



Financial information Q2 and 1H 2020

Care BidCo Group

Overview

Bond issuer

Care BidCo AS

Care BidCo (Unicare) Group

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, including 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

The Unicare group has approximately 2150 employees in Norway and Sweden.

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

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Highlights

Financial

- » Unicare recorded total operating revenue of NOK 279.9 million from continuing operations in Q2 2020 compared to NOK 292.8 million in Q2 2019. In the first six months of 2020, total operating revenue was NOK 591.8 million from continuing operations compared to NOK 551.6 million in the same period of 2019.
- » EBITDA for continuing operations in Q2 2020 was NOK 14.8 million compared to NOK 35.5 million for Q2 2019. In the first six months of 2020, the EBITDA was NOK 50.7 million compared to 57.6 million in the same period of 2019. In Q2 and first six months of 2020, NOK 45.1 million and NOK 53.6 million, respectively, of the received payments has provisionally not been recognised as revenue as Unicare followed a strict interpretation of the agreements with regional health authorities based on utilisation.
- » Cash equivalents and restricted cash amounted to NOK 86.1 million at 30 June 2020, down from NOK 87.0 million at 31 December 2019.

Changes to Unicare leadership

- » Interim Chief Executive Officer Marja Aarnio-Isohanni resigned on 8 May 2020. Chief Financial Officer Vibecke Skjolde stepped down as CFO on 19 May 2020.
- » Knut Øversjøen was hired as CEO effective 2 June 2020. Ole Mjåtvedt was hired as COO effective 1 July 2020. Mr. Mjåtvedt will also take over Mrs. Skjolde's former responsibilities.

COVID-19

- » The COVID-19 pandemic is causing significant and immediate uncertainty and operational challenges which are likely to impact business performance in the short term. 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 utilization. Regional health authorities, including Unicare's largest customer Helse Sør-Øst, continue to pay one twelfth of the contract's framework amount monthly until further notice.

Going concern, liquidity and outlook

- » At the time of publication of this first half 2020 report, there is uncertainty regarding how much of the received remuneration the rehabilitation units can keep. Under an unfavourable interpretation of the agreement with Helse Sør-Øst, Unicare might risk repaying up to estimated NOK 80.6 million for services delivered up to the end of August 2020. For the first six months of 2020, the amount is estimated NOK 53.6 million.
- » The uncertainty related to the financial outcome and liquidity will prevail as long as the compensation scheme from Helse Sør-Øst is not concluded. If Helse Sør-Øst conclude on a strict definition of the compensation measurement, the liquidity will be strained and Unicare will risk becoming in breach of the Bond covenants. A breach of the net NOK 35 million available cash covenant could arise in fourth quarter 2020 if a full repayment to Helse Sør-Øst materializes in fourth quarter 2020.
- » Unicare's immediate priorities is on navigating the Coronavirus crisis and establishing a new long-term financing for the business. The bond loan agreement expires at the end of March 2021.

