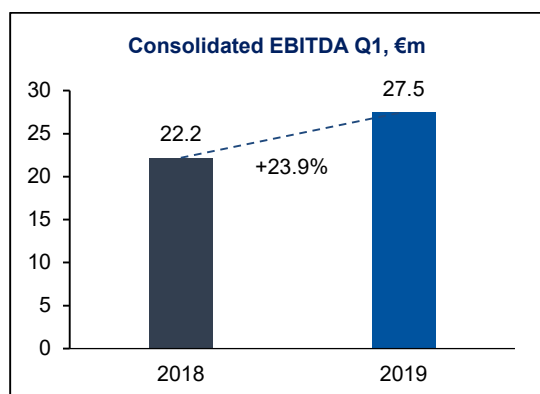
Profit for the period amounted to €6.9m (€8.5m), a margin of 3.5% (5.3%), which is lower than prior year due to no comparable other income.

Other income/costs of €0.1m (€3.7m) included the movement for non-cash fair value changes in puts written and calls held over share interests in MaxCure, with release of deferred gains from initial recognition in 2017, and other related fair value movements.

Net financial cost amounted to €2.0m (€2.0m) with €2.7m (€2.7m) of interest charged on the Group's debt, commitment fees and other discounted liabilities balancing against €0.3m (€0.4m) interest earned on cash balances and foreign exchange gains of €0.4m (€0.3m). €1.5m (€1.4m) of the interest charged was in relation to lease liabilities.

Basic/diluted earnings per share amounted to €0.046 (€0.060).

Consolidated EBITDA increased by 23.9% to €27.5m (€22.2m) with an EBITDA margin of 13.8% (13.7%). Organic adjusted EBITDAaL growth amounted to 18.7%, in line with the stated financial target of 18-20% growth.



The improvement predominantly reflects the increased revenue in both divisions and flow

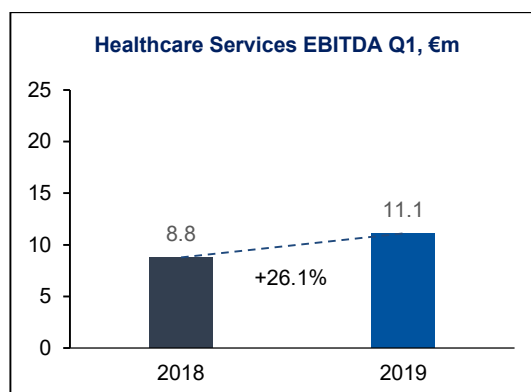
through to profit, driven by growth and increasing volume in existing facilities.

Items affecting comparability

Acquisitions have been made in the quarter in the dental and diagnostic fields in Poland and Germany. Revenue recognised in the first quarter 2019 from acquisitions made in the prior 12 months was €15.0m.

The MaxCure equity stake along with certain rights to call shares and obligations to fulfil put options over MaxCure shares was acquired in the fourth quarter 2017. These options are required to be valued using valuation models. Other income of €0.2m (€4.0m) was recognised in the quarter relating to these revaluations.

EBITDA for **Healthcare Services** increased by 26.1% to €11.1m (€8.8m), an EBITDA margin of 10.8% (11.0%). Organic growth was 18.1% for the quarter. EBITDAaL increased by 37.5% to €6.6m (€4.8m). Most of the improvement is through contribution of the new business volume with increased efficiency and the contribution of acquisitions in Romania and dental in Poland.



Operating profit increased by 31.6% to €2.5m (€1.9m), a margin of 2.4% (2.4%). All major business units grew strongly in the quarter across all markets.

The segment results were driven by the increase in employer funded members, good growth of the

Fee-For-Service business areas such as dental, as well as the acquisitions. Inpatient care was boosted by the acquisition of Pelican, a hospital operator in Romania. The expansion of the Pelican hospital is in construction with commissioning expected early in 2020. This will add 100 beds to the current hospital capacity of 142 beds with new medical modalities, expansion of the ICU department and new medical imaging diagnostics.

The two main markets for healthcare services, Poland and Romania, continue to see strong demand for privately paid healthcare services, driven by strong economic development and real wage growth.

In the winter months costs for the funded members increased as demand increased with factors such as seasonal flu, this tends to reduce seasonally profitability for employer paid business. This was offset to a degree with Fee-For-Service demand increasing due to the same reason, which was positive for the segment.

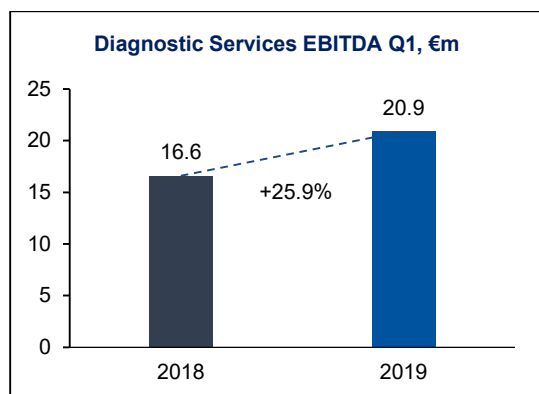
EBITDA for **Diagnostic Services** increased by 25.9% to €20.9m (€16.6m), an EBITDA margin of 20.9% (19.7%), of which 21.7% was organic growth. EBITDAaL increased by 26.9% to €16.5m (€13.0m), a margin of 16.5% (15.4%).

Operating profit increased to €13.5m (€10.5m), a margin of 13.5% (12.4%).

The winter quarters are seasonally the best performing periods for the segment due to higher demand for services on the back of higher illness and medical activity.

In Germany the changes on reimbursement of public paid laboratory tests implemented in April 2018 still continue to have some negative impact on doctor prescribing patterns, however a normalisation of referring patterns with many referrers is perceived. This normalisation combined with growth in referrers and in privately insured/paid referrals has offset the negative price changes of 2018.

The German clinical business continued to develop with an EBITDA of €2.4m (€1.5m) and a margin of 15.9% (11.5%). EBITDAaL amounted to €1.6m (€0.7m) with a margin of 10.6% (5.4%). Revenue was €15.1m (€13.0m) up 16.2%. The additional doctors within the existing infrastructure start to feed through to profitability by continuing to add doctors and also see existing doctors improving productivity as patients get to know the Medicover clinics and services. The reimbursement revision actions had a more limited impact on this business area in Germany as patients have more complex conditions and the doctors are higher level specialists. The overall price reduction has been more than offset by the growth in the business. The total number of units operating was 24 (17).



