



Financial information

Q4 2020

Care BidCo group

Overview

Bond issuer

Care BidCo AS

Care BidCo group

Care Bidco group, also known as Unicare, is one of the largest private healthcare and care service providers in the Nordics providing services in Norway and Sweden. Unicare was founded in 2008 and is now a leading provider of care services, rehabilitation, primary and specialist health services.

Commitment

NOK 350 million

Bond issued

24 March 2017

Listing

September 2017

Final maturity date

24 March 2021

Revenue

A substantial portfolio of framework agreements with established counterparties, primarily the public sector (regional health authorities (RHAs), the Norwegian Labour and Welfare Administration (NAV) and municipalities and Swedish authorities (Landstingene).

Geography

20 locations in Norway and 14 in Sweden.

Employees

Unicare has approximately 1350 employees in Norway and Sweden.

For further updated information please see our website www.unicare.no.

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Highlights

Key financials

- » Unicare recorded revenue of NOK 396.0 million from continuing operations in Q4 2020 compared to NOK 289.0 million in Q4 2019. Full year 2020 revenue was NOK 1 331.4 million from continuing operations compared to NOK 1 113.9 million in 2019.
- » EBITDA for continuing operations in Q4 2020 was NOK 80.6 million compared to NOK 15.7 million for Q4 2019. The Q4 2020 EBITDA is inflated with NOK 27.4 million due to change in the basis for calculation of repayment estimates within Rehabilitation, i.e. the reduction of utilisation requirement from 95% to 90% on a full year basis. Extra COVID-19 compensation within Primary Health Care in Sweden also contributed positively. Full year 2020 EBITDA was NOK 190.2 million compared to 107.3 million in 2019.
- » The annual impairment test has identified a need for a substantial impairment of NOK 119.7 million distributed between goodwill NOK 52.2 million, property, plant and equipment NOK 14.4 million and right of use assets NOK 53.1 million. The write-down will result in a negative equity of NOK 21.6 million at 31 December 2020, compared to positive equity of NOK 99.1 million at 31 December 2019. The company will continue to work with its major stakeholder to find a consensual long-term solution that provide a robust platform and a solid basis for a going concern, including resolving the negative equity.
- » Cash equivalents and restricted cash amounted to NOK 129.3 million on 31 December 2020, up from NOK 87.0 million on 31 December 2019.

COVID-19

- » The impact of COVID-19 on Unicare's operation and financials over the coming months will depend on the magnitude and length of the measures implemented by the authorities combined with the progress of the vaccination program.

Liquidity risk and potential breach of covenants

- » Care BidCo AS has a NOK 350 million bond loan listed at Oslo Stock Exchange. The bond loan is due for repayment 24 March 2021. Under the assumption that the negative impact of the COVID-19 pandemic does not get worse, the group has sufficient liquidity to continue its operations subject to having a refinancing solution in place. See the section on going concern below.
- » Based on the preliminary estimates for repayment to the regional health authorities and with repayment at the end of Q1 2021 at the earliest, the board does not foresee a risk of breaching the Bond covenants at the remaining period of the loan agreement.

Going concern and outlook

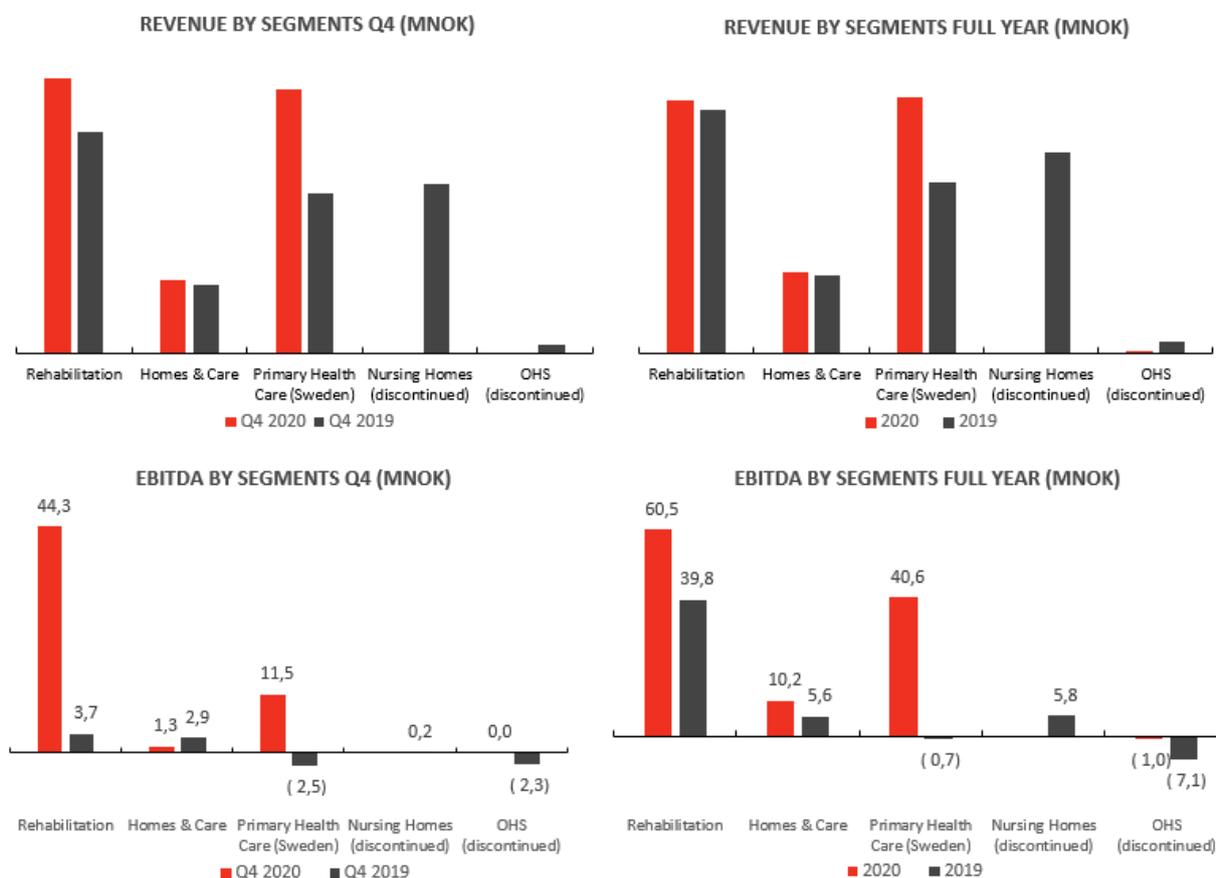
- » The board has made a thorough evaluation of the business status, prospects and possibility of obtaining new financing. Without new financing, the Care Bidco group will not have available funds to repay the NOK 350 million bond loan on 24 March 2021. In isolation, this cast significant doubt on the ability to continue as a going concern. However, at the date of this report management believes it has realistic other alternatives and does not intend to liquidate the group or to cease trading. The initiative for the refinancing of the NOK 350 million bond is ongoing and several options are being explored to arrive at the most viable solution for the group. At the date for publishing the Q4 2020 financial report, no solutions have been concluded.
- » The impact of the COVID-19 pandemic will continue during 2021. With the vaccine program making progress, improvement in the business environment is expected. However, it is expected that COVID-19 will impact the financial performance throughout the year 2021 with gradual improvement towards the end of the year. The impact is expected to be negative within Rehabilitation, positive within Primary Health Care in Sweden due to government support and neutral within Homes & Care.