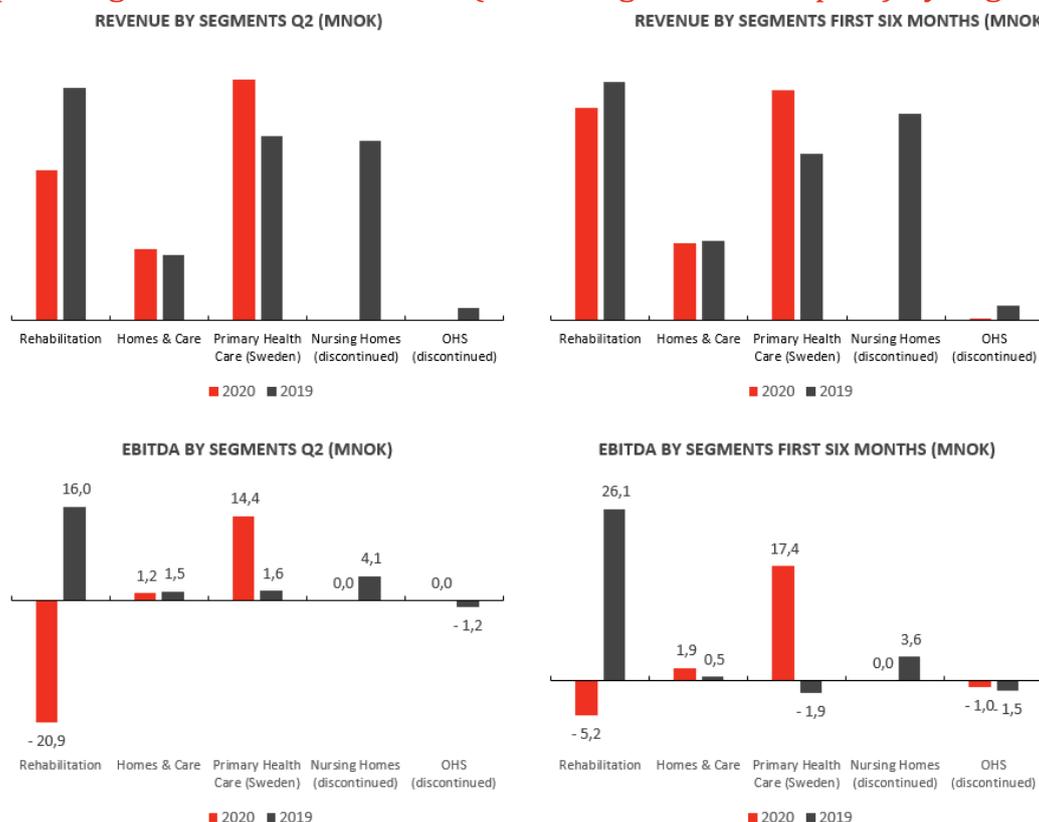
Financial overview

Key figures

Amounts in NOK 1,000,000	Quarters		First six months		Full year
	Q2 2020	Q2 2019	2020	2019	2019
Total operating revenue - continuing operations	280	293	591.8	551.6	1 113.9
EBITDA - continuing operations	14.8	35.5	50.7	57.6	107.3
EBITDA margin % - continuing operations	5.3 %	12.1 %	8.6 %	10.4 %	9.6 %
Adjustments:					
IFRS 16 EBITDA impact	-25.5	-24.0	-50.2	-44.8	-92.8
Special items	0.4	0	4.5	0	15.4
Adjusted EBITDA - continuing operations	-10.3	14.3	5.0	12.7	30.0
Operating profit/(loss)	-8.4	11.9	4.7	13.7	16.1
Net financial items	-17.4	-21.5	-28.3	-41.3	-77.2
Profit/(loss) after tax continuing operations	-20.5	-9.1	-18.2	-23.4	-51.9
Profit/(loss) total operations	-29.6	-5.2	-29.4	-18.7	-130.2
Equity	70.3	186.3	70.3	186.3	99.1
Cash, including restricted cash	86.1	61.1	86.1	61.1	87.0
Net debt (excluding lease liabilities)	273.8	266.8	273.8	266.8	263.1

Note: Q2 and first six months 2019 figures have been adjusted compared to the Q2 2019 report to reflect the impact of IFRS 16, discontinued operations and the accounting methodology implemented in 2020 to adjust for the accruals of holiday pay.

Total operating revenue and EBITDA (excluding IFRS 16 impact) by segment



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

Management report

Unicare is a leading private healthcare and care service provider in Scandinavia. The Unicare group has a strong position in the Rehabilitation segment in Norway and Primary Health care segment in Sweden and aims to strengthen its position and develop the business further to secure its position as a leading health care provider.

During the Q2 2020 Unicare's businesses were impacted by the COVID-19 pandemic, leading to reduced activity and furloughing. The financial impact of the Corona pandemic has differed between the business segments, with positive impact on the Primary Health care service in Sweden and the Homes & Care business in Norway. However, the Rehabilitation business in Norway has been negatively impacted due to lower utilization and temporary close-down of some of the business activities.

Throughout the Q2 2020 all businesses have managed to implement a strict infection control regime in compliance with the health authorities' requirements and avoiding any outbreaks that would have impacted the operation additionally.

The final consequence of the Corona pandemic remains uncertain, mainly due to absence of clarification of how the largest customer, the regional health authority Helse Sør-Øst, will decide on the compensation scheme for the first half of 2020 and the regulatory framework for the second half of 2020 and 2021. In addition, the size and length of the COVID-19 pandemic will influence the performance going forward.

COVID-19

The world is currently facing an unpredictable challenge with the spread of the COVID-19 and the pandemic has impacted Unicare operations, mainly the Rehabilitation segment in Norway.

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.

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. The operation in Sweden is not affected negatively financially by COVID-19 per today, while the business in Norway has not been able to deliver services according to scope of contracts.

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

- » Ability to deliver health services may be impacted if employees and/or users get infected by COVID-19.
- » Rehabilitations 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 utilization. The largest uncertainties are related to how the regional health authorities will compensate for the services delivered.

Please refer to the following section "Going concern and liquidity" for further comments regarding the potential consequences of COVID-19 after 30 June 2020.

Going concern and liquidity

Unicare's possibilities to realise its long-term strategy is dependent on having sufficient liquidity to cover the need for increased working capital and acquisitions. Unicare has a NOK 350 million bond loan listed at Oslo Stock Exchange. The bond loan agreement expires at the end of March 2021.

The Board of Directors has assessed that the greatest uncertainty related to short-term liquidity is how the COVID-19 pandemic develops in the second half of 2020 and which measures the authorities implements.

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.

At the time of publication of this first half 2020 report, there is uncertainty regarding how much of the received remuneration the rehabilitation units can keep. This especially applies to the seven units that have an agreement with the regional health authority Helse Sør-Øst. Helse Sør-Øst continues to pay one twelfth of the contract's framework amount monthly until further notice. Under an unfavourable interpretation of the agreement, Unicare might risk repaying up to NOK 80.6.4 million for services delivered up to the end of August 2020. Signals have been given from political parties and Helse Sør-Øst that a solution that limits the loss for Helse Sør-Øst's suppliers should be found. The dialogue is ongoing, and the conditions for the settlement for delivered services have not been clarified at the time of publication of this first half 2020 report.

The uncertainty related to the financial outcome and liquidity will prevail as long as the compensation scheme from Helse Sør-Øst is not concluded. This will have major impact on the outcome for 2020 and likely also for 2021 should COVID-19 prevail.

