



Financial information

Q3 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 1350 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 343.5 million from continuing operations in Q3 2020 compared to NOK 273.4 million in Q3 2019. The increase in revenue in the quarter is mainly due to acquired entities in Sweden and partly due to reduced repayment provisions related to COVID-19 in the Rehabilitation segment. In the first nine months of 2020, total operating revenue was NOK 935.4 million from continuing operations compared to NOK 824.9 million in the same period of 2019.
- » EBITDA for continuing operations in Q3 2020 was NOK 58.9 million compared to NOK 34.0 million for Q3 2019. In the first nine months of 2020, the EBITDA was NOK 109.6 million compared to 91.5 million in the same period of 2019. The increase in Q3 2020 compared to the same period last year is mainly related to adjustment of repayment provisions to the regional health authority Helse Sør-Øst in the Rehabilitation segment amount NOK 15 million, while in the first nine months the effect of the repayment provisions accumulated have been partly offset by the improved financial results in the Primary Health Care (Sweden) segment.
- » Cash equivalents and restricted cash amounted to NOK 101.1 million at 30 September 2020, up from NOK 87.0 million at 31 December 2019.

New board member elected

- » Grethe Aasved was elected board member of Care Bidco AS at the extraordinary general meeting held 1 September 2020. She is the managing director of St. Olavs Hospital in Trondheim, Norway.

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 and the associated infection control requirements have resulted in reduced capacity and there is uncertainty whether Unicare will be able to reach the agreed utilisation. Regional health authorities, including Unicare's largest customer Helse Sør-Øst, continue to pay one twelfth of the contractual framework amount monthly until further notice. Discussions to clarify the compensation scheme from Helse Sør-Øst for the years 2020 and 2021 is still ongoing.

Going concern, liquidity and outlook

- » At the time of publication of this Q3 2020 report, there is still uncertainty regarding how much of the received remuneration the rehabilitation units can keep. The Helse Sør-Øst board has decided to reduce the service utilisation requirement from 95% in the original contracts to 90% for the year 2020. This gives some relief with respect to the cash position. However, the minor reduction in utilisation requirements admitted is neither satisfactory nor sufficient to compensate for the negative impact experienced from the COVID-19 pandemic. For the first nine months of 2020, the amount is estimated to be NOK 56.3 million based on 90% utilisation.
- » The uncertainty related to the financial outcome and liquidity will prevail as long as the compensation scheme for 2020 and the preconditions for 2021 from Helse Sør-Øst are not concluded. Helse Sør-Øst has signalled that additional compensation to the reduction in utilisation requirements will come, but neither the terms nor scope are concluded upon.
- » Unicare's immediate priorities are 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.