Financial overview

Key figures

Amounts in NOK 1,000,000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Revenue - continuing operations	396.0	289.0	1 331.4	1 113.9
EBITDA - continuing operations	80.6	15.7	190.2	107.3
EBITDA margin % - continuing operations	20.4 %	5.4 %	14.3 %	9.6 %
Adjustments:				
IFRS 16 EBITDA impact*	(27.8)	(23.9)	(103.0)	(92.8)
Adjusted EBITDA - continuing operations	52.8	(8.2)	87.2	14.5
Operating profit/(loss)	(65.8)	(7.6)	(25.1)	16.1
Net financial items	(15.8)	(17.4)	(59.9)	(77.2)
Profit/(loss) after tax continuing operations	(74.7)	(21.5)	(77.0)	(51.9)
Profit/(loss) total operations	(74.7)	(105.1)	(88.3)	(130.2)
Equity	(21.6)	99.1	(21.6)	99.1
Cash, including restricted cash	129.3	87.0	129.3	87.0
Net debt (excluding lease liabilities)	(220.7)	(262.3)	(220.7)	(262.3)

Revenue and EBITDA by segment (excluding IFRS 16 impact)



Note: The illustration above excludes other (administration) and elimination, and IFRS 16 accounting policies are not applied to the segment figures.

Management report

About Unicare

Care BidCo group, also known as Unicare, is a leading provider of healthcare services. Its principal activities are rehabilitation, primary health care, auxiliary housing, user managed personal assistance, day care and respite care.

The parent company, Care Bidco AS, is located in Oslo, Norway with subsidiaries in Norway and Sweden. The business of Care BidCo AS is management of the investments made in the subsidiaries, as well as strategic follow-up of the operational business in the Care Bidco group through the Board of Directors (the board). Care Bidco AS has a bond loan listed on Oslo Børs under the ticker CARE01 and ISIN NO0010788961.

Business update

During Q4 2020 Unicare's operations continued to be impacted by the COVID-19 pandemic. The financial impact of the Corona pandemic has differed between the business segments. The Rehabilitation business in Norway has been negatively impacted due to lower utilisation caused by infection control measures, while the Primary Health care service in Sweden has been positively affected due to governmental financial support.

Throughout Q4 2020 all businesses have operated with a strict infection control regime in compliance with the health authorities' requirements and have avoided any outbreaks that would have impacted the operation additionally.

Unicare has been awarded a new day care contract, which covers services for people with developmental disabilities over the age of 18 in the municipality of Oslo. The contract is for 4 years and the total number of users is up to 75, up from the present contract of 35 users. In addition, the contract has an option of 2+2 years extension, which is adding value to the

contract. This contract will continue to be one of the cornerstones of the Homes & Care segment and will strengthen the position of Unicare in this service segment.

The uncertainty related to the compensation scheme for 2020 and 2021 from the largest customer, the regional health authority Helse Sør-Øst, has been clarified. The required utilisation rate to qualify for full compensation has been lowered to 90 per cent, down from 95 per cent and calculated on a full year basis, for both the year 2020 and 2021. Additionally, a few rehabilitation centres have been granted some extra compensation. This has reduced the financial exposure for the group and given improved predictability for the year 2021.

The final consequence of the Corona pandemic remains uncertain. However, the COVID-19 vaccination program is expected to have a positive impact by creating less need for infection control measures. This will have a positive impact on the Rehabilitation by preparing the ground for higher utilisation rate. In addition, the vaccination program is expected to generate increased revenue for the Primary Health care segment.

Key financials

Changes in previously reported 2019 figures

Starting from 2020, Unicare has in its interim reports improved the estimation of when employees in Norway take paid holiday leave. Previously, this has followed the actual payment of accrued holiday pay, which especially gave very low employee expense in June. The group has in this interim report retrospectively adjusted Q4 2019 compared to previously reported, by reducing employee expenses for continuing operations with NOK 5.5 million. For discontinued operations, the corresponding reduced expenses were NOK 3.5 million in the same period last year.

The consolidated statement of profit and loss for 2019 deviated somewhat from the preliminary figures in the Q4 2019 report, primarily due to some reclassifications.

Profit and loss

Revenue

Unicare recorded revenue of NOK 396.0 million from continuing operations in Q4 2020 compared to NOK 289.0 million in Q4 2019. Full year 2020, revenue was NOK 1 331.4 million from continuing operations compared to NOK 1 113.9 million in 2019. The increase in revenue in Q4 2020 is mainly due to acquired entities and governmental support in Sweden and reversal of accrued repayment provisions related to COVID-19 in the Rehabilitation segment. Due to COVID-19, the board of Helse Sør-Øst decided that they will base the calculations on 90% utilisation on a full year basis to receive the contractual revenue. This led to a positive adjustment to revenue in Q4 2020 of NOK 27.4 million. and a negative adjustment for the full year of 2020 of NOK 28.9 million. This also means that it is estimated that regional health authority Helse Sør-Øst will demand a repayment of NOK 28.9 million.

EBITDA

EBITDA for continuing operations in Q4 2020 was NOK 80.6 million compared to NOK 15.7 million for Q4 2019. Full year 2020, the EBITDA was NOK 190.2 million compared to 107.3 million in 2019. The Q4 2020 EBITDA is inflated with NOK 27.4 million due to change in the basis for calculation of repayment estimates, i.e. the reduction of utilisation requirement from 95% to 90% on a full year basis. In Q4 2019 it was a negative effect within Rehabilitation as one clinic did not meet the utilization criteria of 95%. Improved financial results in the Primary Health Care (Sweden) segment also contributed positively.

Impairment

The annual impairment test of goodwill has been performed at operating segment level, as goodwill, profitability and operational performance are being monitored at this level. Separate cash generating units have also been tested for impairment due to impairment indicators. The estimated recoverable amounts are value in use based on cash flow calculations. The cash flow estimates at the end of 2020 have been discounted by an estimated Weighted Cost of Capital (WACC) of 8.1% for Norway and 7.2% for Sweden.

The estimated cash flows are based on the budget for the coming year and assumptions made by the management in Unicare. In connection with the refinancing discussions of the bond loan at the end of 2020 and beginning of 2021, management's estimates for EBITDA and capex for the operating segments have been thoroughly discussed with representatives of the owners and bondholders to arrive at a point estimate for 2022 as a steady state estimate. This has been used as the basis for the impairment tests at the end of 2020. A terminal growth rate of 1% has been applied.

Compared to the 2019 impairment tests, the estimated recoverable amounts for all CGUs and operating segments have been significantly reduced. This is due to estimated lower growth in revenues both in the forecast period and in the terminal value,

reduced EBITDA margins and increased capex/maintenance costs.

The outcome of the impairment test was an aggregated impairment of NOK 119.7 million distributed between goodwill NOK 52.2 million, property, plant and equipment NOK 14.4 million and right of use assets NOK 53.1 million. See note 9 Impairment of non-financial assets for additional details.

Operating profit

Operating loss for continuing operations in Q4 2020 was NOK -65.8 million compared to NOK -7.6 million for Q4 2019. For the full year, the operating loss was NOK -25.1 million compared to a operating profit of NOK 16.1 million in the same period last year.

Net finance cost

Net finance cost in Q4 2020 was NOK 15.8 million compared to NOK 20.1 million in Q4 2019. For the full year of 2020, net finance cost was NOK 59.9 million compared to NOK 77.2 million in the same period last year. For the year, the main differences are an aggregate increase in foreign currency exchange gain of NOK 9.9 million, reduced interest expenses of 3.1 million and reversal of paid in equity contribution to a pension insurance company of NOK 2.3 million written off in previous years.

Loss from continuing operations

Loss from continuing operations in Q4 2020 was NOK 74.7 million compared to NOK 21.5 million in Q4 2019. For the full year of 2020, loss from continuing operations was NOK 77.0 million compared to NOK 51.9 million in the same period last year.