KEY FINANCIAL DATA

| Medicover, €m | Jan-Mar 2019 | Jan-Mar 2018 | Growth | FY 2018 |
|-------------------------------------|-------------------------|-------------------------|---------------|----------------|
| Revenue | 199.7 | 161.9 | 23% | 671.6 |
| Operating profit | 11.3 | 9.0 | 26% | 33.7 |
| Operating profit margin, % | 5.7% | 5.6% | | 5.0% |
| Net profit | 6.9 | 8.5 | -19% | 24.2 |
| Net profit margin, % | 3.5% | 5.3% | | 3.6% |
| Basic/diluted earnings per share, € | 0.046 | 0.060 | -23% | 0.167 |
| EBITDA | 27.5 | 22.2 | 24% | 90.7 |
| EBITDA margin, % | 13.8% | 13.7% | | 13.5% |
| EBITDAaL | 18.5 | 14.5 | 28% | 58.5 |
| EBITDAaL margin, % | 9.3% | 9.0% | | 8.7% |
| Adjusted EBITDA | 28.0 | 22.7 | 23% | 94.1 |
| Adjusted EBITDA margin, % | 14.0% | 14.0% | | 14.0% |
| Adjusted EBITDAaL | 19.0 | 15.0 | 27% | 61.9 |
| Adjusted EBITDAaL margin, % | 9.5% | 9.3% | | 9.2% |
| EBITA | 12.5 | 9.6 | 30% | 37.0 |
| EBITA margin, % | 6.3% | 5.9% | | 5.5% |
| Healthcare Services, €m | Jan-Mar 2019 | Jan-Mar 2018 | Growth | FY 2018 |
| Revenue | 102.9 | 80.3 | 28% | 346.1 |
| Operating profit | 2.5 | 1.9 | 32% | 15.6 |
| Operating profit margin, % | 2.4% | 2.4% | | 4.5% |
| EBITDA | 11.1 | 8.8 | 26% | 45.8 |
| EBITDA margin, % | 10.8% | 11.0% | | 13.2% |
| EBITDAaL | 6.6 | 4.8 | 38% | 29.3 |
| EBITDAaL margin, % | 6.4% | 6.0% | | 8.5% |
| EBITA | 3.4 | 2.2 | 55% | 17.8 |
| EBITA margin, % | 3.3% | 2.7% | | 5.1% |
| Members (period end) (000's) | 1,232 | 1,076 | 14% | 1,209 |
| Diagnostic Services, €m | Jan-Mar 2019 | Jan-Mar 2018 | Growth | FY 2018 |
| Revenue | 100.2 | 84.4 | 19% | 336.7 |
| Operating profit | 13.5 | 10.5 | 29% | 32.5 |
| Operating profit margin, % | 13.5% | 12.4% | | 9.7% |
| EBITDA | 20.9 | 16.6 | 26% | 58.8 |
| EBITDA margin, % | 20.9% | 19.7% | | 17.5% |
| EBITDAaL | 16.5 | 13.0 | 27% | 43.3 |
| EBITDAaL margin, % | 16.5% | 15.4% | | 12.9% |
| EBITA | 13.8 | 10.8 | 28% | 33.6 |
| EBITA margin, % | 13.8% | 12.8% | | 10.0% |
| Lab tests (period volume) (m) | 27.6 | 25.5 | 8% | 98.1 |

For definition and reconciliation of alternative performance measures, refer to note 9.

CASH FLOW

Cash generated from operations before working capital changes and taxes paid amounted to €28.8m (€22.7m), being 104.7% of EBITDA (102.3%). Net working capital decreased by €0.4m (increase of €4.4m). Cash paid tax was €5.1m (€4.6m). Cash generated from operations was €24.1m (€13.7m).

Investments in tangible and intangible assets amounted to €13.9m (€10.3m) with a focus on Poland with continuing growth of members, fertility in India and Ukraine, dental in Poland as well as laboratory and clinical services in Germany. Investments for acquisitions of subsidiaries amounted to €4.9m (€2.0m) including a prepayment for a German acquisition of €2.5m.

Interest received was €0.2m (€0.5m) earned on cash investments in liquid instruments.

Net loans drawn were €10.9m (net loans repaid €0.2m) to fund acquisition payments. In January 2019, the Group's debt facilities were increased by €100m from €200m to €300m on the same terms and the same lenders. The maturity of the facility was extended until June 2022 after the quarter end. Leases repaid were €7.1m (€5.7m) in the quarter. Interest paid amounted to €2.7m (€2.0m), of which €1.5m (€1.4m) related to lease liabilities.

Cash and cash equivalents increased by €6.3m to €45.0m.

FINANCIAL POSITION

Consolidated equity as at 31 March 2019 amounted to €321.5m (€317.5m). The increase in the levels of equity resulted from profit for the period. Consolidated loans payable amounted to €146.7m (€131.3m) and lease liabilities of €140.9m (€125.4m) for total financial debt of €287.6m (€256.7m).

Lease liabilities increased by €15.5m with several new leases entered into in Romania and Poland as well as recognition of leases in acquired businesses.

TAX

The Group's effective tax rate for the year is forecasted to be 27.0% (29.0%) with a tax charge for this quarter of €2.5m (€2.2m) being recorded.

Cash paid taxes were €5.1m (€4.6m) with settlements and provisional payments for 2018.

PARENT COMPANY

There was no significant revenue and the loss after tax was €1.3m in the quarter. The parent company's assets consist of investments in subsidiaries. The business is financed with equity

contributed by the owners. Equity of the parent company as at 31 March 2019 was €456.0m.

RISK FACTORS

Operating risks faced by Medicover 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 'Risk and risk management' section of the management report in

the annual report 2018 (pages 44-47), no other significant new risks are deemed to have emerged.

Medicover 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 2018: note 24 on pages 78-80.

BASIS & AUDIT

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*. It should be read together with the consolidated financial statements of the Group as at and for the year ended 31 December 2018 as well with the restatement for IFRS 16, *Leases* and accounting policy update released on

17 April 2019. The comparative amounts presented in this statement have been restated for the impacts of the adoption of IFRS 16. The interim information on page 1-8 is an integral part of this interim report. This report has not been reviewed by the Company's auditor.

Stockholm on 3 May 2019

Fredrik Rågmark

Director and CEO

This 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 (CEST) on 3 May 2019. This interim report and other information about Medicover is available at medicover.com.