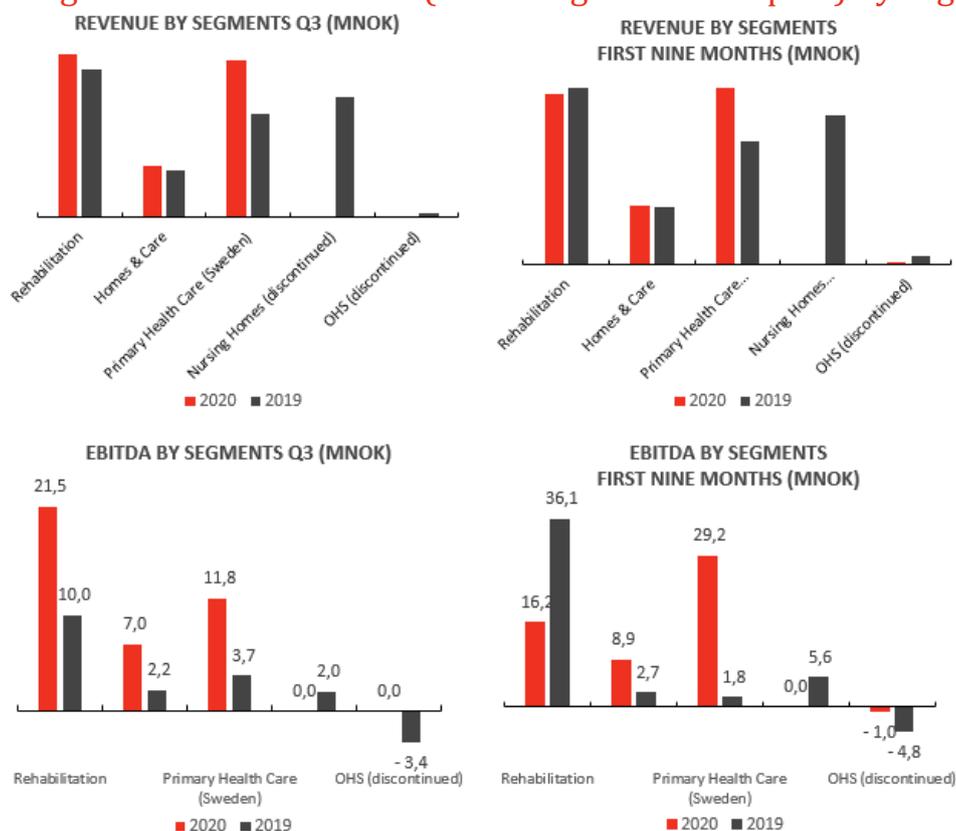
Financial overview

Key figures

Amounts in NOK 1,000,000	Quarters		First nine months		Full year
	Q3 2020	Q3 2019	2020	2019	2019
Total operating revenue - continuing operations	344	273	935.4	824.9	1 113.9
EBITDA - continuing operations	58.9	34.0	109.6	91.5	107.3
EBITDA margin % - continuing operations	17.1 %	12.4 %	11.7 %	11.1 %	9.6 %
Adjustments:					
IFRS 16 EBITDA impact	-25.0	-24.0	-75.2	-68.8	-92.8
Special items	0.0	3.5	4.5	3.5	15.4
Adjusted EBITDA - continuing operations	33.9	13.5	38.9	26.2	30.0
Operating profit/(loss)	36.0	10.0	40.7	23.8	16.1
Net financial items	-15.7	-18.5	-44.0	-59.8	-77.2
Profit/(loss) after tax continuing operations	15.8	-7.0	-2.4	-30.4	-51.9
Profit/(loss) total operations	15.8	-6.3	-13.6	-25.0	-130.2
Equity	86.5	180.0	86.5	180.0	99.1
Cash, including restricted cash	101.7	88.1	101.7	88.1	87.0
Net debt (excluding lease liabilities)	283.3	266.8	283.3	266.8	263.1

Note: Q3 and first nine months 2019 figures have been adjusted compared to the Q3 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 the 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 Q3 2020 Unicare's businesses 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.

Throughout the Q3 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.

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 2020 and the regulatory framework for 2021. In addition, the size and length of the COVID-19 pandemic will influence the performance going forward.

COVID-19

The world is still facing an unpredictable challenge with the spread of the COVID-19 and the pandemic has impacted Unicare's operations.

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.

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 utilisation. 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 September 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 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 fourth quarter of 2020 and first half 2021 combined with the infection control 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 Q3 2020 report, there is still uncertainty regarding how much of the received remuneration the rehabilitation units can retain. However, one clarification has been made from the Helse Sør-Øst board of directors. For the year 2020 the utilisation requirement has been lowered from 95 per cent to 90 per cent. Based on the adjusted utilisation requirements, the estimated amount to be repaid per Q3 2020 is NOK 56.3 million. This is an increase of NOK 2.7 million from the NOK 53.6 million accrued per Q2 2020. Helse Sør-Øst continues to pay one twelfth of the contractual framework amount monthly.

Signals have been given from political parties that a solution that limits the loss for Helse Sør-Øst's suppliers should be found. The dialogue with Helse Sør-Øst is ongoing, and the conditions for the final settlement for delivered services have not been clarified at the time of publication of this Q3 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. Taking the political signals and discussions with Helse Sør-Øst into consideration, the Board of Directors still believe that a viable and reasonable compensation scheme will be found.

The impact of the COVID-19 pandemic will continue into 2021. With a vaccine just around the corner, the second half of 2021 is expected to improve the business environment and gradually take us back to a regime with less extensive infection control measures, thus improving the capacity at the rehabilitation units.

Based on the preliminary proposal for repayment requirements from Helse Sør-Øst and with repayment at the end of Q1 2021 at the earliest, Unicare does not foresee a risk of breaching the Bond covenants in 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. The Unicare group has engaged Carnegie as financial advisers to support the company in this process.

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.

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.