Discontinued operations

At the end of 2019, Unicare entered into an agreement with the foundation Stiftelsen Diakonissehuset Lovisenberg and sold its five nursing homes in Oslo. The closing date for the transaction was 15 January 2020. For practical purposes, the Nursing Homes segment was deconsolidated with effect from 1 January 2020. At 31 December 2019, the segment Occupational Health

Services (OHS) in Norway was accounted as “held for sale” and reported as “discontinued operations” in the consolidated statements of profit and loss for 2019 and 2020. The sale of OHS was closed on 3 February 2020.

The net loss after tax for discontinued operations is NOK 11.2 million, whereas NOK 0.8 million is the OHS segment’s net loss in January 2020. The remaining is a result of pro contra settlement mechanisms, which have been fully settled during the second half of 2020. Refer to note 6 for more information.

Segments

Rehabilitation

Amounts in MNOK	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Revenue	178.7	143.3	573.6	552.2
EBITDA	44.3	3.7	60.5	39.8
EBITDA margin %	24.8 %	2.6 %	10.5 %	7.2 %

Q4 2020 total operating revenue was NOK 178.7 million, an increase of NOK 35.4 million from Q4 2019. Total operating revenue full year 2020 was NOK 573.6 million, an increase of NOK 21.4 million from 2019.

Q4 2020 EBITDA was NOK 44.3 million, an increase of NOK 40.6 million from Q4 2019. The EBITDA full year 2020 was NOK 60.5 million, an increase of NOK 20.7 million from 2019.

The Q4 2020 revenue and EBITDA is inflated with NOK 27.4 million due to change in prerequisites for estimates of repayment to Helse Sør-Øst. Subject to the Helse Sør-Øst board decision to reduce the utilisation requirement to 90%, calculated on a full year basis. In Q4 2019, revenue and EBITDA were negatively affected by one clinic that did not meet the utilization criteria of 95%.

Revenue and profitability for the full year 2020 has been negatively impacted by COVID-19. In 2020, NOK 28.9 million of the received cash payments has not been recognised as revenue following the decision of the board of Helse Sør-Øst to base the calculations on 90% utilisation to receive the full revenue. This is partly offset by COVID-19 related compensation schemes for unavoidable fixed costs amounting to net NOK 5.0 million for 2020.

Homes & Care

Amounts in MNOK	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Revenue	46.9	44.3	181.6	177.0
EBITDA	1.3	2.9	10.2	5.6
EBITDA margin %	2.8 %	6.6 %	5.6 %	3.2 %

The Homes & Care segment included Små Enheter AS which was sold in Q1 2019. Divestment of part of a segment does not allow it to be classified as discontinued business under IFRS 5. Full year 2019 includes total operating revenue of NOK 11.8 million from this entity.

Q4 2020 total operating revenue was NOK 46.9 million, an increase of NOK 2.5 million compared to Q4 2019. Total operating revenue full year 2020 was NOK 181.6 million, an increase of NOK 4.6 million from 2019. However, excluding Små Enheter AS, total operating revenue has increased NOK 16.4 million in 2020 compared to 2019. Revenue growth in 2020 was due to operational turnaround and increased activity within several units.

Q4 2020 EBITDA was NOK 1.3 million, a decrease of NOK 1.6 million from Q4 2019. The EBITDA full year 2020 was NOK 10.2 million, an increase of NOK 4.6 million compared to 2019. Små Enheter AS had EBITDA of NOK -0.7 million in 2019. Profitability was driven by increased utilisation and continuous initiatives of new management to ensure effective use of resources and cost control.

Primary Health Care (Sweden)

Amounts in MNOK	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Revenue	171.4	103.7	580.0	388.9
EBITDA	11.5	(2.5)	40.6	(0.7)
EBITDA margin %	6.7 %	(2.4%)	7.0 %	(0.2%)

Q4 2020 total operating revenue was NOK 171.4 million, an increase of NOK 67.7 million compared to Q4 2019. Total operating revenue full year 2020 was NOK 580.0 million, an increase of NOK 191.1 million from 2019. Revenue growth was affected by the acquisition of four entities in Jönköping, increasing revenue by NOK 30.7 million in Q4 2020 and NOK 96.3 million total 2020.

Q4 2020 EBITDA was NOK 11.5 million, an increase of NOK 14.0 million compared to Q4 2019. The EBITDA full year 2020 was NOK 40.6 million, an increase of NOK 41.4 million from 2019. EBITDA for the 4 entities

acquired was NOK 2.5 million in Q4 2020 and NOK 9.2 million total 2020.

The segment is positively impacted by several operational improvements, as well as the Swedish government's decision to reduce employer contributions in light of COVID-19 and compensation for testing, amounting to NOK 15.9 million for Q4 2020 and NOK 25.1 million full year 2020. Unrelated to COVID-19, there has been an improvement in EBITDA due to VAT compensation and other miscellaneous reimbursements amounting to a total of NOK 6.1 million for Q4 2020 and NOK 17.8 million for the full year of 2020. In addition, an extra cost for VAT correction of NOK 7.7 million for the period 2015-2020 was recognised in Q4 2020.

Financial position

The carrying value of total assets on 31 December 2020 decreased compared to 31 December 2019, mainly due to the post tax effect of impairment. The increase in other current liabilities relates primarily to the NOK 28.9 that has been provisionally held in reserve related to the agreement with the regional health authority Helse Sør-Øst, new consolidated entities and Unicare entered into a factoring agreement in Q2 2020. At 31 December 2020, the group had under the factoring agreement received prepayment of NOK 33.7 million for rehabilitation services to be provided to the regional health authority Helse Sør-Øst in January 2021. This is regarded as comparable to a contract liability as it relates to the services to be delivered the coming month. Similarly, in the cash flow statement it is presented as part of cash flows from operating activities.

The group has a negative equity of NOK 21.6 million at 31 December 2020, compared to positive equity of NOK 99.1 million at 31 December 2019, mainly due to the aggregated impairment of NOK 119.7 million.

Liquidity

Cash equivalents and restricted cash amounted to NOK 129.3 million at 31 December 2020, up from NOK 87.0 million at 31 December 2019.

Net interest-bearing debt (excluding lease liabilities) at 31 December 2020 was NOK 220.7 million. The long-term debt financing (excluding lease liabilities) for the group is made up of a listed bond loan. The bond loan matures on 24 March 2021.

For the year 2020 the utilisation requirement from Helse Sør-Øst has been lowered from 95 per cent to 90 per cent, calculated on a full year basis. Considering the adjusted utilisation requirements, the estimated amount to be repaid at 31 December 2020 is NOK 28.9 million. This is a reduction of NOK 27.4 million from the NOK 56.3 million accrued per Q3 2020. Helse Sør-Øst continues to pay one twelfth of the contractual framework amount monthly in 2021.

Covenants

There are no covenant requirements in the bond loan or lease agreements, except the requirement in the bond loan for minimum liquidity of NOK 35 million.

Risk management

Operational risk - COVID-19

Even if the COVID-19 vaccination programs are making progress, the society will for some time still face an unpredictable challenge with the spread of the COVID-19 and the pandemic will continue to impact Unicare's operations throughout 2021.

The impact of COVID-19 on Unicare's operation and financials over the coming months will depend on the magnitude and length of the measures implemented by the authorities combined with the progress of the vaccination program.

Unicare complies fully with the requirements and recommendations by the Swedish and Norwegian government and health authorities, and all measures are taken to be able continue to deliver quality health services and at the same time limit the ongoing spread of the COVID-19 virus.

Unicare follows the development of the ongoing pandemic closely and continue to see the following potential risks:

- » Ability to deliver health services will be impacted if employees and/or users get infected by COVID-19.
- » Rehabilitation clinics and Respite Care risk being temporary closed by the health authorities.
- » Unicare has various agreements where payment is dependent on services delivered. The pandemic has resulted in a decrease of referral of patients from the regional health authorities and there is uncertainty whether Unicare will be able to reach the agreed utilisation, even though the utilisation requirements are lowered.