Financial Calendar

| | |
|------------------------------------|-----------------|
| Annual general meeting | 3 May 2019 |
| Interim report April-June 2019 | 26 July 2019 |
| Interim report July-September 2019 | 6 November 2019 |

Contact information

For further information, please contact:
Hanna Bjellquist, Head of Investor Relations
Phone: +46 70 303 32 72
E-mail: hanna.bjellquist@medicover.com

Address

Org nr: 559073-9487
Medicover AB (publ)
P.O. Box 5283
S-102 46 Stockholm
Visiting address: Riddargatan 12A
SE-114 35 Stockholm, Sweden
Phone: +46 8-400 17 600

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

| Note | €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|------|---|-----------------|-----------------|-----------------|
| 2 | Revenue | 199.7 | 161.9 | 671.6 |
| | Operating expenses | | | |
| | Medical provision costs | -148.6 | -121.6 | -507.3 |
| | Gross profit | 51.1 | 40.3 | 164.3 |
| | Distribution, selling and marketing costs | -10.5 | -8.0 | -35.2 |
| | Administrative costs | -29.3 | -23.3 | -95.4 |
| | Operating profit | 11.3 | 9.0 | 33.7 |
| 3 | Other income/(costs) | 0.1 | 3.7 | 8.6 |
| | Interest income | 0.3 | 0.4 | 1.4 |
| | Interest expense | -2.7 | -2.7 | -9.6 |
| | Other financial income/(expense) | 0.4 | 0.3 | -0.6 |
| | Total financial result | -2.0 | -2.0 | -8.8 |
| | Share of profit/(loss) of associates | - | - | -1.8 |
| | Profit before income tax | 9.4 | 10.7 | 31.7 |
| | Income tax | -2.5 | -2.2 | -7.5 |
| | Profit for the period | 6.9 | 8.5 | 24.2 |
| | Profit attributable to: | | | |
| | Owners of the parent | 6.2 | 8.1 | 22.3 |
| | Non-controlling interests | 0.7 | 0.4 | 1.9 |
| | Profit for the period | 6.9 | 8.5 | 24.2 |
| | Earnings per share attributable to parent: | | | |
| | Basic/diluted, € | 0.046 | 0.060 | 0.167 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Note | €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|------|---|-----------------|-----------------|-----------------|
| | Profit for the period | 6.9 | 8.5 | 24.2 |
| | Other comprehensive income/(loss): | | | |
| | Items that may be reclassified subsequently to income statement: | | | |
| | Exchange differences on translating foreign operations | 0.1 | -2.3 | -6.1 |
| | Income tax relating to these items | -0.3 | - | 0.5 |
| | Other comprehensive income/(loss) for the period, net of tax | -0.2 | -2.3 | -5.6 |
| | Total comprehensive income for the period | 6.7 | 6.2 | 18.6 |
| | Total comprehensive income attributable to: | | | |
| | Owners of the parent | 6.0 | 5.8 | 16.7 |
| | Non-controlling interests | 0.7 | 0.4 | 1.9 |
| | Total comprehensive income for the period | 6.7 | 6.2 | 18.6 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Note | €m | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|------|--|----------------|----------------|----------------|
| | ASSETS | | | |
| | Non-current assets | | | |
| | Goodwill | 172.0 | 129.5 | 150.1 |
| | Other intangible fixed assets | 53.0 | 38.0 | 50.8 |
| | Tangible fixed assets | 171.3 | 151.0 | 164.4 |
| | Right-of-use assets | 131.6 | 116.0 | 117.0 |
| | Total fixed assets | 527.9 | 434.5 | 482.3 |
| | Deferred tax assets | 5.0 | 4.8 | 4.2 |
| | Investment in associates | 43.8 | 36.2 | 43.8 |
| 5 | Other financial assets | 13.6 | 5.4 | 9.3 |
| | Total non-current assets | 590.3 | 480.9 | 539.6 |
| | Current assets | | | |
| | Inventories | 30.7 | 33.2 | 30.3 |
| 5 | Other financial assets | 7.4 | 1.9 | 27.8 |
| 5 | Trade and other receivables | 99.3 | 84.6 | 92.3 |
| 5 | Cash and cash equivalents | 45.0 | 30.4 | 38.4 |
| | Total current assets | 182.4 | 150.1 | 188.8 |
| | Total assets | 772.7 | 631.0 | 728.4 |
| | SHAREHOLDERS' EQUITY | | | |
| | Issued capital and reserves attributable to owners of the parent | 317.1 | 301.2 | 313.1 |
| | Non-controlling interests | 4.4 | 3.4 | 4.4 |
| | Total shareholders' equity | 321.5 | 304.6 | 317.5 |
| | LIABILITIES | | | |
| | Non-current liabilities | | | |
| 5 | Loans payable | 142.2 | 51.0 | 126.4 |
| 5 | Lease liabilities | 112.2 | 98.4 | 96.4 |
| | Deferred tax liabilities | 24.8 | 23.5 | 23.7 |
| | Provisions | 0.3 | 0.4 | 0.3 |
| 5 | Other financial liabilities | 28.4 | 27.7 | 28.6 |
| | Other liabilities | 6.0 | 5.2 | 5.6 |
| | Total non-current liabilities | 313.9 | 206.2 | 281.0 |
| | Current liabilities | | | |
| 5 | Loans payable | 4.5 | 5.8 | 4.9 |
| 5 | Lease liabilities | 28.7 | 23.9 | 29.0 |
| | Provision for unearned premiums/deferred revenue | 9.9 | 14.2 | 10.3 |
| | Corporate tax payable | 3.6 | 4.8 | 4.2 |
| 5 | Other financial liabilities | 5.0 | 5.1 | 3.6 |
| 5 | Trade and other payables | 85.6 | 66.4 | 77.9 |
| | Total current liabilities | 137.3 | 120.2 | 129.9 |
| | Total liabilities | 451.2 | 326.4 | 410.9 |
| | Total shareholders' equity and liabilities | 772.7 | 631.0 | 728.4 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Note | €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|------|---|-----------------|-----------------|-----------------|
| | Opening balance shareholders' equity as reported | 317.5 | 299.8 | 299.8 |
| | IFRIC 23 impact – first application | -1.9 | - | - |
| | Opening balance shareholders' equity - restated | 315.6 | 299.8 | 299.8 |
| | <i>Total comprehensive income for the period</i> | <i>6.7</i> | <i>6.2</i> | <i>18.6</i> |
| | <i>Transactions with owners in their capacity as owners:</i> | | | |
| | Share issue for cash | - | - | 0.4 |
| | Acquisition of treasury shares | - | - | -0.4 |
| | Disposal of interest in a subsidiary | - | - | -1.5 |
| | Non-controlling interests put-option reserve | -1.1 | -1.3 | -3.3 |
| | Recognition of non-controlling interests on business combinations | - | -0.0 | 2.6 |
| | Employee share-based compensation costs | 0.3 | -0.1 | 1.3 |
| | <i>Total transactions with owners in their capacity as owners</i> | <i>-0.8</i> | <i>-1.4</i> | <i>-0.9</i> |
| | Closing balance shareholders' equity | 321.5 | 304.6 | 317.5 |