If Helse Sør-Øst conclude on a strict definition of the compensation measurement, the liquidity will be strained and Unicare will risk becoming in breach of the Bond covenants. A breach of the net NOK 35 million available cash covenant could arise in fourth quarter 2020 if a repayment to Helse Sør-Øst materialize in fourth quarter 2020.

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 Unicare group.

Under the assumption that a reasonable solution will be found with respect to the compensation from Helse Sør-Øst, the Unicare Group has sufficient liquidity and working capital to continue its operations until a refinancing solution is in place. Taking the political signals and preliminary discussions with Helse Sør-Øst into consideration, the Board of Directors believe it is probable that a viable and reasonable compensation scheme will be found.

Lease payments and payments of interest on the bond loan is expected to be funded by the ongoing operations. The NOK 350 million bond loan final maturity date is on 24 March 2021.

The condensed consolidated financial statements have been prepared on a going concern basis.

Changes to Unicare leadership

Resignation of CEO and CFO

Interim Chief Executive Officer Marja Aarnio-Isohanni resigned on 8 May 2020. Chief Financial Officer Vibecke Skjølde stepped down as CFO on 19 May 2020.

CEO and COO appointed

Knut Øversjøen was hired as CEO effective 2 June 2020. Ole Mjåtvedt was hired as COO effective 1 July 2020. Mr. Mjåtvedt will also take over Mrs. Skjølde's former responsibilities.

Financial review

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 gave very low employee expense in June. The Group has in this interim report retrospectively adjusted Q2 and first six months 2019 compared to previously reported, by increasing employee expenses for continuing operations by NOK 24 million and NOK 21 million, respectively. For discontinued operations the corresponding increases in expenses were NOK 15 million and NOK 13 million, respectively.

The effects of IFRS 16 Leases have been changed in the comparative figures for Q2 and first six months 2019 from previously reported, based on the updated calculations at 31 December 2019.

The comparative amounts for 2019 have been re-presented for discontinued operations.

Profit and loss

Unicare recorded total operating revenue of NOK 279.9 million from continuing operations in Q2 2020 compared to NOK 292.8 million in Q2 2019. In the first six months of 2020, total operating revenue was NOK 591.8 million from continuing operations compared to NOK 551.6 million in the same period of 2019. The decline in revenue in Q2 2020 is mainly due to COVID-19, particularly in the Rehabilitation segment due to a strict interpretation of the regional health authority agreement with Helse Sør-Øst, partially offset by acquired entities and COVID-19 related compensation schemes.

Total operating expenses in Q2 2020 were NOK 265.1 million, compared to NOK 257.3 million in Q2 2019. In the first six months of the year, total operating expenses were NOK 541.1 million in 2020 and NOK 494.0 in 2019. The increase is driven by the acquisition of the four Swedish entities in Jönköping

in Q1 2019 partly offset by COVID-19 related layoffs in Q2 2020.

EBITDA for continuing operations in Q2 2020 was NOK 14.8 million compared to NOK 35.5 million for Q2 2019. In the first six months of 2020, the EBITDA was NOK 50.7 million compared to 57.6 million in the same period of 2019. The decrease is mainly related to strict interpretation of the regional health authority agreement with Helse Sør-Øst in the Rehabilitation segment offset by the improved financial results in the Primary Health Care (Sweden) segment.

The Nursing Homes and OHS segments were divested in January and February 2020, respectively. As a result of pro contra settlement mechanisms, the net loss in discontinued operations increased by NOK 9.1 million in Q2 2020, primarily related to previously not recognised expenses after tax in the sold entities. NOK 8.8 million is related to Nursing Homes and NOK 0.3 million is related to OHS. The loss is based on a claim from the purchasing parties that Unicare shall repay more than NOK 10 million. At 30 June 2020 Unicare had not made these repayments but has recognised these amounts as liabilities. In August, Unicare paid approximately 6 million, and is in dialogue related to the remaining part of the claims. Refer to note 6 for more information.

Segments

Rehabilitation

Amounts in MNOK	Quarters		First six months	
	Q2 2020	Q2 2019	2020	2019
Tot. op. revenue	91.3	141.6	243.2	272.5
EBITDA	-20.9	16.0	-5.2	26.1
EBITDA margin %	-22.9 %	11.3 %	-2.2 %	9.6 %

Q2 2020 total operating revenue was NOK 91.3 million, a decrease of NOK 50.3 million from Q2 2019. Total operating revenue for the first six months of 2020 was NOK 243.2 million, a decrease of NOK 29.3 million from the same period in 2019.

Q2 2020 EBITDA was NOK -20.9 million, a decrease of NOK 36.9 million from Q2 2019. The EBITDA for the first six months of 2020 was NOK -5.2 million, a

decrease of NOK 31.4 million from the same period in 2019.

2020 total operating revenue and profitability has been impacted by COVID-19. In Q2 2020, NOK 45.1 million of the received cash payments has provisionally not been recognised as revenue as Unicare followed a strict interpretation of the agreement with the regional health authority Helse Sør-Øst. For the first six months of 2020, the amount is NOK 53.6 million. This is partly offset by COVID-19 related compensation schemes for unavoidable fixed costs amounting to NOK 10.2 million for the first six months of 2020.