New board member elected

Grethe Aasved was elected board member of Care Bidco AS at the extraordinary general meeting held 1 September 2020. She is the managing director of St. Olavs Hospital in Trondheim, Norway. Grethe Aasved graduated as a medical doctor from the University of Oslo, is an approved specialist in psychiatry and has extensive experience from internal medicine. In addition, she has broad experience from various management positions in both the public and private health sector and has been elected member of several health-related boards, councils and other various positions.

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 Q3 and first nine months 2019 compared to previously reported, by adjusting employee expenses for continuing operations with a reduction of NOK 15.6 million and a decrease of NOK 5.5 million, respectively. For discontinued operations the corresponding expenses were reduced by NOK 9.7 million and increased NOK 3.5 million, respectively.

The effects of IFRS 16 Leases have been changed in the comparative figures for Q3 and first nine 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 343.5 million from continuing operations in Q3 2020 compared to NOK 273.4 million in Q3 2019. In the first nine months of 2020, total operating revenue was NOK 935.4 million from continuing operations compared to NOK 824.9 million in the same period of 2019. The increase in revenue in Q3 2020 is mainly due to acquired entities in Sweden and partly due to reduced repayment provisions related to COVID-19 in the Rehabilitation segment. During the first six months of 2020, the repayment provision was calculated based on a strict interpretation of the regional health authority agreement with Helse Sør-Øst. The agreement requires 95% utilisation to receive 100% revenue. However, due to COVID-19, the board of Helse Sør-Øst has declared that they will base the calculations on 90% utilisation to receive the full revenue. For the first nine months of 2020,

the accrued amount is NOK 56.3 million. Unicare is still in discussions with Helse Sør-Øst regarding the compensation but has used repayment provisions based on 90% utilisation as the current best estimate.

Total operating expenses in Q3 2020 were NOK 284.7 million, compared to NOK 239.4 million in Q3 2019. In the first nine months of the year, total operating expenses were NOK 825.8 million in 2020 and NOK 733.4 in 2019. The increase year to date is driven by the acquisition of the four Swedish entities in Jönköping in Q1 2020 and partly offset by COVID-19 related layoffs mainly in Q2 2020.

EBITDA for continuing operations in Q3 2020 was NOK 58.9 million compared to NOK 34.0 million for Q3 2019. The Q3 2020 EBITDA is inflated with NOK 15 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 the first nine months of 2020, the EBITDA was NOK 109.6 million compared to 91.5 million in the same period of 2019. The increase in Q3 2020 compared to the same period last year is mainly related to the aforementioned adjustment of repayment provisions to the regional health authority Helse Sør-Øst in the Rehabilitation segment, while in the first nine months the effect of the repayment provisions have been 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. The net loss after tax for discontinued operations is NOK 11.2 million, whereas NOK 2.1 million is the OHS segment's net loss in January 2020. The remaining NOK 9.1 is a result of pro et contra settlement mechanisms. 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 approximately NOK 10 million. At the end of the third quarter 2020, the full claim has been repaid to Nursing Homes and their new owners, while the NOK 0.3 million to OHS was repaid in October 2020. Refer to note 6 for more information.

Segments

Rehabilitation

Amounts in MNOK	Quarters		First nine months	
	Q3 2020	Q3 2019	2020	2019
Tot. op. revenue	151.7	136.4	394.9	408.9
EBITDA	21.5	10.0	16.2	36.1
EBITDA margin %	14.2 %	7.3 %	4.1 %	8.8 %

Q3 2020 total operating revenue was NOK 151.7 million, an increase of NOK 15.3 million from Q3 2020. Total operating revenue for the first nine months of 2020 was NOK 394.9 million, a decrease of NOK 14.0 million from the same period in 2019.

Q3 2020 EBITDA was NOK 21.5 million, an increase of NOK 11.5 million from Q3 2019. The EBITDA for the first nine months of 2020 was NOK 16.2 million, a decrease of NOK 19.9 million from the same period in 2019.

The Q3 2020 revenue and EBITDA is inflated due to change in prerequisites for estimates of repayment to Helse Sør-Øst. First half 2020 the estimates were based on a 95% minimum requirement for service utilisation. Subject to the Helse Sør-Øst board decision to reduce the requirement to 90%, a new estimate is made on accumulated basis per September 2020. As a consequence of the new utilisation requirements, the Q3 2020 EBITDA is inflated with NOK 15 million which is related to the repayment provision recognised in the first half 2020 financial report.