CONSOLIDATED CASH FLOW STATEMENT

| Note | €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|------|---|-----------------|-----------------|-----------------|
| | Profit before income tax | 9.4 | 10.7 | 31.7 |
| | Adjustments for: | | | |
| | Depreciation and amortisation | 16.2 | 13.2 | 57.0 |
| | Gain on disposal of fixed assets | -0.1 | - | -0.1 |
| | Gain on termination of leases | 0.0 | - | -0.1 |
| 3 | Other costs (non-cash components) | -0.1 | -3.6 | -7.2 |
| | Net interest expense | 2.4 | 2.3 | 8.2 |
| | Employee share-based compensation costs | 0.3 | 0.2 | 1.6 |
| | Other non-cash transactions | 1.2 | 0.3 | 3.3 |
| | Unrealised foreign exchange gain | -0.5 | -0.4 | 0.0 |
| | Cash generated from operations before working capital changes and tax payments | 28.8 | 22.7 | 94.4 |
| | Changes in operating assets and liabilities: | | | |
| | Increase in receivables & inventories | -9.2 | -5.3 | -13.3 |
| | Increase in payables | 9.6 | 0.9 | 5.2 |
| | Cash generated from operations before tax payments | 29.2 | 18.3 | 86.3 |
| | Income tax paid | -5.1 | -4.6 | -11.9 |
| | Net cash from operating activities | 24.1 | 13.7 | 74.4 |
| | Investing activities: | | | |
| | Payment for acquisition of fixed assets | -13.9 | -10.3 | -41.0 |
| | Proceeds from disposal of fixed assets | 0.1 | - | 0.1 |
| | Payment for acquiring interest in associates | - | -8.9 | -15.3 |
| | Dividends received from associates | - | - | 0.1 |
| 4 | Payment for acquisition of subsidiaries, net of cash acquired | -4.9 | -2.0 | -34.5 |
| | Proceeds from disposal of subsidiaries, net of cash sold | - | - | 0.5 |
| | Payments into escrow for acquisitions | - | - | -24.7 |
| | Loans granted | - | - | -2.7 |
| | Interest received | 0.2 | 0.5 | 1.4 |
| | Net cash used in investing activities | -18.5 | -20.7 | -116.1 |
| | Financing activities: | | | |
| | Proceeds from issue of shares | - | - | 0.4 |
| | Acquisition of treasury shares | - | - | -0.4 |
| | Loans repaid | -1.7 | -30.7 | -35.6 |
| | Loans received | 12.6 | 30.5 | 106.1 |
| | Leases repaid | -7.1 | -5.7 | -24.5 |
| | Interest paid | -2.7 | -2.0 | -9.4 |
| | Distribution to non-controlling interests | -0.4 | - | -2.0 |
| | Net cash from/(used in) financing activities | 0.7 | -7.9 | 34.6 |
| | Total cash flow | 6.3 | -14.9 | -7.1 |
| | Cash and cash equivalents | | | |
| | Cash balance as at beginning of the period | 38.4 | 45.4 | 45.4 |
| | Net effects of exchange gain/(loss) on cash balances | 0.3 | -0.1 | 0.1 |
| | Total cash balance as at end of the period | 45.0 | 30.4 | 38.4 |
| | Increase/(decrease) in cash and cash equivalents | 6.3 | -14.9 | -7.1 |

CONDENSED PARENT COMPANY INCOME STATEMENT

| Note | €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|------|--|-----------------|-----------------|-----------------|
| | Revenue | 0.2 | 0.1 | 0.6 |
| | Operating expenses | -1.6 | -0.6 | -6.3 |
| | Operating loss | -1.4 | -0.5 | -5.7 |
| | Other income/(costs) | - | - | 30.5 |
| | Interest income from Group companies | 0.1 | 0.1 | 0.1 |
| | Profit/(loss) before income tax | -1.3 | -0.4 | 24.9 |
| | Income tax | - | - | - |
| | Profit/(loss) for the period | -1.3 | -0.4 | 24.9 |

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

CONDENSED PARENT COMPANY BALANCE SHEET

| Note | €m | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|------|-------------------------------------|----------------|----------------|----------------|
| | Tangible fixed assets | 0.0 | 0.1 | 0.0 |
| | Investments in subsidiaries | 434.8 | 434.8 | 434.8 |
| | Other non-current assets | - | - | 28.0 |
| | Total fixed assets | 434.8 | 434.9 | 462.8 |
| | Current receivables | 28.3 | 0.7 | 0.9 |
| | Cash and cash equivalents | 0.0 | 0.0 | 0.0 |
| | Total current assets | 28.3 | 0.7 | 0.9 |
| | Total assets | 463.1 | 435.6 | 463.7 |
| | Restricted equity | 27.1 | 26.7 | 27.1 |
| | Non-restricted equity | 428.9 | 403.6 | 429.9 |
| | Total equity | 456.0 | 430.3 | 457.0 |
| | Non-current liabilities | 3.3 | 3.3 | 3.3 |
| | Current liabilities | 3.8 | 2.0 | 3.4 |
| | Total equity and liabilities | 463.1 | 435.6 | 463.7 |

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, with its head office in Stockholm. The reporting and functional currency of the Company is the Euro.

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 2018. The interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements.

A restatement and updated accounting policies communication was published on 17 April 2019, detailing the impact of and restatement of reported results and amounts for 2018 and prior periods. This interim report should be read in conjunction with that communication and is an integral part.

The condensed interim financial information on pages 1-8 is an integral part of this interim report.

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 2018, except for the changes described in the restatement release of 17 April 2019. For convenience these changes are summarised as follows:

IFRS 16, Leases impact – retrospective application:

Consolidated statement of financial position as at 31 December 2018:

| | |
|---------------------------------|---------|
| • lease liability recognised | €125.4m |
| • right-of-use asset recognised | €117.0m |
| • reduction in total equity | €6.4m |

Consolidated income statement for year 31 December 2018:

| | |
|--------------------------------------|--------|
| • right-of-use depreciation expensed | €26.6m |
| • interest on lease obligations | €5.6m |

IFRIC 23, Uncertainty over Income Tax Treatments impact – first application as at 1 January 2019:

| | |
|------------------------------------|-------|
| • corporate tax payable recognised | €1.9m |
| • reduction in total equity | €1.9m |

Other new and amended standards as well as interpretations issued by the IASB that will apply for the first time in the 2019 annual consolidated financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

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 judgement in applying the Group's accounting policies. Refer to the Group's consolidated financial statements as at and for the year ended 31 December 2018 and the restatement release of 17 April 2019 for further information on the use of estimates and judgements.