Please refer to the following sections "Liquidity risk" and "Going concern" for further comments regarding the potential consequences of COVID-19 after 31 December 2020.

Financial risk

Market risk

The board is of the opinion that there is little short-term market risk, besides COVID-19. The group's business is exposed to economic cycles. Changes in economic conditions in the markets in which the group operates can affect the demand for its products and services and there can be no guarantee that sufficient demand for the group's products and services can be created or maintained. There may be some risk considering the political landscape in Norway but viewed in the long-term the board think that there will be an increasing market for private health and care services.

Credit risk

The risk for loss of receivables is low. The group's customers consist mainly of public companies such as regional health authorities, the Norwegian Labour and Welfare Administration (NAV) and municipalities, and they are considered to be reliable customers.

Liquidity risk

Unicare's possibilities to realise its long-term strategy is dependent on having sufficient liquidity to further develop the existing operations and execute on M&A opportunities.

The board has assessed that the greatest uncertainty related to short-term liquidity is the NOK 350 million bond loan due for repayment 24 March 2021. The board also considers how the COVID-19 pandemic develops during the first half of 2021, combined with the infection control measures the authorities implements, to be an additional uncertainty to short-term liquidity.

Under the assumption that the negative impact of the COVID-19 pandemic does not get worse, the group has sufficient liquidity to continue its operations subject to having a refinancing solution in place.

Potential breach of covenants

Based on the preliminary estimates for repayment to the regional health authorities with repayment at the end of Q1 2021 at the earliest, the board does not foresee a risk of breaching the bond covenants at the remaining period of the loan agreement.

Going concern

Without new financing, the group will not have available funds to repay the NOK 350 million bond loan on 24 March 2021. In isolation, this cast significant doubt on the ability to continue as a going concern. However, at the date of this report management believes it has realistic other alternatives and does not intend to liquidate the group or to cease trading. The initiative for the refinancing of the NOK 350 million bond is ongoing and several options are being explored to arrive at the most viable solution for the group. At the date for publishing the Q4 2020 financial report, no solutions have been concluded.

The board has made a thorough evaluation of the business status, prospects and possibility of obtaining new financing.

The current situation with COVID-19 has had an impact on global financial markets and the Nordic bond market. Healthcare companies have historically represented attractive and resilient investments for investors, particularly in a downturn, therefore appetite is expected to be buoyant. This forms the basis for securing the financing of the business in the capital markets.

The initiative for the refinancing of the NOK 350 million bond is ongoing and several options are being explored to arrive at the most viable solution for the group.

Unicare and its advisors, Carnegie and Thommessen, have been engaged in frequent and detailed discussions with an ad-hoc group of bondholders and its adviser ABG Sundal Collier over the last months. Unfortunately, at the date for publishing the Q4 2020 financial report it has so far not been possible to reach an agreement with the ad-hoc group for a long-term consensual restructuring of the group. The management will continue to work with its major stakeholder to find a consensual long-term solution that provide a robust platform and a solid basis for a going concern, including resolving the negative equity.

These condensed interim financial statements for the full year of 2020 have been prepared and presented in accordance with IAS 34. The prerequisite of continuous operations is assumed when finalising the statements. The board confirms that this prerequisite is present.

Outlook

The demand for Unicare's service offerings in 2021 is expected to remain on the same level as 2020 and the capacity to continue the delivery of high-quality health care services is in place. The operational part of Unicare is viable and has the competence in place to maintain its leading position.

The impact of the COVID-19 pandemic will continue during 2021. With the vaccine program making progress improvement in the business environment

is expected. However, it is expected that COVID-19 will impact the financial performance throughout the year 2021 with gradual improvement towards the end of the year.

Unicare's immediate priorities is establishing a new long-term financing for the business.

1 March 2021

The Board of Directors and Chief Executive Officer of Care BidCo AS

Laurent Gerard Ganem
Chairman

Renaud Vincent Dessertenne
Board member

Richard Oliver Hoenich
Board member

Grethe Aasved
Board member

Knut Øversjøen
Chief Executive Officer

Interim condensed financial statements

Condensed consolidated statement of profit and loss

Amounts in NOK 1 000	Note	Quarters		Full year	
		Q4 2020	Q4 2019	2020	2019
Continuing operations					
Revenue	3	396 027	288 978	1 331 387	1 113 923
Cost of sales		(64 117)	(48 893)	(221 119)	(180 457)
Employee expenses		(206 006)	(183 920)	(777 938)	(697 925)
Other operating expenses		(45 307)	(40 421)	(142 142)	(128 249)
Depreciation and amortisation	4, 7, 8	(26 686)	(18 257)	(95 567)	(86 049)
Impairment losses	4, 7-9	(119 677)	(5 131)	(119 677)	(5 131)
Operating profit/(loss)		(65 765)	(7 644)	(25 056)	16 112
EBITDA					
Finance income		1 014	1 008	2 588	1 047
Finance cost	4	(15 681)	(20 110)	(70 837)	(76 747)
Net foreign exchange gain/(loss)		(1 163)	1 719	8 383	(1 511)
Net finance cost		(15 830)	(17 382)	(59 866)	(77 211)
Loss before tax		(81 595)	(25 026)	(84 922)	(61 099)
Income tax benefit /(expense)		6 936	3 565	7 893	9 212
Loss from continuing operations		(74 660)	(21 461)	(77 029)	(51 887)
Discontinued operations					
Loss from discontinued operations, net of tax			(83 671)	(11 245)	(78 272)
Loss for the period		(74 660)	(105 132)	(88 274)	(130 159)

Condensed consolidated statement of comprehensive income

Amounts in NOK 1 000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Loss for the period	(74 660)	(105 132)	(88 274)	(130 159)
Items that will not be reclassified to profit or loss				
Remeasurement of post-employment benefit obligations	(40 895)	31 036	(40 895)	31 036
Income tax on items not to be reclassified	8 997	(6 828)	8 997	(6 828)
	(31 898)	24 208	(31 898)	24 208
Items that are or may be reclassified subsequently to profit or loss				
Translation differences	(1 522)	36	(517)	(392)
	(1 522)	36	(517)	(392)
Other comprehensive income for the period, net of tax	(33 420)	24 244	(32 415)	23 815
Total comprehensive income for the period	(108 080)	(80 889)	(120 689)	(106 344)

Condensed consolidated statement of financial position

Amounts in NOK 1 000	Note	At 31 December 2020	At 31 December 2019
Assets			
Goodwill	7, 9	426 077	440 970
Other intangible assets		6 383	10 876
Property, plant and equipment	8, 9	83 879	105 219
Right of use assets	4	545 450	625 973
Restricted bank accounts			35 000
Non-current financial assets		13 005	8 055
Deferred tax assets		36 686	12 357
Non-current assets		1 111 480	1 238 450
Inventories		2 019	2 287
Trade receivables and contract assets		66 873	43 192
Prepayments and other receivables		24 456	29 876
Restricted bank accounts		35 000	
Cash and cash equivalents		94 292	51 991
Assets held for sale			48 690
Current assets		222 640	176 037
Total assets		1 334 121	1 414 486

Amounts in NOK 1 000		At 31 December 2020	At 31 December 2019
Equity			
Share capital		566	566
Share premium		565 376	565 376
Other equity		(587 536)	(466 848)
Total equity		(21 594)	99 094
Liabilities			
Pension obligations		74 994	36 387
Bond loans			349 271
Lease liabilities	4	574 934	594 190
Deferred tax liabilities		1 532	2 610
Non-current liabilities		651 460	982 457
Trade payables		49 005	55 364
Bond loans		350 000	
Indirect taxes and employee tax deductions payable		45 203	37 060
Lease liability	4	57 779	47 928
Income taxes payable		2 561	10
Other current liabilities		199 708	104 880
Liabilities held for sale			87 692
Current liabilities		704 255	332 935
Total liabilities		1 355 715	1 315 392
Total equity and liabilities		1 334 121	1 414 486