2020 total operating revenue and profitability has been impacted by COVID-19. In Q3 2020, NOK 2.7 million of the received cash payments has provisionally not been recognised as revenue as Unicare followed the same strict interpretation of the agreement with the regional health authority Helse Sør-Øst as in previous quarters. However, the calculated repayment provisions have been based on updated estimates. The agreement requires 95% utilisation to receive 100% revenue, but due to COVID-19, the board of Helse Sør-Øst has declared that they will base the calculations on 90% utilisation to receive the full revenue. Unicare is still in discussions with Helse Sør-Øst regarding the compensation, but as of the publication of these interim results, Unicare has concluded that the 90% utilisation target (compared to 95% previously) is the

current best estimate to calculate the repayment provisions.

For the first nine months of 2020, the accrued amount is NOK 56.3 million. This is partly offset by COVID-19 related compensation schemes for unavoidable fixed costs amounting to net NOK 5.0 million for the first nine months of 2020.

Homes & Care

Amounts in MNOK	Quarters		First nine months	
	Q3 2020	Q3 2019	2020	2019
Tot. op. revenue	47.4	42.6	134.7	132.6
EBITDA	7.0	2.2	8.9	2.7
EBITDA margin %	14.8 %	5.0 %	6.6 %	2.0 %

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

Q3 2020 total operating revenue was NOK 47.4 million, an increase of NOK 4.7 million compared to Q3 2019. Total operating revenue for the first nine months of 2020 was NOK 134.7 million, an increase of NOK 2.1 million from the same period in 2019. However, excluding Små Enheter AS, total operating revenue has increased NOK 16.6 million in the first nine months of 2020 compared to 2019. Revenue growth in 2020 was due to operational turnaround and increased activity within several units.

Q3 2020 EBITDA was NOK 7.0 million, an increase of NOK 4.9 million from Q3 2019. The EBITDA for the first nine months of 2020 was NOK 8.9 million, an increase of NOK 6.2 million from the same period in 2019. Små Enheter AS had EBITDA of NOK -0.7 million in the first nine months of 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		First nine months	
	Q3 2020	Q3 2019	2020	2019
Tot. op. revenue	145.8	95.1	408.6	285.2
EBITDA	11.8	3.7	29.2	1.8
EBITDA margin %	8.1 %	3.9 %	7.1 %	0.6 %

Q3 2020 total operating revenue was NOK 145.8 million, an increase of NOK 50.6 million compared to

Q3 2019. Total operating revenue for the first nine months of 2020 was NOK 408.6 million, an increase of NOK 123.4 million from the same period in 2019. Revenue growth was primarily driven by the acquisition of four entities in Jönköping, increasing revenue by NOK 27.8 million in Q3 2020 and NOK 66.1 million for the first nine months of 2020.

Q3 2020 EBITDA was NOK 11.8 million, an increase of NOK 8.1 million compared to Q3 2019. The EBITDA for the first nine months of 2020 was NOK 29.2 million, an increase of NOK 27.4 million from the same period in 2019. EBITDA for the 4 entities acquired was NOK 3.3 million in Q3 2020 and NOK 6.7 million for the first nine 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 2.5 million for Q3 2020 and NOK 9.4 million for the first nine 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 4.2 million for Q3 2020 and NOK 12.1 million for the first nine months of 2020.

Financial position

The carrying value of total assets on 30 September 2020 was marginally increased compared to 31 December 2019, due to the net effect of the acquisitions and divestments during the first nine months of 2020. The increase in other short-term liabilities relates primarily to the NOK 56.3 that has been provisionally held in reserve related to the agreement with the regional health authority Helse Sør-Øst and new consolidated entities and advance payments.

Unicare has not recognised any additional impairments of assets at 30 September 2020. As described above there are 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 September 2020 and a negative EBITDA result for the remaining of 2020 and the whole of 2021 equal to annualised Q3 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 101.1 million at 30 September 2020, up 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 September 2020 was NOK 248.3 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 rest of 2020 and first half 2021 is expected to remain on the same level as in Q3 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 COVID-19 infection control measures 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. The minimum service utilisation requirement has been lowered to 90%, down from 95%, but despite that a repayment of larger amounts is demanded based on actual utilisation. This will have a negative impact on the cash holdings, with expected cash out in Q1 2021.

In addition to the above, cash outflows related to clean-up of past obligations will follow in Q4 2020.