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

2. Segment information

For further details on segment information, see the consolidated financial statements as at and for the year ended 31 December 2018: note 6 on pages 67-69.

No changes in the basis of segmentation from the consolidated financial statements as at and for the year ended 31 December 2018 has occurred. The basis of measurement of segment profit or loss has

changed from EBITDA to EBITDAaL, a new alternative performance measure. Due to the adoption of IFRS 16, *Leases*, the utility of the EBITDA measure has reduced as it now excludes costs of leases. EBITDAaL addresses this to be an approximation of the previously used profit and loss performance measure including the costs of leases. Refer to note 9 for more details on EBITDAaL.

| | Jan-Mar 2019 | | | | Jan-Mar 2018 | | | |
|--|---------------------|---------------------|----------------|--------------|---------------------|---------------------|----------------|--------------|
| €m | Healthcare Services | Diagnostic Services | Central/ other | Group total | Healthcare Services | Diagnostic Services | Central/ other | Group total |
| Revenue | | | | | | | | |
| Total revenue | 102.9 | 100.2 | 0.1 | | 80.3 | 84.4 | 0.1 | |
| Inter-segment revenue | -0.2 | -3.3 | 0.0 | | -0.1 | -2.7 | -0.1 | |
| Total revenue from external customers | 102.7 | 96.9 | 0.1 | 199.7 | 80.2 | 81.7 | - | 161.9 |
| Of which funded: | | | | | | | | |
| Privately | 97.1 | 61.9 | 0.1 | 159.1 | 77.7 | 49.3 | - | 127.0 |
| Publicly | 5.6 | 35.0 | - | 40.6 | 2.5 | 32.4 | - | 34.9 |
| Originating from: | | | | | | | | |
| Poland | 77.2 | 9.2 | 0.0 | 86.4 | 64.8 | 8.0 | - | 72.8 |
| Germany | - | 49.1 | - | 49.1 | - | 41.0 | - | 41.0 |
| Romania | 14.7 | 15.2 | - | 29.9 | 8.1 | 13.1 | - | 21.2 |
| Ukraine | 2.0 | 14.6 | - | 16.6 | 1.2 | 10.9 | - | 12.1 |
| Other countries | 8.8 | 8.8 | 0.1 | 17.7 | 6.1 | 8.7 | - | 14.8 |
| Operating profit | 2.5 | 13.5 | -4.7 | 11.3 | 1.9 | 10.5 | -3.4 | 9.0 |
| Margin, % | 2.4% | 13.5% | | 5.7% | 2.4% | 12.4% | | 5.6% |
| Depreciation and amortisation | 8.6 | 7.4 | 0.2 | 16.2 | 6.9 | 6.1 | 0.2 | 13.2 |
| EBITDA | 11.1 | 20.9 | -4.5 | 27.5 | 8.8 | 16.6 | -3.2 | 22.2 |
| Margin, % | 10.8% | 20.9% | | 13.8% | 11.0% | 19.7% | | 13.7% |
| Right-of-use depreciation | -3.6 | -3.8 | -0.1 | -7.5 | -3.2 | -3.0 | -0.1 | -6.3 |
| Interests on lease obligations | -0.9 | -0.6 | 0.0 | -1.5 | -0.8 | -0.6 | 0.0 | -1.4 |
| Segment result: EBITDAaL¹ | 6.6 | 16.5 | -4.6 | 18.5 | 4.8 | 13.0 | -3.3 | 14.5 |
| Margin, % | 6.4% | 16.5% | | 9.3% | 6.0% | 15.4% | | 9.0% |
| Other income | | | | 0.1 | | | | 3.7 |
| Net interest expense | | | | -2.4 | | | | -2.3 |
| Other financial income | | | | 0.4 | | | | 0.3 |
| Share of profit/(loss) of associates | | | | - | | | | - |
| Tax | | | | -2.5 | | | | -2.2 |
| Group profit after tax | | | | 6.9 | | | | 8.5 |

¹ EBITDA under previous accounting standards was reported as the segment measure of profit or loss. This has been changed to EBITDAaL under the new accounting standard, IFRS 16, Leases, as applicable from 1 January 2019. The difference between EBITDA as previously reported and EBITDAaL for Q1 2018 was €0.5m, split between €0.4m in Healthcare Service and €0.2m in Diagnostic Services, with the balance of €-0.1m for central services.

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 revenue. Within the Healthcare Services segment, revenue for

insurance contracts for 2019 was €55.5m (€49.2m). For further information on insurance contracts, see the consolidated financial statements as at and for the year ended 31 December 2018: note 4 on page 67.

| €m equivalent | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---|----------------|----------------|----------------|
| Non-current assets by location of assets | | | |
| Poland (PLN) | 204.5 | 187.6 | 199.2 |
| Germany (EUR) | 200.2 | 166.0 | 165.8 |
| Romania (RON) | 86.6 | 43.1 | 80.6 |
| India (INR) | 25.6 | 22.9 | 25.4 |
| Ukraine (UAH) | 18.2 | 12.8 | 14.9 |
| Other (various) | 50.2 | 43.7 | 49.5 |
| Total non-current assets by location of assets | 585.3 | 476.1 | 535.4 |

Non-current assets by geography include land and buildings, equipment, intangible assets including goodwill, other financial assets, right-of-use assets

and investments in associates. Deferred tax assets of €5.0m (€4.8m) are excluded.

3. Other income/(costs)

| €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|--|-----------------|-----------------|-----------------|
| Other income/(costs) | | | |
| Change in fair value of MaxCure financial assets and liabilities | 0.2 | 4.0 | 8.6 |
| Change in fair value of other non-current liabilities | - | - | 0.2 |
| Loss on disposal of interest in subsidiaries | - | - | -1.6 |
| Profit on real estate development project | - | - | 1.5 |
| Other | -0.1 | -0.3 | -0.1 |
| Total other income/(costs) | 0.1 | 3.7 | 8.6 |

4. Significant business combinations

Preliminary purchase price allocation has been performed, subject to change in the next twelve months from the acquisition date, and is presented below. The Group acquired 100% of the voting rights in the center for genetic diagnostics of Dr. Klein, Dr. Rost and colleagues ("Klein") located near Munich in Germany on 2 January 2019 for a total consideration of €25.3m including contingent and deferred liabilities of €4.5m. €20.8m was released from money deposited in an escrow account in 2018. €2.7m has been allocated to other

intangibles. €20.0m goodwill was recognised on this acquisition, unallocated to specific intangibles representing expected synergies with existing operations. Included in the income statement for the quarter is revenue of €4.0m and net operating profit of €0.4m.