Condensed consolidated statement of changes in equity

Amounts in NOK 1 000	Share capital	Share premium	Translation difference	Other equity	Total equity
Balance at 1 January 2020	566	565 376	(804)	(466 044)	99 094
Loss for the period				(88 274)	(88 274)
Total other comprehensive income for the period			(517)	(31 898)	(32 415)
Total comprehensive income for the period			(517)	(120 172)	(120 689)
Balance at 31 December 2020	566	565 376	(1 321)	(586 215)	(21 594)
Balance at 1 January 2019	566	565 376	(412)	(360 092)	205 438
Loss for the period				(130 159)	(130 159)
Total other comprehensive income for the period			(392)	24 208	23 815
Total comprehensive income for the period			(392)	(105 951)	(106 344)
Balance at 31 December 2019	566	565 376	(804)	(466 044)	99 094

Condensed consolidated statement of cash flows

Amounts in NOK 1 000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Cash flow from operating activities				
Profit / (loss) before income tax continued operations	(81 595)	(25 026)	(84 922)	(61 099)
Profit / (loss) before income tax discontinued operations	0	(87 366)	(11 465)	(82 068)
Profit / (loss) before income tax total operations	(81 595)	(112 392)	(96 387)	(143 167)
Income tax paid	(4 305)	(75)	(5 963)	(561)
(Gain)/loss on sale and value adjustments of assets and businesses	(2 648)	0	7 817	2 607
Depreciation and impairment loss	146 363	109 419	215 278	179 051
Difference between paid and expensed pension	(1 969)	(7 283)	(2 288)	(7 021)
Changes in inventory	336	1 091	322	971
Changes in trade receivables	8 649	9 674	(22 795)	17 694
Changes in trade payables	(8 207)	8 547	(11 176)	19 887
Changes in other receivables, payables, accruals and prepayments etc.	(6 509)	38 126	55 092	9 344
Net cash flow from operating activities	50 114	47 107	139 901	78 805
Cash flow from investing activities				
Cash received from sale of assets	322		322	
Purchases of property, plant and equipment	(5 183)	(650)	(9 394)	(10 985)
Change in other loan receivables	(2 483)	335	(2 493)	(697)
Net cash flow from sale of business		(0)	(12 566)	13
Net cash paid in business combinations	160	(0)	(17 559)	(137 566)
Net cash flow from investing activities	(7 184)	(315)	(41 689)	(149 235)
Cash flow from financing activities				
Instalments lease liabilities	(15 334)	(12 296)	(55 911)	(45 867)
Payments on other interest-bearing debt		(567)		(983)
Net cash flow from financing activities	(15 334)	(12 863)	(55 911)	(46 850)
Net change in cash and cash equivalents during the year	27 597	33 928	42 301	(117 281)
Cash and cash equivalents at the beginning of the period	66 695	18 063	51 991	169 272
Cash and cash equivalents at the end of the period	94 292	51 991	94 292	51 991

Notes to interim financial statements

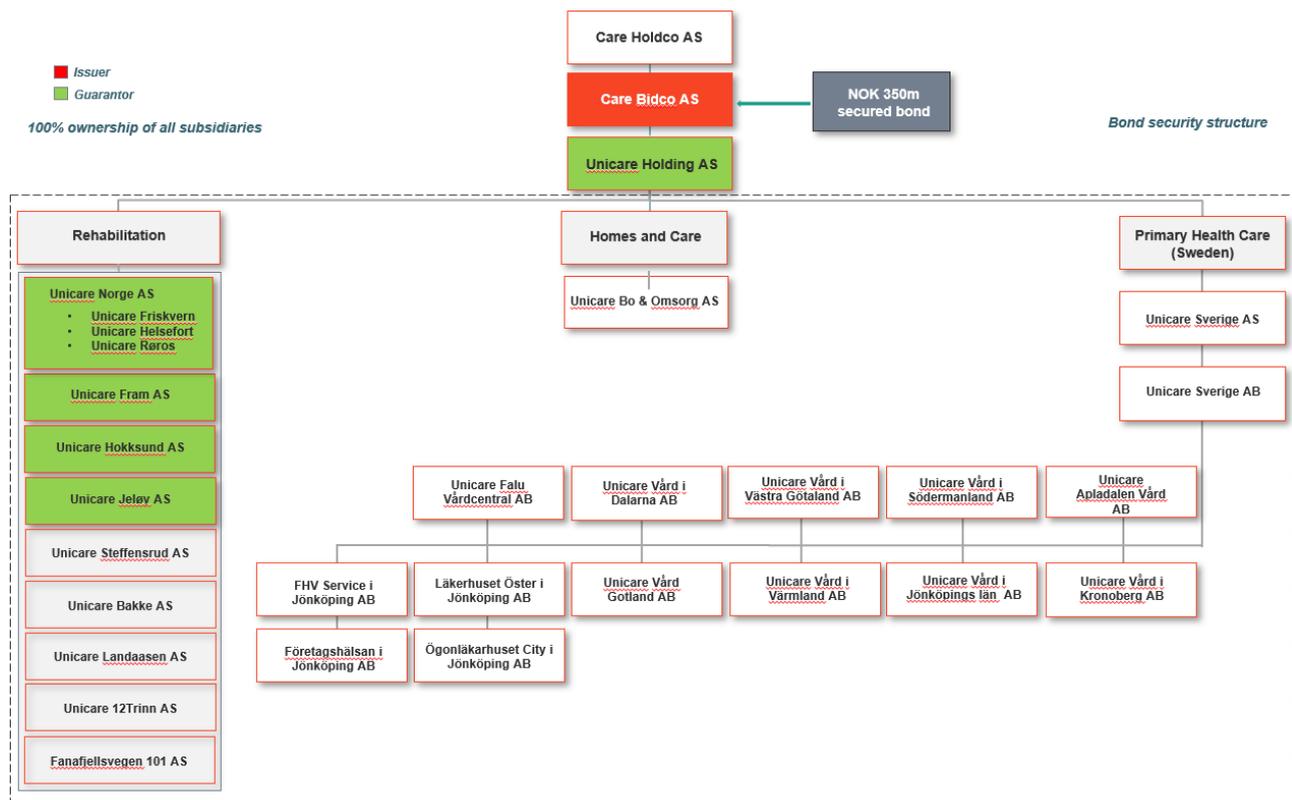
1 General information

Care BidCo group, also known as Unicare, is a leading provider of healthcare services. Its principal activities are rehabilitation, primary health care, auxiliary housing, user managed personal assistance, day care and respite care.

The parent company, Care Bidco AS, is located in Oslo, Norway with subsidiaries in Norway and Sweden. The business of Care BidCo AS is management of the investments made in the subsidiaries, as well as strategic follow-up of the operational business in the Care Bidco group through the Board of Directors (the board). Care Bidco AS has a bond loan listed on Oslo Børs under the ticker CARE01 and ISIN NO0010788961.

Group structure at 31 December 2020

The group consists of Care BidCo AS and its subsidiaries.



Unicare Holding AS is the immediate subsidiary of Care BidCo and a holding company managing the various segments in which the group operates. Care BidCo holds 100% of the shares in Unicare Holding AS which in turn holds 100% of the shares in each direct subsidiary, as illustrated by the group chart above.