The combined cash balance impact of cash outflow related to clean-up could be in the range NOK 10-20 million negatively before year-end 2020. Thus, a breach of the net cash covenant of NOK 35 million could arise in first quarter 2021 if a full repayment of NOK 50-60 million to Helse Sør-Øst materializes in first quarter 2021. The Unicare group has initiated measures to refinance the Unicare group and has engaged Carnegie as financial advisers to support the company.

26 November 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

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	Quarters		First nine months		Full year
	Q3 2020	Q3 2019	2020	2019	2019
Continuing operations					
Revenue	352 120	271 788	929 669	821 365	1 108 158
Other operating income	-8 587	1 579	5 690	3 580	5 765
Total operating revenue	343 533	273 367	935 360	824 945	1 113 923
Operating expenses					
Raw materials and consumables used	53 127	43 641	157 002	131 564	180 457
Employee benefits expense	196 268	168 855	571 932	514 005	697 925
Other operating expenses	35 268	26 887	96 835	87 827	128 249
Total operating expenses	284 663	239 384	825 769	733 397	1 006 631
EBITDA	58 870	33 983	109 591	91 548	107 292
Depreciation and amortizations	22 907	23 952	68 881	67 792	86 049
Impairment losses	-	-	-	-	5 131
OPERATING PROFIT OR LOSS	35 963	10 031	40 710	23 756	16 112
Interest income	543	-340	1 567	37	1 005
Other financial income	-518	-	9 553	-	152
Total financial income	25	-340	11 121	37	1 157
Financial expenses					
Interest expenses	17 095	18 562	54 582	55 726	75 548
Other financial expenses	-1 354	-369	574	4 140	2 820
Total financial expenses	15 741	18 194	55 157	59 866	78 368
NET FINANCIAL ITEMS	-15 716	-18 533	-44 036	-59 829	-77 211
PROFIT/(LOSS) BEFORE TAXES	20 247	-8 502	-3 326	-36 073	-61 099
Tax expense	4 450	-1 483	-957	-5 647	-9 212
PROFIT/(LOSS) AFTER TAX CONTINUED OPERATIONS	15 797	-7 019	-2 369	-30 426	-51 887
PROFIT/(LOSS) AFTER TAX DISCONTINUED OPERATIONS	-	685	-11 245	5 399	-78 272
PROFIT/(LOSS) AFTER TAX TOTAL OPERATIONS	15 797	-6 334	-13 614	-25 027	-130 159

Condensed consolidated statement of comprehensive income

Amounts in NOK 1,000	Quarters		First nine months	Full year	
	Q3 2020	Q3 2019	2020	2019	2019
Profit/(loss) after tax total operations	15 797	-6 334	-13 614	-25 027	-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	351	15	1 005	-428	-392
Total items that will not be reclassified to profit or loss	351	15	1 005	-428	-392
Total other comprehensive income	351	15	1 005	-428	23 816
Total comprehensive income	16 148	-6 319	-12 609	-25 455	-106 343

Condensed consolidated statement of financial position

Amounts in NOK 1,000	Note	At 30 September 2020	At 31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets		14 325	12 357
Intangible assets		7 506	10 876
Goodwill		479 168	440 970
Total intangibles, goodwill and deferred tax assets		500 999	464 202
Tangible assets			
Buildings		53 736	54 368
Furniture, fixtures and equipment		45 412	50 850
Right of use assets		598 676	625 973
Total tangible assets		697 825	731 192
Financial assets, non-current			
Other non-current financial assets		8 240	8 055
Restricted bank accounts		-	35 000
Total financial assets, non-current		8 240	43 055
Total non-current assets		1 207 064	1 238 450
CURRENT ASSETS			
Inventories		2 358	2 287
Account receivables and contract assets		75 682	43 192
Other receivables and prepayments		31 927	29 876
Restricted bank accounts		35 000	-
Cash and cash equivalents		66 695	51 991
Total current assets		211 663	127 346
Assets held for sale		-	48 690
TOTAL ASSETS		1 418 727	1 414 486