In the first quarter 2019, the following cash flows (net of cash acquired) were paid in relation of business combinations.

| €m | Klein | Other | Total |
|--|-------------|------------|-------------|
| Accounts receivable and inventories | 0.6 | 0.0 | 0.6 |
| Tangible fixed assets | 2.1 | 0.5 | 2.6 |
| Right-of-use assets | 5.8 | 0.7 | 6.5 |
| Goodwill | 20.0 | 1.9 | 21.9 |
| Other intangible fixed assets: | 2.7 | 0.9 | 3.6 |
| Brand | - | 0.6 | 0.6 |
| Customer relations | 2.7 | - | 2.7 |
| Set-up costs | - | 0.3 | 0.3 |
| Other | 0.0 | - | 0.0 |
| Deferred tax asset | - | 0.1 | 0.1 |
| Lease liabilities | -5.8 | -0.7 | -6.5 |
| Deferred tax liability | - | -0.2 | -0.2 |
| Accounts payable | -0.1 | -0.2 | -0.3 |
| Total purchase price | 25.3 | 3.0 | 28.3 |
| Less: cash acquired | - | - | - |
| Deferred and contingent consideration payable (discounted) | -4.5 | -0.6 | -5.1 |
| Release from escrow account | -20.8 | - | -20.8 |
| Prepayment acquisition | - | 2.5 | 2.5 |
| Total cash flow for acquisitions net of cash acquired | - | 4.9 | 4.9 |

5. 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 or loss;
- a put option liability over non-controlling interests in one of the Group's subsidiaries being reported at fair value with the changes in fair value being reported to equity as a transaction between shareholders;
- contingent consideration payable in relation to acquisitions;
- a financial liability arising from an agreement with a third party that entitles the other party to

receive cash based on the value of equity instruments of an associate, carried at fair value through profit or loss;

- certain call and put options written over shares of an associate, carried at fair value less deferred day one profit or loss, with the fair value re-measurement at each reporting date being reflected in the income statement along with the release of the initial deferral; and
- investments in equity instruments accounted for at fair value through profit or loss.

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

| | | 31 Mar 2019 | | | 31 Mar 2018 | | | 31 Dec 2018 | | |
|------|---|------------------|------------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| Note | €m | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| | Financial assets at fair value through profit or loss | | | | | | | | | |
| b) | Call options on associate's shares | 1.8 | 3.6 | 5.4 | 3.0 | 1.9 | 4.9 | 1.6 | 3.1 | 4.7 |
| c) | Other financial assets | 2.8 | - | 2.8 | - | - | - | 2.8 | - | 2.8 |
| | Financial assets at amortised cost | | | | | | | | | |
| | Other financial assets | 9.0 ¹ | 3.8 ² | 12.8 | 2.4 | - | 2.4 | 4.9 | 24.7 ³ | 29.6 |
| | Trade and other receivables, gross | - | 106.6 | 106.6 | - | 89.7 | 89.7 | - | 98.4 | 98.4 |
| | Provision for expected credit losses | - | -7.3 | -7.3 | - | -5.1 | -5.1 | - | -6.1 | -6.1 |
| | Subtotal financial assets at amortised cost | 9.0 | 103.1 | 112.1 | 2.4 | 84.6 | 87.0 | 4.9 | 117.0 | 121.9 |
| | Cash and cash equivalents | - | 45.0 | 45.0 | - | 30.4 | 30.4 | - | 38.4 | 38.4 |
| | Total financial assets | 13.6 | 151.7 | 165.3 | 5.4 | 116.9 | 122.3 | 9.3 | 158.5 | 167.8 |
| | Financial liabilities at fair value through profit or loss | | | | | | | | | |
| b) | Put options on associate's shares | 1.1 | - | 1.1 | 1.7 | - | 1.7 | 1.7 | -1.1 | 0.6 |
| d) | Other financial liabilities | 11.2 | - | 11.2 | 10.8 | - | 10.8 | 11.2 | - | 11.2 |
| e) | Contingent acquisition consideration payable | 10.3 | 0.5 | 10.8 | 5.5 | 2.0 | 7.5 | 5.6 | 0.6 | 6.2 |
| | Subtotal financial liabilities at fair value through profit or loss | 22.6 | 0.5 | 23.1 | 18.0 | 2.0 | 20.0 | 18.5 | -0.5 | 18.0 |
| a) | Put option liquidity obligation with non-controlling shareholder (with movement through equity) | 16.1 | - | 16.1 | 15.2 | - | 15.2 | 15.7 | - | 15.7 |
| | Subtotal financial liabilities at fair value | 38.7 | 0.5 | 39.2 | 33.2 | 2.0 | 35.2 | 34.2 | -0.5 | 33.7 |
| | Financial liabilities at amortised cost | | | | | | | | | |
| | Borrowings | 128.3 | 0.9 | 129.2 | 42.5 | 2.7 | 45.2 | 117.3 | 1.8 | 119.1 |
| | Lease liabilities | 112.2 | 28.7 | 140.9 | 98.4 | 23.9 | 122.3 | 96.4 | 29.0 | 125.4 |
| | Other liabilities | - | 5.0 | 5.0 | - | 5.1 | 5.1 | - | 4.7 | 4.7 |
| | Trade and other payables | - | 85.6 | 85.6 | - | 66.4 | 66.4 | - | 77.9 | 77.9 |
| | Deferred consideration payable | 3.6 | 3.1 | 6.7 | 3.0 | 1.1 | 4.1 | 3.5 | 2.5 | 6.0 |
| | Subtotal financial liabilities at amortised cost | 244.1 | 123.3 | 367.4 | 143.9 | 99.2 | 243.1 | 217.2 | 115.9 | 333.1 |
| | Total financial liabilities | 282.8 | 123.8 | 406.6 | 177.1 | 101.2 | 278.3 | 251.4 | 115.4 | 366.8 |

¹ Including a €2.5m prepayment on future acquisition.

² Amount deposited into an escrow account relating to future acquisitions.