Homes & Care

Amounts in MNOK	Quarters		First six months	
	Q2 2020	Q2 2019	2020	2019
Tot. op. revenue	43.1	39.8	87.3	90.0
EBITDA	1.2	1.5	1.9	0.5
EBITDA margin %	2.7 %	3.8 %	2.2 %	0.6 %

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. First six months 2019 includes total operating revenue of NOK 11.8 million from this entity.

Q2 2020 total operating revenue was NOK 43.1 million, an increase of NOK 3.2 million compared to Q2 2019. Total operating revenue for the first six months of 2020 was NOK 87.3 million, a decrease of NOK 90.0 million from the same period in 2019. However, excluding Små Enheter AS, total operating revenue has grown by NOK 9.1 million in the first six months of 2020 compared to 2019. Revenue growth in 2020 was due to operational turnaround and increased activity within several units.

Q2 2020 EBITDA was NOK 1.2 million, a decrease of NOK 0.3 million from Q2 2019. The EBITDA for the first six months of 2020 was NOK 1.9 million, an increase of NOK 1.4 million from the same period in 2019. Små Enheter AS had EBITDA of NOK -0.7 million in the first six months of 2019. Profitability was driven by increased utilization and continuous initiatives of new management to ensure effective use of resources and cost control.

Primary Health Care (Sweden)

Amounts in MNOK	Quarters		First six months	
	Q2 2020	Q2 2019	2020	2019
Tot. op. revenue	146.9	112.0	262.8	190.0
EBITDA	14.4	1.6	17.4	-1.9
EBITDA margin %	9.8 %	1.4 %	6.6 %	-1.0 %

Q1 2020 total operating revenue was NOK 146.9 million, an increase of NOK 34.9 million compared to Q1 2019. Total operating revenue for the first six months of 2020 was NOK 262.8 million, an increase of NOK 72.8 million from the same period in 2019. Revenue growth was primarily driven by the acquisition of four entities in Jönköping, increasing revenue by NOK 29.4 million in Q2 2020 and NOK 38.3 million for the first six months of 2020.

Q2 2020 EBITDA was NOK 14.4 million, an increase of NOK 12.8 million compared to Q2 2019. The EBITDA for the first six months of 2020 was NOK 17.4 million, an increase of NOK 19.3 million from the same period in 2019. EBITDA for the 4 entities acquired was NOK 2.7 million in Q2 2020 and NOK 3.4 million for the first six months of 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 amounting to NOK 4.6 million for Q2 2020 and NOK 6.9 million for the first six months of 2020. In addition, there has been an improvement in EBITDA unrelated to COVID-19 due to VAT compensation and other miscellaneous reimbursements amounting to a total of NOK 6.3 million for Q2 2020 and NOK 7.9 million for the first six months of 2020.

Financial position

The carrying value of total assets on 30 June 2020 was marginally increased compared to 31 December 2019, due to the net effect of the acquisitions and divestments during the first six months of 2020. The increase in other short-term liabilities relates primarily to the NOK 53.6 that has been provisionally held in reserve related to the agreement with the regional health authority Helse Sør-Øst and new consolidated entities in addition to the settlement liability for the sold entities and prepayments for services not yet delivered.

Unicare has not recognised any additional impairments of assets at 30 June 2020. As described above it is uncertainties related to the compensation the Rehabilitation segment will receive as long as the pandemic restricts Unicare from delivering the minimum volume in the contracts with Helse Sør-Øst. It is also uncertain how long the situation will last. Based on the impairment test of goodwill performed for the Rehabilitation segment in total at 31 December 2019, if the EBITDA for 2020 and 2021 in the test is replaced by the result per 30 June 2020 and a negative EBITDA result for the remaining of 2020 and the whole of 2021 equal to annualised Q2 2020 EBITDA, the calculated headroom would still be significant. Consequently, no additional impairments have been recognised. However, additional impairments may have to be recognised in later periods.

Liquidity

Cash equivalents and restricted cash amounted to NOK 86.1 million at 30 June 2020, down from NOK 87.0 million at 31 December 2019. The Group will not commit to new acquisitions without having secured new financing.

Net interest-bearing debt (excluding lease liabilities) at 30 June 2020 was NOK 263.9 million. The long-term debt financing (excluding lease liabilities) for the Unicare Group is made up of a listed bond loan. The bond loan matures on 24 March 2021. There are no covenant requirements in the bond loan agreement, except that the Group is required to maintain minimum bank deposits of NOK 35 million. There is an option to raise another NOK 350 million, subject to incurrence test at Group level: Leverage ratio below 4 on a rolling 12-month basis and interest coverage above 3. Currently the Group does not comply with these ratios and is consequently unable to increase the bond loan.

Outlook

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

The main challenge will be the cash impact of Helse Sør-Øst decision on how to compensate the service providers during the period where Covid19 infection control measures made and makes it impossible to deliver the services according to the contractual obligations. The regional health authorities in Norway have up to now paid one twelfth of the contract's framework amount monthly, but if repayment of larger amounts is demanded based on actual utilisation, the cash holdings will be challenged.

In addition to the above, cash outflows related to clean-up of past obligations and considerations related to final closing of discontinued operations will follow in the second half 2020.