Condensed consolidated statement of financial position

Amounts in NOK 1,000	At 30 September 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	-479 457	-466 848
TOTAL EQUITY	86 485	99 094
LIABILITIES		
LONG-TERM LIABILITIES		
Pension liabilities	36 068	36 387
Deferred tax liabilities	1 801	2 610
Bonds	-	349 271
Lease liability	574 843	594 190
Total long-term liabilities	612 713	982 457
SHORT TERM LIABILITIES		
Accounts payable	57 357	55 364
Income taxes payable	47	10
Indirect taxes and employee tax deductions payable	38 559	37 060
Other short-term liabilities	222 003	104 880
Bonds	350 000	-
Lease liability	51 563	47 928
Total short-term liabilities	719 529	245 243
Liabilities held for sale	-	87 692
TOTAL LIABILITIES	1 332 241	1 315 392
TOTAL EQUITY AND LIABILITIES	1 418 727	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				-13 614	-13 614
Total OCI for the period	-	-	1 005	-	1 005
Total CI for the period	-	-	1 005	-13 614	-12 609
Balance at 30 September 2020	566	565 376	201	-479 658	86 485
Balance at 1 January 2019	566	565 376	-412	-360 092	205 438
Loss for the period				-25 027	-25 027
Total OCI for the period	-	-	-428	-	-428
Total CI for the period (restated)	-	-	-428	-25 027	-25 455
Balance at 30 September 2019 (restated)	566	565 376	-840	-385 119	179 983
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 nine months	Full year	
	Q3 2020	Q3 2019	2020	2019	2019
Cash flow from operating activities					
Profit / (loss) before income tax continued operations	20 247	-8 502	-3 326	-36 073	-61 099
Profit / (loss) before income tax discontinued operations	-	327	-11 465	5 298	-82 068
Profit / (loss) before income tax total operations	20 247	-8 174	-14 791	-30 775	-143 167
Income tax paid	145	-1 334	-1 658	-486	-561
Profit or loss through sale of business	-	-	10 465	2 607	2 607
Depreciation and impairment loss	22 907	24 503	68 915	69 632	179 051
Difference between paid and expensed pension	-2 182	-1 899	-319	262	-7 021
Changes in inventory	-8	-38	-14	-120	971
Changes in receivables	-15 351	-2 859	-31 444	8 020	17 694
Changes in supplier debts	25 981	5 250	-2 970	11 340	19 887
Changes in accruals and prepayments	-9 446	-4 774	61 601	-28 783	9 344
Net cash flow from operating activities	42 293	10 673	89 786	31 698	78 805
Cash flow from investing activities					
Purchases of property, plant and equipment	-3 140	-5 723	-4 211	-10 235	-10 885
Purchases of intangible fixed assets	-	-	-	-100	-100
Repayments on other loan receivables	164	-231	-10	-1 032	-697
Net cash inflow from sale of business	-10 044	-	-12 566	13	13
Net cash paid in business combinations	-174	-564	-17 719	-137 566	-137 566
Net cash flow from investing activities	-13 194	-6 518	-34 505	-148 920	-149 235
Cash flow from financing activities					
Payments on debt (lease liability)	-13 525	-12 201	-40 578	-33 571	-45 867
Payments on debt	-	-32	-	-417	-983
Net cash flow from financing activities	-13 525	-12 233	-40 578	-33 987	-46 850
Net change in cash and cash equivalents in the period	15 574	-8 077	14 704	-151 209	-117 281
Cash and cash equivalents at the beginning of the period	51 121	26 140	51 991	169 272	169 272
Cash and cash equivalents at the end of the period	66 695	18 063	66 695	18 063	51 991