The following amounts were recognised in other income/(costs) in respect of changes in fair value:

| €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|---|-----------------|-----------------|-----------------|
| Change in fair value of financial assets/liabilities | | | |
| Release of deferred profit upon initial call option recognition | 0.4 | 3.0 | 4.9 |
| Release of deferred loss upon initial put option recognition | -0.3 | -0.3 | -1.1 |
| Change in fair value of call/put option on associate's shares | 0.1 | 1.1 | 3.7 |
| Change in fair value of other financial liabilities | 0.0 | 0.2 | 1.1 |
| Total fair value recognised in other income | 0.2 | 4.0 | 8.6 |

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 has the following financial assets and liabilities recurrently measured using level 3 fair value measurements.

a) The Group is contractually obliged to acquire at a future date a non-controlling interest at a market price determined at that future time. This put option 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% at the end of Q1 2019 and in 2018) and the discount rate applied to the nominal value (1.2% at the end of Q1 2019 and 1.7% in 2018). This is a level 3 fair value technique with subsequent changes in fair value of the future obligation recognised as a movement within equity.

b) The Group has rights to invest in an associate to inject new capital and to acquire a set number of existing shares at a price per share-based upon a formula linked to a profit measure. In addition, the Group has written put option agreements to certain investors to acquire the shareholding in the future, these can be exercised anytime between March 2020 and March 2023 and between March 2024 and March 2027 or until they cease to be shareholders. The model used for fair valuing these

financial instruments is a Monte Carlo simulation model that takes into account the exercise price, the term of the options, the underlying equity value at grant date and expected volatility, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies. Each option was valued individually. Market observable input for share price volatility was based on a group of listed Indian hospital stocks, matched to the duration of the options being valued.

c) At the second half of 2018, other financial assets at fair value through profit and loss include a purchase of 11.2% of shares in an innovative biotechnology company that is specialised in non-invasive diagnostics for a total of €2.8m.

d) The Group has a contractual obligation to an unrelated third party in relation to the investment in the associate for services rendered in sourcing and negotiating the transaction and ongoing assistance in mergers and acquisitions as well as corporate governance of the associate. This is remunerated through a contract that grants the advisor a simulated participation in the Group's investment. The liability has been measured at the purchase date using a model relying upon observable and unobservable inputs related to the associate specifically projected growth of underlying profits and estimates of the likely date of exercise and payment of the obligation. The observable inputs relate to discount rates for the equity risks for the listed Indian hospital sector, represented by some 9 listed entities. The rate used at acquisition date was 12.1% and at the end of Q1 2019 revalued to 12.9% (12.9%). Management felt that this was a more appropriate model than one weighted to market based information. The expectations for growth are higher than market rates given the infusion of funds that Medicover is likely to make over 2019 and the resulting boost to growth and profitability above the hospital sector averages in India. This gives a more prudent and more reliable estimation of the eventual liability likely to be payable. As the contractual obligation is payable

regardless of subsequent assistance in areas identified above, the total liability is recognised at acquisition and subsequently remeasured at fair value at each reporting date with differences accounted through profit or loss.

e) 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 in the profit or loss. An additional €4.6m has been recognised as contingent consideration relating to acquisitions based on future performance targets. No additional material changes have occurred to any related assumptions over the quarter until 31 March 2019.

No financial assets or financial liabilities have been reclassified between the valuation categories in 2019.

Unobservable valuation differences on initial recognition

As described in section b) above, the Group has entered into certain call and put option agreements over shares of an associate. The strike price of these acquisitions/ subscriptions is to be determined based upon formulas linked to profitability with price caps in some cases. The fair value of these options was determined using valuation techniques which rely on some observable inputs, including volatility of share prices of listed entities in the same field and market profit growth rates of similar listed entities, but also rely on unobservable inputs particularly in respect of inputs specific to the associate. The Group views

these fair value calculations as reasonable given comparable observable price metrics that are considerably higher even when adjusted for liquidity and size. The accounting policy of the Group is that upon initial recognition of the financial instruments the Group recognises the fair value and will account for the difference between cost and fair value as an adjustment to bring the carrying amount in line with the transaction price. The net profit will be deferred by reducing the initial carrying amount of the net asset. This reduction will then be reversed in the income statement over the life of the options until exercised or lapsed. Management has judged that this gives assurance of the underlying value of the shares covered by the options as the associate increases its profitability. Subsequent fair value re-measurement of the options at each reporting date is reflected in profit or loss along with the release of the initial deferral.

The exercise price of the call options to increase the investment is based on a surrogate for the fair value of the shares at the date of exercise. A valuation of the four call options and two put options has been performed using a Monte Carlo simulation model at inception with a defined set of variables and volatility. The fair value of the call and put options amounted to 7.8m (€7.6m) and €6.2m (€6.0m) respectively at the end of the quarter. Any subsequent change in fair value will be recognised in profit or loss.

The aggregate difference yet to be recognised in the profit or loss at the beginning and end of the period and a reconciliation of the changes of the balance during the period for derivative assets and liabilities are outlined below:

| €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|--|-----------------|-----------------|-----------------|
| Call Options | | | |
| Opening balance | 4.7 | 4.2 | 4.2 |
| Increase due to options acquired/recognised | - | 0.3 | 0.4 |
| Deferral of profit of options acquired | - | -0.3 | -0.4 |
| Decrease due to options exercised and transfer to cost of investment | - | -3.3 | -6.1 |
| Release of profit deferral | 0.4 | 3.0 | 4.9 |
| Revaluation of options | 0.3 | 1.0 | 1.7 |
| Closing balance | 5.4 | 4.9 | 4.7 |
| Put Options | | | |
| Opening balance | -0.6 | -1.5 | -1.5 |
| Increase due to options acquired/recognised | - | -0.2 | -0.3 |
| Deferral of loss of options acquired | - | 0.2 | 0.3 |
| Release of loss deferral | -0.3 | -0.3 | -1.1 |
| Revaluation of options | -0.2 | 0.1 | 2.0 |
| Closing balance | -1.1 | -1.7 | -0.6 |

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

| Description | Fair Value (€m) at | | Unobservable inputs | Range of inputs | |
|--|--------------------|----------------|---|-------------------|-------------------|
| | 31 Mar 2019 | 31 Dec 2018 | | 31 Mar 2019 | 31 Dec 2018 |
| Put option (liquidity obligation with non-controlling shareholder) | 16.1 | 15.7 | Earnings growth factor Risk adjusted discount rate | 5.5% 1.2% | 5.5% 1.7% |
| Call option ¹ (asset to acquire additional associate's shares) | 7.8 | 7.6 | Risk free rate EBITDA growth rate | 7.2%-7.5% 9.2% | 7.2%-7.5% 9.2% |
| Put option ² (liability to acquire associate's shares held by other investors) | 6.2 | 6.0 | Risk free rate EBITDA growth rate | 7.2%-8.1% 9.2% | 7.2%-8.1% 9.2% |
| Economic interest option (other non-current liability) | 11.2 | 11.2 | 4 year projected CAGR EBITDA Risk adjusted discount rate | 33.6% 12.9% | 33.6% 12.9% |
| Contingent acquisition consideration payable | 10.8 | 6.2 | Risk adjusted discount rate | 5.5%-8.7% | 5.5%-8.5% |

¹ Fair value of the call option includes the unamortised deferral of day one profit.