Unicare Holding AS was incorporated on 8 September 2010 and registered in the Norwegian Register of Business Enterprises on 27 September 2010, with registration number 995 986 973 and registered address at Pilestredet 56, 0167 Oslo. The company is incorporated in Norway and organised as a private limited liability company in accordance

with the Norwegian Private Limited Companies Act. Unicare Holding AS is a holding company with direct ownership of all the group's Norwegian subsidiaries and indirect ownership of the Swedish entities through Unicare Sverige AS.

2 Basis of preparation, accounting policies and estimates for the interim periods

These condensed interim financial statements for the full year of 2020 have been prepared and presented in accordance with IAS 34. The accounting policies used in these condensed interim financial statements comply with the accounting policies as described in the annual consolidated financial statements for 2019. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards and the interpretations set out by the International Accounting Standards Board, as approved by the European Union (IFRS). The consolidated financial statements are presented in Norwegian kroner (NOK). Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding, amounts and percentages presented may not add up to the total. These condensed consolidated interim financial statements have not been audited and were approved by the board on 1 March 2020.

Going concern

Without new financing, the group will not have available funds to repay the NOK 350 million bond loan on 24 March 2021. In isolation, this cast significant doubt on the ability to continue as a going concern. However, at the date of this report management believes it has realistic other alternatives and does not intend to liquidate the group or to cease trading. The initiative for the refinancing of the NOK 350 million bond is ongoing and several options are being explored to arrive at the most viable solution for the group. At the date for publishing the Q4 2020 financial report, no solutions have been concluded.

The board has made a thorough evaluation of the business status, prospects and possibility of obtaining new financing.

The current situation with COVID-19 has had an impact on global financial markets and the Nordic bond market. Healthcare companies have historically represented attractive and resilient investments for investors, particularly in a down-turn, therefore appetite is expected to be buoyant. This forms the basis for securing the financing of the business in the capital markets.

The initiative for the refinancing of the NOK 350 million bond is ongoing and several options are being explored to arrive at the most viable solution for the group., no solutions have been concluded.

Unicare and its advisors, Carnegie and Thommessen, have been engaged in frequent and detailed discussions with an ad-hoc group of bondholders and its adviser ABG Sundal Collier over the last months. Unfortunately, at the date for publishing the Q4 2020 financial report it has so far not been possible to reach an agreement with the ad-hoc group for a long-term consensual restructuring of the group. The management will continue to work with its major stakeholder to find a consensual long-term solution that provide a robust platform and a solid basis for a going concern, including resolving the negative equity.

The prerequisite of continuous operations is assumed when finalising the statements. The board confirms that this prerequisite is present.

Changes in estimates for the interim periods

The preparation of the financial statements in accordance with IFRS requires management to make judgments and use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

Starting from 2020, Unicare has in its interim reports improved the estimation of when employees in Norway take paid holiday leave. Previously, this followed the actual payment of accrued holiday pay, which especially gave very low employee expense in June. The group has in this interim report retrospectively adjusted Q4 2019 compared to previously reported, by reducing employee expenses for continuing operations with NOK 5.5 million. For discontinued operations, the corresponding reduced expenses were NOK 3.5 million in Q4 2019.

For some of the services offered, most notably in the Rehabilitation segment, revenue in Q4 2019 and full year 2019 were recognised based on the assumption that specific targets would be achieved by year end to obtain the agreed total revenue per year (e.g. service utilisation between 95% and 100%). During 2020, the COVID-19 infection control measures make it impossible to deliver the services according to the contractual obligations. As only a partial compensation, the regional health authorities as the main contract parties within the Rehabilitation segment, have reduced the minimum service utilisation requirement from 95% to 90% for the year 2020. As the pandemic disrupted the delivery of services, revenue recognition for the three months and full year ended 31 December 2020 is based on an estimate of actual utilisation over the period compared to the 90 % requirement. This led to a positive adjustment to revenue in Q4 2020 of NOK 27.4 million and a negative adjustment for the full year of 2020 of NOK 28.9 million. This also means that it is estimated that regional health authority Helse Sør-Øst will demand a repayment of NOK 28.9 million.

Changes in Q4 2019 and full year 2019 profit and loss figures

The consolidated statement of profit and loss for 2019 deviated somewhat from the preliminary figures in the Q4 2019 report, primarily due to some reclassifications. See also above for change in estimated timing of paid holiday leave.

3 Segments

Revenue

Amounts in NOK 1 000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Rehabilitation *	178 742	143 333	573 613	552 232
Homes & Care **	46 862	44 349	181 559	176 990
Primary Health Care (Sweden) ***	171 431	103 750	580 020	388 937
Nursing Homes (discontinued)		109 776		456 131
OHS (discontinued)		5 643	1 229	25 844
Elimination and other	(1 008)	(2 454)	(3 805)	(4 237)
Revenue	396 027	404 397	1 332 616	1 595 898
Reclassified to discontinued operations		115 419	1 229	481 975
Revenue continuing operations	396 027	288 978	1 331 387	1 113 923

Notes:

* Includes Unicare 12Trinn from January 2019 and Unicare Røros from April 2019.

** Includes Små Enheter AS in Q1 2019.

*** Includes FHV Services AB, Foretakshelsan i Jönköping AB, Lakarhuset Øster i Jönköping AB and Ögonlakarhuset City i Jönköping AB from 1 March 2020.

EBITDA and reconciliation to operating profit/(loss)

Amounts in NOK 1 000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Rehabilitation	44 265	3 663	60 511	39 782
Homes & Care	1 299	2 914	10 236	5 606
Primary Health Care (Sweden)	11 468	(2 491)	40 648	(735)
Nursing Homes (discontinued)		216		5 841
OHS (discontinued)		(2 322)	(964)	(7 129)
Other (administration)	(4 224)	(11 440)	(24 194)	(22 865)
EBITDA segment reporting (excluding IFRS 16)	52 809	(9 460)	86 237	20 499
IFRS 16 impact	27 789	23 912	102 987	92 754
EBITDA	80 598	14 452	189 224	113 253
Reclassified to discontinued operations		1 292	964	(5 961)
EBITDA continuing operations	80 598	15 744	190 189	107 292
Depreciations and amortisation	(26 686)	(18 257)	(95 567)	(86 049)
Impairment losses	(119 677)	(5 131)	(119 677)	(5 131)
Operating profit/(loss) continuing operations	(65 765)	(7 643)	(25 056)	16 112

The group is now structured in three segments: *Rehabilitation*, *Homes & Care* and *Primary Health Care (Sweden)*. Nursing Homes and OHS segments were sold in Q1 2020. Refer to the consolidated annual financial statements for 2019 for further information on the segments.

4 Leases

Refer to the consolidated annual financial statements for 2019 for description of IFRS 16, Unicare's lease contracts and significant judgements. Unicare has recognised significant amounts of right of use assets and lease liabilities.

Right of use (RoU) assets and lease liabilities

Amounts in NOK 1 000	Properties	Cars	Total RoU assets	Lease liabilities
Balance at 1 January 2020	624 784	1 189	625 973	642 118
Additions	21 015	775	21 790	21 516
Translation differences	6 695	19	6 715	6 934
Impairment losses	(53 060)		(53 060)	
Adjustments	17 902	(362)	17 540	18 056
Depreciation	(72 915)	(594)	(73 509)	
Lease payments (interest and instalments)				(102 987)
Interest expense				47 076
Balance at 31 December 2020	544 422	1 028	545 450	632 713

Lease liabilities

Amounts in NOK 1 000	At 31 December 2020
Maturity analysis - contractual undiscounted cash flow	
Less than one year	102 708
One to five years	322 845
More than five years	599 424
Total undiscounted lease liabilities	1 024 977
Lease liabilities included in the financial position	632 713
Current	57 779
Non-current	574 934

5 Business combinations

Unicare acquired the following Jönköping entities in Q1 2020: FHV Service i Jönköping AB, Företagshälsan i Jönköping AB, Läkerhuset Öster i Jönköping AB and Ögonläkarhuset City i Jönköping AB. The acquisitions were paid from available cash and cash equivalents. The companies are consolidated into the group with effect from 1 March 2020.