The combined cash balance impact of repayments to Helse Sør-Øst and cash outflow related to clean-up /discontinued operations could be in the range NOK 60-80 mill. negatively before year-end 2020. Thus, a breach of the net cash covenant of NOK 35 million could arise in fourth quarter 2020 if a full repayment to Helse Sør-Øst materializes in fourth quarter 2020. The Unicare group has initiated measures to refinance the Unicare group and has engaged financial advisers to support the company.

9 September 2020

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

R o hoenich

Knut Øversjøen
Chief Executive Officer



Interim condensed financial statements

Condensed consolidated statement of profit and loss

Amounts in NOK 1,000	Quarters		First six months		Full year
	Q2 2020	Q2 2019	2020	2019	2019
Continuing operations					
Revenue	267 315	291 397	577 549	549 577	1 108 158
Other operating income	12 633	1 442	14 277	2 001	5 765
Total operating revenue	279 948	292 839	591 827	551 578	1 113 923
Operating expenses					-
Raw materials and consumables used	54 536	49 643	103 874	87 923	180 457
Employee benefits expense	179 170	175 723	375 664	345 150	697 925
Other operating expenses	31 400	31 955	61 567	60 940	128 249
Total operating expenses	265 105	257 321	541 106	494 013	1 006 631
EBITDA	14 842	35 518	50 721	57 565	107 292
Depreciation and amortizations	23 238	23 578	45 974	43 840	86 049
Impairment losses	-	-	-	-	5 131
OPERATING PROFIT OR LOSS	-8 396	11 939	4 747	13 724	16 112
Interest income	521	7	1 024	377	1 005
Other financial income	1 857	-	10 071	-	152
Total financial income	2 379	7	11 095	377	1 157
Financial expenses					
Interest expenses	18 188	19 659	37 487	37 163	75 548
Other financial expenses	1 629	1 890	1 928	4 509	2 820
Total financial expenses	19 817	21 549	39 415	41 672	78 368
NET FINANCIAL ITEMS	-17 438	-21 542	-28 320	-41 296	-77 211
PROFIT/(LOSS) BEFORE TAXES	-25 834	-9 603	-23 573	-27 571	-61 099
Tax expense	-5 341	-535	-5 407	-4 164	-9 212
PROFIT/(LOSS) AFTER TAX CONTINUED OPERATIONS	-20 493	-9 068	-18 166	-23 407	-51 887
PROFIT/(LOSS) AFTER TAX DISCONTINUED OPERATIONS	-9 133	3 888	-11 245	4 714	-78 272
PROFIT/(LOSS) AFTER TAX TOTAL OPERATIONS	-29 625	-5 179	-29 411	-18 693	-130 159

Condensed consolidated statement of comprehensive income

Amounts in NOK 1,000	Quarters		First six months	Full year	
	Q2 2020	Q2 2019	2020	2019	2019
Profit/(loss) after tax total operations	-29 625	-5 179	-29 411	-18 693	-130 159
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of post-employment benefit obligations	-	-	-	-	31 036
Income tax on items not reclassified	-	-	-	-	-6 828
Total items that will not be reclassified to profit or loss	-	-	-	-	24 208
<i>Items that will not be reclassified to profit or loss:</i>					
Translation differences	115	-82	655	-443	-392
Total items that will not be reclassified to profit or loss	115	-82	655	-443	-392
Total other comprehensive income	115	-82	655	-443	23 816
Total comprehensive income	-29 510	-5 261	-28 757	-19 137	-106 343

Condensed consolidated statement of financial position

Amounts in NOK 1,000	Note	At 30 June 2020	At 31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets		19 130	12 357
Intangible assets		8 629	10 876
Goodwill		478 517	440 970
Total intangibles, goodwill and deferred tax assets		506 277	464 202
Tangible assets			
Buildings		54 202	54 368
Furniture, fixtures and equipment		45 225	50 850
Right of use assets		616 277	625 973
Total tangible assets		715 703	731 192
Financial assets, non-current			
Other non-current financial assets		12 116	8 055
Restricted bank accounts		0	35 000
Total financial assets, non-current		12 116	43 055
Total non-current assets		1 234 096	1 238 450
CURRENT ASSETS			
Inventories		2 345	2 287
Account receivables and contract assets		60 082	43 192
Other receivables and prepayments		32 985	29 876
Restricted bank accounts		35 000	0
Cash and cash equivalents		51 121	51 991
Total current assets		181 533	127 346
Assets held for sale		0	48 690
TOTAL ASSETS		1 415 629	1 414 486