² Fair value of the put option includes the unamortised deferral of day one loss.

6. Share capital

Share capital as at 31 March 2019 was €27.1m represented by 135,735,195 shares divided into 78,836,201 class A shares, 54,498,994 class B shares and 2,400,000 class C shares. The quota value was €0.2 per share. Celox Holding AB owned 47,157,365 shares with 55.8% of the voting rights. The class C shares are all held by the Company in

conjunction with the long-term performance-based share programs.

The number of shares used to calculate the basic and diluted earnings per share is 133,335,195 (133,335,195).

7. Related party transactions

The Group's financial position as at 31 March 2019 and 31 March 2018 and profit for the first quarter 2019 were not significantly affected by the

existence of balances and transactions with related parties.

8. Liabilities arising from financing activities

| €m | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---------------------------------|--------------|--------------|--------------|
| Financial debt | | | |
| Non-current loans payable | 142.2 | 51.0 | 126.4 |
| Current loans payable | 4.5 | 5.8 | 4.9 |
| Non-current lease liabilities | 112.2 | 98.4 | 96.4 |
| Current lease liabilities | 28.7 | 23.9 | 29.0 |
| Total financial debt | 287.6 | 179.1 | 256.7 |
| Less: cash balance | -45.0 | -30.4 | -38.4 |
| Total net financial debt | 242.6 | 148.7 | 218.3 |

| €m | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|--|-------------|-------------|-------------|
| Other financial liabilities | | | |
| Non-current | 28.4 | 27.7 | 28.6 |
| Current | 5.0 | 5.1 | 3.6 |
| Total other financial liabilities | 33.4 | 32.8 | 32.2 |

9. Definition and reconciliation of alternative performance measures (APM)

In its decision making, the Group uses some alternative performance measures (APMs) that are not defined in IFRS. They are used 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. These APMs may not be comparable to similar measures presented by other companies. The main alternative performance measures used by the Group are explained and reconciled below.

Acquired revenue

Acquired revenue represents revenue recognised from acquired businesses in the first 12 months from the acquisition. This represents non-organic growth. If there is significant expansion of the acquired business post-acquisition due to investments made post-acquisition and such revenue can be readily identified then this additional revenue is excluded from acquired revenue.

Organic revenue

Organic revenue combines real internally generated growth and also comprises price changes. This represents the growth of the business after removing the impact of acquisitions

and disposals or other scope changes as well as exchange rate movements. This provides a “like for like” comparison with the previous year or period in constant scope and constant currency enabling a deeper understanding of the business and evolution of revenues.

The revenue of an acquired business is generally excluded for the 12 months following the business combination, but revenue generated by post-acquisition expansion of the business due to investments made subsequent to acquisition, if significant, are included. Revenue of disposed businesses is removed from the comparatives for the 12 months prior to the disposal. The effects of changes in foreign exchange rates are calculated as the current year’s revenue less the current year’s revenue converted at the prior year’s rates.

Organic growth is the comparison of organic revenue for the current year to the comparable prior year revenue, expressed as a percentage or absolute figure.

EBITA

Earnings before interest, other financial income/(expense), tax, amortisation and impairment, other income/(costs) and share of profit/(loss) of associates.

EBITDA

Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates. This is a measure that investors and other users find useful in appraising and understanding the Group’s activities.

EBITDAaL

EBITDA, as defined above, reduced by depreciation and interest charges associated with leases. This APM gives a measure of performance that equates more closely to the cash flow of the business and is used by management in making decisions and accountability.

Adjusted EBITDA

EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.

Adjusted EBITDAaL

Adjusted EBITDA, as defined above, reduced by depreciation and interest charges associated with leases.

EBITA margin

EBITA as a percentage of revenue.

EBITDA margin

EBITDA as a percentage of revenue.

EBITDAaL margin

EBITDAaL as a percentage of revenue.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of revenue.

Adjusted EBITDAaL margin

Adjusted EBITDAaL 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.

Net financial debt

Net financial debt represents the net level of financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged, and lease liabilities recognised under IFRS 16 net of cash and cash equivalents. Refer to note 8 for further details.

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.

Laboratory tests

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

| Reconciliation to EBITDAaL, €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|--|-----------------|-----------------|-----------------|
| Operating profit | 11.3 | 9.0 | 33.7 |
| Amortisation | 1.2 | 0.6 | 3.3 |
| EBITA | 12.5 | 9.6 | 37.0 |
| Depreciation | 15.0 | 12.6 | 53.7 |
| EBITDA | 27.5 | 22.2 | 90.7 |
| Non-cash equity settled share-based payments | 0.3 | 0.2 | 1.6 |
| Merger and acquisition related expenses | 0.2 | 0.3 | 1.8 |
| Adjusted EBITDA | 28.0 | 22.7 | 94.1 |
| Right-of-use depreciation | -7.5 | -6.3 | -26.6 |
| Interest on lease obligations | -1.5 | -1.4 | -5.6 |
| Adjusted EBITDAaL | 19.0 | 15.0 | 61.9 |
| Less: EBITDA adjustments (see above) | -0.5 | -0.5 | -3.4 |
| EBITDAaL | 18.5 | 14.5 | 58.5 |
| Revenue | 199.7 | 161.9 | 671.6 |
| Operating profit margin, % | 5.7% | 5.6% | 5.0% |
| EBITDA margin, % | 13.8% | 13.7% | 13.5% |
| EBITDAaL margin, % | 9.3% | 9.0% | 8.7% |
| Adjusted EBITDA margin, % | 14.0% | 14.0% | 14.0% |
| Adjusted EBITDAaL margin, % | 9.5% | 9.3% | 9.2% |
| Profit margin, % | 3.5% | 5.3% | 3.6% |

| Reconciliation to organic revenue, €m | Jan-Mar 2019 | Jan-Mar 2018 | Jan-Dec 2018 |
|---------------------------------------|-----------------|-----------------|-----------------|
| Revenue | 199.7 | 161.9 | 671.6 |
| Less acquired revenue impact | -15.0 | -2.0 | -22.9 |
| Revenue excluding acquisitions | 184.7 | 159.9 | 648.7 |
| Currency effect | 2.2 | 0.9 | 9.2 |
| Organic revenue | 186.9 | 160.8 | 657.9 |