A purchase price allocation has been made, with all excess values allocated to goodwill:

Values at the acquisition date in NOK 1 000	
Acquisition date	1 March 2020
Current receivables and accrued revenue	5 965
Property, plant and equipment	480
Cash and cash equivalents	12 619
Total identifiable assets	19 065
Other current liabilities	19 420
Total identifiable liabilities	19 420
Net identifiable assets	-355
Goodwill	30 533
Total consideration for the shares	30 178
Settled with cash	30 178
Cash and cash equivalents	12 619
Net cash paid	17 559

For the first two months of 2020, these companies had estimated aggregate revenue and EBITDA of NOK 14.6 million and NOK 0.2 million, respectively. The following table shows the effect for the months of March to December 2020 which is the period they are consolidated into the group.

Amounts in NOK 1 000	Quarter	March – December
	Q4 2020	2020
Revenue	30 735	96 346
EBITDA	2 503	9 214

Refer to note 21 Business combinations to the consolidated annual financial statements for 2019 for further information.

6 Discontinued operations

At the end of 2019, Unicare entered into an agreement with the foundation Stiftelsen Diakonissehuset Lovisenberg and sold its five nursing homes in Oslo. The closing date for the transaction was 15 January 2020. For practical purposes, the Nursing Homes segment was deconsolidated with effect from 1 January 2020. At 31 December 2019, the segment Occupational Health Services (OHS) in Norway was accounted as “held for sale” and reported as “discontinued operations” in the consolidated statements of profit and loss for 2019 and 2020. The sale of OHS was closed on 3 February 2020.

The net loss after tax for discontinued operations is NOK 11.2 million, whereas NOK 0.8 million is the OHS segment’s net loss in January 2020. The remaining is a result of pro contra settlement mechanisms, which have been fully settled during the second half of 2020. See note 22 to the consolidated annual financial statements for 2019 for further information. The table below shows the group external profit and loss items that have been presented as discontinued operations. The loss in 2020 is the net effect of the assets and liabilities derecognised compared with the after-tax effect of the net payments between the parties, as part of the payments are in form of after-tax group contributions.

Amounts in NOK 1 000	Quarters		Full year	
	Q4 2020	Q4 2019	2020	2019
Revenue		113 713	1 229	480 269
Operating expenses excl. depr., amort, and impairment		(115 005)	(2 194)	(474 308)
Depreciation and amortisation		(40)	(34)	(1 879)
Impairment losses		(85 992)	(0)	(85 992)
Operating profit/(loss)		(87 325)	(998)	(81 911)
EBITDA		(1 293)	(964)	5 961
Net finance cost		(41)	(2)	(157)
Profit/(Loss) before tax		(87 366)	(1 000)	(82 068)
Income tax expense		3 695	220	3 796
Profit/(Loss)		(83 671)	(780)	(78 272)
Gain/(loss) on sale			(10 465)	
Profit/(Loss) after tax		(83 671)	(11 245)	(78 272)

7 Goodwill

Cost

Amounts in NOK 1 000	2020	2019
Balance at 1 January	459 957	806 674
Additions through business combinations	30 533	88 732
Disposals through sale of business		(191 137)
Disposals to "Held for sale"		(242 687)
Foreign currency translation effects	6 813	(1 626)
Per 31 December	497 303	459 957

Accumulated impairment losses

Amounts in NOK 1 000	2020	2019
Balance at 1 January	(18 986)	(353 732)
Disposals through sale of business		191 137
Reclassified to "Held for sale"		221 412
Impairment loss	(52 239)	(5 131)
Impairment loss discontinued operations		(72 673)
Balance at 31 December	(71 225)	(18 986)

Carrying value

Amounts in NOK 1 000	2020	2019
Balance at 1 January	440 970	452 942
Cost	497 303	459 957
Accumulated impairment losses	(71 225)	(18 986)
Balance at 31 December	426 077	440 970

Goodwill per segment

Amounts in NOK 1 000	2020	2019
Rehabilitation	240 776	109 334
Homes & Care	87 050	262 132
Primary Health Care (Sweden)	98 251	69 504
Nursing Homes		21 275
OHS		
Total	426 077	462 245
Reclassified to "Held for sale"		(21 275)
Balance at 31 December	426 077	440 970

8 Property, plant and equipment

Amounts in NOK 1 000	Buildings and land	Furniture, fixtures and equipment	Total property, plant and equipment
Balance at 1 January 2020	54 368	50 850	105 219
Foreign currency translation effects		555	555
Acquisitions through business combination		482	482
Additions	473	9 091	9 564
Disposals		(546)	(546)
Depreciation	(2 130)	(14 921)	(17 050)
Depreciation disposed		34	34
Impairment		(14 378)	(14 378)
Balance at 31 December 2020	52 712	31 167	83 879
Per 31 December 2020			
Cost	56 555	90 777	147 332
Accumulated depreciation and impairment	(3 842)	(59 610)	(63 453)
Balance at 31 December 2020	52 712	31 167	83 879

9 Impairment of non-financial assets

Estimates

The impairment testing of assets is by nature highly judgmental as it includes estimates such as future market development, cashflows, determination of WACC, growth rate used for calculation of terminal value and other assumptions that may change over time. In particular, future cashflows are uncertain as they are impacted by political developments beyond the group's control and the group's ability to win public tenders.

Judgements

The annual impairment test of goodwill is performed at operating segment level, as goodwill, profitability and operational performance are being monitored at this level. Each legal entity, which may represent one or several clinics etc. is normally regarded as an individual cash-generating unit (CGU). However, goodwill cannot be allocated on a non-arbitrary basis to individual CGUs within each operating segment. If goodwill could have been allocated to the individual CGUs, this could have increased impairment of goodwill materially.

Key assumptions

The estimated recoverable amounts are value in use based on cash flow calculations. The main drivers in the calculations are revenues, EBITDA-margin, capex/maintenance, discount rate (WACC) and growth.

The post-tax discount rate is an estimated Weighted Cost of Capital (WACC). The main risk factors and cost of capital in the WACC calculations are similar for the different segments, and the same WACC have been used within Norway and Sweden, respectively.

	2020	2019
WACC Norway (post tax)	8.1%	7.9%
WACC Sweden (post tax)	7.2%	7.7%
Terminal growth rate	1%	2%

The reduced estimated WACC in Sweden in 2020 is primarily related to estimated lower marked risk premium and swap rates. In 2020, no special COVID-19 adjustment has been made to the WACC. In 2020, the five-year market data used for the peer group deriving asset beta and debt to equity ratio is affected by the peer group's IFRS 16 lease liabilities for two to three years. It is not possible to make a correct reduction to the WACC to compensate for this, and no adjustment has been done.

The terminal growth rate in the 2019 impairment test was assumed to follow general inflation. The lower estimated growth rate in the 2020 impairment test reflects that the contractual sales prices in many contracts may not be adjusted in line with inflation, but with an expectation that the group is able to negotiate some price adjustments.

A terminal value based on Gordon's growth formula has been calculated after the forecast period of five years, except for two CGUs in the Rehabilitation segment in 2020 and the discontinued businesses in 2019.

Details of the 2020 impairment tests

Impairments per segment at 31 December 2020

Amounts in NOK 1 000	Goodwill	PPE*	RoU**	Total
Rehabilitation	21 356	9 096	42 588	73 039
Homes & Care	22 284			22 284
Primary Health Care (Sweden)	8 600	5 282	10 472	24 354
Total	52 239	14 378	53 060	119 677

* Property, Plant and Equipment.