Condensed consolidated statement of financial position

Amounts in NOK 1,000	At 30 June 2020	At 31 December 2019
EQUITY AND LIABILITIES		
EQUITY		
Paid-in equity		
Share capital	566	566
Share premium	565 376	565 376
Total paid-in equity	565 942	565 942
Other equity	-495 604	-466 848
TOTAL EQUITY	70 338	99 094
LIABILITIES		
LONG-TERM LIABILITIES		
Pension liabilities	41 967	36 387
Deferred tax liabilities	2 071	2 610
Bonds	350 000	349 271
Lease liability	587 434	594 190
Total long-term liabilities	981 472	982 457
SHORT TERM LIABILITIES		
Accounts payable	31 149	55 364
Income taxes payable	0	10
Indirect taxes and employee tax deductions payable	45 374	37 060
Other short-term liabilities	234 800	104 880
Lease liability	52 496	47 928
Total short-term liabilities	363 819	245 243
Liabilities held for sale	0	87 692
TOTAL LIABILITIES	1 345 291	1 315 392
TOTAL EQUITY AND LIABILITIES	1 415 629	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				-29 411	-29 411
Total OCI for the period			655	-	655
Total CI for the period			655	-29 411	-28 757
Balance at 30 June 2020	566	565 376	-149	-495 455	70 338
Balance at 1 January 2019	566	565 376	-412	-360 092	205 438
Loss for the period				-18 693	-18 693
Total OCI for the period			-443	-	-443
Total CI for the period (restated)			-443	-18 693	-19 137
Balance at 30 June 2019 (restated)	566	565 376	-855	-378 785	186 302
Balance at 1 January 2019	566	565 376	-412	-360 093	205 438
Loss for the period				-130 159	-130 159
Total OCI for the period			-392	24 208	23 815
Total CI for the period				-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		First six months	Full year	
	Q2 2020	Q2 2019	2020	2019	2019
Cash flow from operating activities					
Profit / (loss) before income tax continued operations	-25 834	-6 828	-23 573	-27 571	-61 099
Profit / (loss) before income tax discontinued operations	-9 133	6 140	-11 465	4 970	-82 068
Profit / (loss) before income tax total operations	-34 967	-688	-35 038	-22 601	-143 167
Income tax paid	-2 457	91	-1 802	849	-561
Profit or loss through sale of business	9 133	2 607	10 465	2 607	2 607
Depreciation and impairment loss	23 238	24 330	46 008	45 129	179 051
Difference between paid and expensed pension	1 198	590	1 863	2 161	-7 021
Changes in inventory	2	-95	-5	-82	971
Changes in receivables	-16 429	683	-16 093	10 880	17 694
Changes in supplier debts	-15 409	1 027	-28 950	6 090	19 887
Changes in accruals and prepayments	59 732	-5 705	71 047	-24 009	9 344
Net cash flow from operating activities	24 042	22 840	47 494	21 024	78 805
Cash flow from investing activities					
Purchases of property, plant and equipment	-247	-2 850	-1 071	-4 512	-10 885
Purchases of intangible fixed assets	-	-	-	-100	-100
Repayments on other loan receivables	-358	-572	-173	-801	-697
Net cash inflow from sale of business	426	13	-2 522	13	13
Net cash paid in business combinations	13	-32 502	-17 545	-137 002	-137 566
Net cash flow from investing activities	-165	-35 911	-21 311	-142 402	-149 235
Cash flow from financing activities					
Payments on debt (lease liability)	-13 966	-12 003	-27 053	-21 370	-45 867
Payments on debt	-	-385	-	-385	-983
Net cash flow from financing activities	-13 966	-12 387	-27 053	-21 754	-46 850
Net change in cash and cash equivalents in the period	9 911	-25 458	-870	-143 132	-117 281
Cash and cash equivalents at the beginning of the period	41 210	51 599	51 991	169 272	169 272
Cash and cash equivalents at the end of the period	51 121	26 140	51 121	26 140	51 991