** Right of use assets (lease).

The estimated recoverable amounts are value in use based on cash flow calculations that are in turn based on the budget for the coming year and assumptions made by the management in Unicare. In connection with the refinancing discussions of the bond loan at the end of 2020 and beginning of 2021, management's estimates for EBITDA and capex for the operating segments have been thoroughly discussed with representatives of the owners and bondholders to arrive at a point estimate for 2022 as a steady state estimate. This has been used as the basis for the impairment tests at the end of 2020.

It has also been identified that additional capital expenditures and maintenance is required within the rehabilitation segment, which in the 2020 impairment test is assumed to be carried out over a period of 10 years.

In the 2020 impairment test, it is assumed that 2021 will be affected by COVID-19, with negative effects within Rehabilitation and positive effects within Primary Health Care in Sweden. The Homes & Care segment is expected to be limited affected by COVID-19 in 2021. The assumptions related to COVID-19 is based on the developments in 2020 and the outlook for successful vaccinations in Norway and Sweden during 2021. From 2022, it is expected no COVID-19 effects.

The 2022 level for Revenue, EBITDA and ordinary capex has to a large extent been kept unchanged in the period 2023 to 2025. In Homes & Care it is assumed increased cash outflows in 2021 and 2022 related to a new contract awarded at the end of 2020, with increased revenue and EBITDA in subsequent years. In Rehabilitation it is assumed a somewhat higher ordinary capex in 2022 than in 2021 and in subsequent years.

The payment terms in all segments gives a negative working capital, meaning that current non-interest-bearing liabilities exceeds current non-interest-bearing assets. This reduces the total carrying values of the CGUs.

Compared to the 2019 impairment tests, the recoverable amount for all CGUs and operating segments have been significantly reduced. This is due to estimated lower growth in revenues both in the forecast period and in the terminal value, reduced EBITDA margins and increased capex/maintenance costs.

During 2020, the Rehabilitation segment experienced impairment indicators due to COVID-19. COVID-19 infection control measures made it impossible to deliver the services according to the contractual obligations. All CGUs within Rehabilitation were tested for impairment. It is expected that 2021 also will be negatively affected by COVID-19. A thorough investigation of the terms of the long-term lease contracts has revealed that several lease contracts have unfavourable terms compared to the potential of the operations, and that many of the units have a backlog in maintenance and capital expenditure. It is assumed a somewhat higher ordinary capex in 2022 than in 2021 and in subsequent years, and the long-term capex estimates are significantly increased compared to the 2019 impairment tests. Together with the limited possibilities for price regulations, total estimated cash flows have been materially reduced compared to the 2019 impairment tests. Two units estimate cash flows that will not cover the fixed lease payments and are consequently estimated to be closed after the minimum lease terms that ends in 2037. This gives rise to impairment of PPE and RoU assets of NOK 51.7 million in aggregate. The estimated recoverable amounts of these two CGUs were NOK 44.2 million in aggregate, calculated with lease payments as financing cash flows. Additional impairment of goodwill has been recognised on the Rehabilitation segment as a whole with NOK 21.4 million.

The annual impairment test of the CGU and operating segment Homes & Care gave rise to impairment of goodwill with NOK 22.3 million. Compared to the 2019 impairment tests, the estimated long-term EBITDA margin has been reduced to a level more in line with the actual 2020 margin, with increased long-term maintenance capital expenditure. It is assumed increased cash outflows in 2021 and 2022 related to a new contract awarded at the end of 2020, with increased revenue and EBITDA in subsequent years related to this contract.

The Primary Health Care segment has been positively affected by several operational improvements. Furthermore, the Swedish government's decision to reduce employer contributions in light of COVID-19, VAT compensation and other miscellaneous reimbursements have contributed positively in 2020. However, some of these positive impacts are expected not to have effects after 2021 and there are some entities that produce negative results, and impairment tests are conducted also for the separate Swedish entities. Based on the pre-COVID-19 operations, it is not assumed that the Swedish entities will generate the EBITDA-margins on the levels that were expected in the 2019 impairment tests. However, over time the Swedish entities may improve, and there are some entities that are operating well. The estimated recoverable amounts of in total NOK 22.3 million for five of the CGUs gives rise to impairment of PPE and RoU assets of NOK 15.8 million in aggregate, calculated with lease payments as financing cash flows. Additional impairment of goodwill has been recognized on the Primary Health Care segment as a whole with NOK 8.6 million.

As the 2020 impairment test gave rise to impairment of goodwill on all three segment levels, any negative change in any key assumption would give rise to further impairment. Any positive change in any key assumption for the separate CGUs that were impaired in the Rehabilitation and Primary Health Care segments would give rise to reduced impairment.

At the end of 2019, the nursing homes and OHS businesses were classified as discontinued and impairments were recognised as part of discontinued operations. During 2020 the buyer made claims related to the discontinued nursing homes business and it was a smaller adjustment related to the discontinued OHS business. In total this led to an additional negative result after tax in discontinued operations related to nursing homes and OHS of in total NOK 11.2 million in 2020. This is not included in the impairment amounts for 2020 or for 2019.

10 COVID-19

Even if the COVID-19 vaccination programs are making progress, the society will for some time still face an unpredictable challenge with the spread of the COVID-19 and the pandemic will continue to impact Unicare's operations throughout 2021.

The impact of COVID-19 on Unicare's operation and financials over the coming months will depend on the magnitude and length of the measures implemented by the authorities combined with the progress of the vaccination program.

Unicare complies fully with the requirements and recommendations by the Swedish and Norwegian government and health authorities, and all measures are taken to be able continue to deliver quality health services and at the same time limit the ongoing spread of the COVID-19 virus.

Unicare follows the development of the ongoing pandemic closely and continue to see the following potential risks:

- » Ability to deliver health services will be impacted if employees and/or users get infected by COVID-19.
- » Rehabilitation clinics and Respite Care risk being temporary closed by the health authorities.
- » Unicare has various agreements where payment is dependent on services delivered. The pandemic has resulted in a decrease of referral of patients from the regional health authorities and there is uncertainty whether Unicare will be able to reach the agreed utilisation, even though the utilisation requirements are lowered.

Please refer to the sections "Liquidity risk" and "Going concern" in the Management Report for further comments regarding the potential consequences of COVID-19 after 31 December 2020.

11 Subsequent events

COVID-19

The Rehabilitation segment in Norway has been impacted by COVID-19. The required utilisation rate to qualify for full compensation in 2021 has been lowered to 90 per cent, down from the 95 per cent required in the framework agreement with the regional health authorities. A repayment of NOK 2.7 million has been provisioned at the end of January based on actual utilisation.

Definitions

Alternative performance measures (APMs)

The Care Bidco group uses the following financial measures which are not financial measures as defined by IFRS. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

EBITDA

Operating profit before depreciation, amortisation and impairment.

EBITDA margin

EBITDA divided by total operating revenue.

Operating profit

Profit from business operations (revenue minus operating expenses) before net financial items and income taxes.

Bond loan agreement

ESMA' guidelines for APMs are not applicable to information to explain the compliance with the

terms of an agreement, such as lending covenants. The group is required to report certain calculated and adjusted figures under the bond loan agreement, and the group consequently do not regard these as APMs according to the guidance.

The bond loan agreement requires the group to maintain minimum bank deposits of NOK 35 million. There is an option to raise another NOK 350 million, subject to incurrence test on group level: leverage ratio below 4 on a rolling 12-month basis and interest coverage above 3.

Adjusted EBITDA

Operating profit before depreciation, amortisation and impairment, adjusted for IFRS 16 impact.

Interest-bearing net debt

Bond loan debt minus cash and restricted cash. Net debt is used as a simple way to illustrate and assess the group's ability to meet financial commitments.