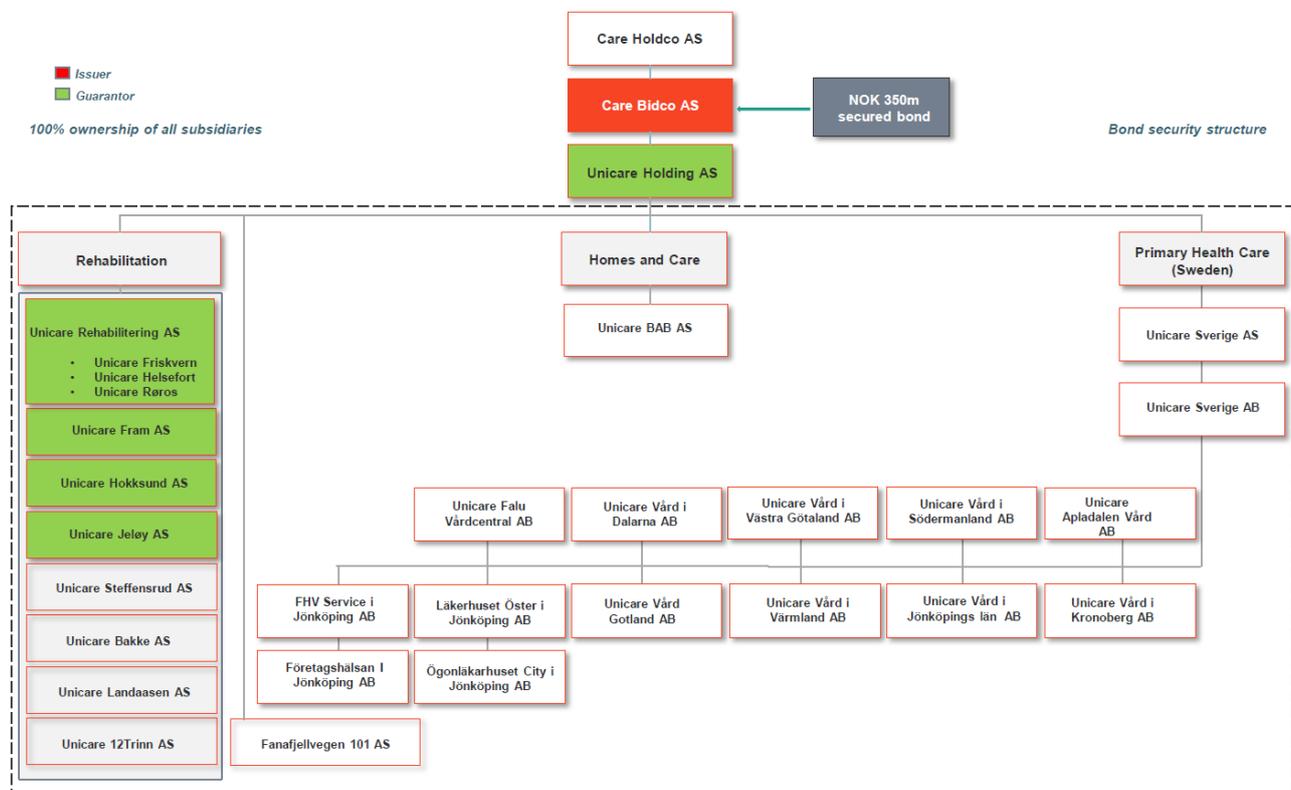
Notes to interim financial statements

1 General information

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. The Company is a limited liability company incorporated and domiciled in Norway. The address of the head office is Pilestredet 56, NO-0167 Oslo, Norway.

Group structure at 30 June 2020

The Unicare 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 interim financial statements for the first half of 2020 have been prepared and presented in accordance with IAS 34. The accounting policies used in these interim financial statements comply with the accounting policies as described in the annual consolidated financial statements for 2019. The 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. The going concern assumption has been applied when preparing this interim financial report. These condensed consolidated interim financial statements have not been audited and were approved by the Board of Directors on 9 September 2020.

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. Assumptions and estimations for the calculation of holiday pay liabilities and recognised revenue for the interim periods have been adjusted compared to previously reported for the interim periods in 2019. For Q2 and the first six months of 2020, liabilities for holiday pay have been estimated in more detail than compared to 2019, which lead to an increase in employee benefit expenses.

For some of the services offered, most notably in the Rehabilitation segment, revenue in Q2 2019 and the first six months of 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 utilization between 95% and 100%). As the pandemic disrupted the delivery of services, revenue recognition for the three and six months ended 30 June 2020 is based on an estimate of actual utilization over the period. This led to a negative adjustment to revenue in Q2 2020 of NOK 52.2 million and for the first six months of 2020 NOK 61.3 million.

Changes in Q2 2019 and first six months 2019 figures

In Q4 2019, a thorough review of the calculation of the implementation effects of IFRS 16 for leases was undertaken. On this basis, Q2 and first six months 2019 figures have been adjusted compared to previously reported for the effects of IFRS 16. In addition, the comparative figures for Q2 and first six months 2019 have been restated related to accrual of holiday pay liabilities described in the section “Changes in estimates for the interim periods” above.

Q2 and first six months 2019 figures have been re-presented for discontinued operations compared to the Q2 2019 report.

3 Total operating revenue and segments

Total operating revenue

Amounts in NOK 1,000	Quarters		First six months		Full year
	Q2 2020	Q2 2019	2020	2019	2019
Rehabilitation **	91 340	141 615	243 159	272 456	552 232
Homes & Care *	43 067	39 820	87 345	90 011	176 990
Primary Health Care (Sweden) ***	146 884	111 969	262 829	190 047	388 937
Nursing Homes (discontinued)	-	109 310	-	235 396	456 131
OHS (discontinued)	-	7 294	1 229	16 609	25 844
Elimination and other	-1 343	-565	-1 506	-936	-4 237
Total operating revenue	279 948	409 443	593 056	803 583	1 595 898
Reclassified to discontinued operations	-	116 604	1 229	252 005	481 975
Total operating revenue continuing operations	279 948	292 838	591 827	551 578	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		First six months		Full year
	Q2 2020	Q2 2019	2020	2019	2019
Rehabilitation	-20 884	16 030	-5 244	26 118	39 782
Homes & Care	1 168	1 502	1 922	539	5 606
Primary Health Care (Sweden)	14 357	1 562	17 402	-1 927	-735
Nursing Homes (discontinued)	-	4 143	-	3 586	5 841
OHS (discontinued)	-	-1 230	-964	-1 451	-7 129
Other (administration)	-5 305	-5 259	-13 602	-7 810	-22 865
Total EBITDA segment reporting	-10 664	16 746	-486	19 055	20 499
IFRS 16 impact	25 506	23 968	50 243	44 847	92 754
EBITDA (as reported incl. IFRS 16 impact)	14 842	40 715	49 757	63 902	113 253
Reclassified to discontinued	-	5 197	-964	6 337	5 961
EBITDA continuing operations	14 842	35 518	50 721	57 565	107 292
Depreciations and amortisation	-23 238	-23 578	-45 974	-43 840	-86 049
Impairment	-	-	-	-	-5 131
Operating profit/(loss) continuing operations	-8 396	11 939	4 747	13 724	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 31 December 2019	624 784	1 189	625 973	642 118
Adjustments	9 650	-	9 650	9 650
Additions	15 654	-	15 654	15 215
Depreciation	-34 493	-506	-35 000	NA
Interest expense	NA	NA	NA	23 190
Lease payments (interest and instalments)	NA	NA	NA	-50 243
Balance 30 June 2020	615 595	683	616 277	639 930

Lease liabilities

Amounts in NOK 1,000	At 30 June 2020
Maturity analysis - contractual undiscounted cash flow	
Less than one year	97 046
One to five years	312 578
More than five years	633 406
Total undiscounted lease liabilities at 30 June 2020	1 043 030
Lease liabilities included in the statement of financial position at 30 June 2020	639 930
Current	52 496
Non-current	587 434

IFRS 16 profit and loss effects

Amounts in NOK 1,000	Quarters		First six months		Full year
	Q2 2020	Q2 2019	2020	2019	2019
Reduced operating expenses	25 506	23 968	50 243	44 847	92 754
EBITDA	25 506	23 968	50 243	44 847	92 754
Depreciation	-17 817	-16 755	-35 000	-30 677	-64 263
EBIT	7 689	7 213	15 243	14 170	28 491
Interest expenses	-11 540	-11 966	-23 190	-23 478	-46 887
Profit/(loss) before tax for the period	-3 851	-4 753	-7 947	-9 308	-18 396

Leases in the statements of cash flows

In the statements of cash flows the cash payments for the principal are classified within cash flow from financing activities. The interest portion of the lease liability is classified as net financial items within cash flow from operating activities.

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 preliminary 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 June which is the period they are consolidated into the Group.

Amounts in NOK 1,000	Quarter	March – June
	Q2 2020	2020
Revenue	29 382	38 308
EBITDA	2 675	3 417

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.

Both share transfer agreements had pro contra settlement mechanisms. The NOK 9.1 million loss on sale adjustment in Q2 2020 is primarily related to previously not recognised expenses after tax in the sold entities. NOK 8.8 million is related to Nursing Homes and NOK 0.3 million is related to OHS. The loss is based on a claim from the purchasing parties that Unicare shall repay more than NOK 10 million. At 30 June 2020 Unicare had not made these repayments but has recognised these amounts as liabilities. In August, Unicare paid approximately 6 million, and is in dialogue related to the remaining part of the claims. 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 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		First six months	Full year	
	Q2 2020	Q2 2019	2020	2019	2019
Total operating revenue	-	116 604	1 229	252 005	480 269
Operating expenses excl. depr., amort, and impairment	-	111 407	2 194	245 668	474 308
Depreciation and amortizations	-	751	34	1 288	1 879
Impairment losses	-	-	-	-	85 992
Total operating expenses	-	112 158	2 228	246 957	562 180
OPERATING PROFIT OR LOSS	-	4 446	-998	5 049	-81 911
NET FINANCIAL ITEMS	-	-38	-2	-78	-157
PROFIT/(LOSS) BEFORE TAXES	-	4 408	-1 000	4 970	-82 068
Tax expense	-	520	-220	257	-3 796
PROFIT/(LOSS)	-	3 888	-780	4 714	-78 272
Gain/(loss) on sale	-9 133	-	-10 465	-	-
PROFIT/(LOSS) AFTER TAX DISCONTINUED OPERATIONS	-9 133	3 888	-11 245	4 714	-78 272

7 COVID-19

The world is currently facing an unpredictable challenge with the spread of the COVID-19 and the pandemic has impacted Unicare operations, mainly the Rehabilitation segment in Norway.

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.

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. The operation in Sweden is not affected negatively financially by COVID-19 per today, while the business in Norway has not been able to deliver services according to scope of contracts.

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

- » Ability to deliver health services may be impacted if employees and/or users get infected by COVID-19.
- » Rehabilitations 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 utilization. The largest uncertainties are related to how the regional health authorities will compensate for the services delivered.

Please refer to the section "Going concern and liquidity" in the Management Report for further comments regarding the potential consequences of COVID-19 after 30 June 2020.

8 Subsequent events

COVID-19

The Rehabilitation segment in Norway has been impacted by COVID-19. Revenue from framework agreements has provisionally been decreased by NOK 17.8 million in July and NOK 9.2 million in August due to the estimated impact of the pandemic on service delivery. It is uncertain if Unicare will be compensated for this, but negotiations are ongoing with the regional health authorities. This has been offset by an estimated NOK 12.3 million in July and NOK 9.2 million in August reduction in expenses due to public COVID-19 compensation schemes.

COO appointed

Ole Mjåtvedt was hired as COO effective 1 July 2020. Mr. Mjåtvedt will also take over Mrs. Skjolde's former CFO responsibilities.

Definitions

Alternative performance measures (APMs)

The Unicare 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 revenue

Operating profit

Profit from business operations (revenue minus operating expenses) before net interest 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.

Special items

Any items (positive or negative) of a one off, non-recurring, non-operational, extraordinary, unusual or exceptional nature (including, without limitation, restructuring expenditures).

Adjusted EBITDA

Operating profit before depreciation, amortisation and impairment, adjusted for special items and 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.

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