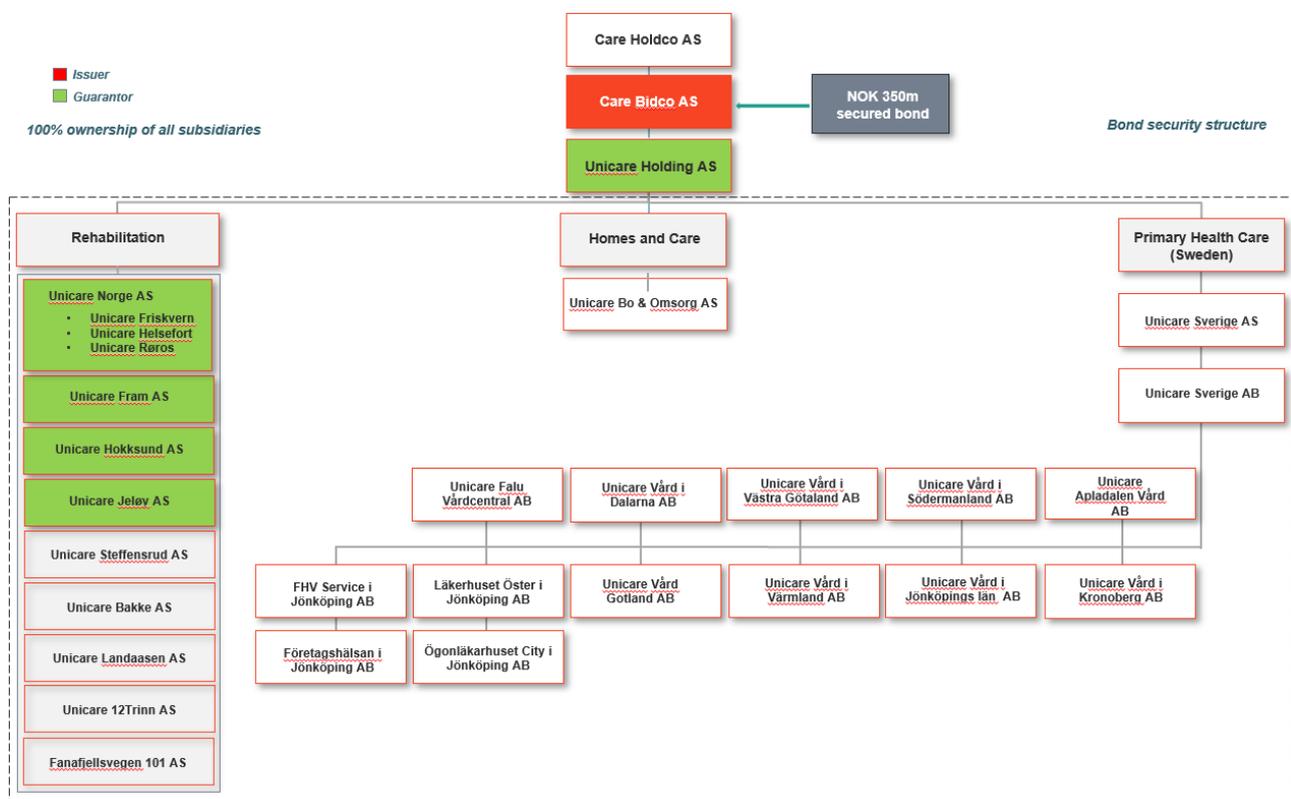
Notes to interim financial statements

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 September 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 nine months 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 26 November 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 Q3 and the first nine 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 Q3 2019 and the first nine 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 utilisation between 95% and 100%). Helse Sør-Øst, the main contract party within the Rehabilitation segment, must compensate for the negative impact of the COVID-19 pandemic, reduced the minimum service utilisation requirement from 95% to 90% for the total of the year 2020. As the pandemic disrupted the delivery of services, revenue recognition for the three and nine months ended 30 September 2020 is based on an estimate of actual utilisation over the period compared to the 90 % requirement. This led to a negative adjustment to revenue in Q3 2020 of NOK 2.7 million and for the first nine months of 2020 NOK 56.3 million.

Changes in Q3 2019 and first nine 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, Q3 and first nine months 2019 figures have been adjusted compared to previously reported for the effects of IFRS 16. In addition, the comparative figures for Q3 and first nine months 2019 have been restated related to accrual of holiday pay liabilities described in the section “Changes in estimates for the interim periods” above.

Q3 and first nine months 2019 figures have been re-presented for discontinued operations compared to the Q3 2019 report.

3 Total operating revenue and segments

Total operating revenue

Amounts in NOK 1,000	Quarters		First nine months		Full year
	Q3 2020	Q3 2019	2020	2019	2019
Rehabilitation *	151 712	136 443	394 871	408 899	552 232
Homes & Care **	47 351	42 630	134 697	132 641	176 990
Primary Health Care (Sweden) ***	145 760	95 140	408 589	285 187	388 937
Nursing Homes (discontinued)	-	110 959	-	346 355	456 131
OHS (discontinued)	-	3 592	1 229	20 201	25 844
Elimination and other	-1 291	-846	-2 797	-1 782	-4 237
Total operating revenue	343 533	387 918	936 589	1 191 501	1 595 898
Reclassified to discontinued operations	-	114 551	1 229	366 556	481 975
Total operating revenue continuing operations	343 533	273 367	935 360	824 945	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 nine months		Full year
	Q3 2020	Q3 2019	2020	2019	2019
Rehabilitation	21 490	10 001	16 246	36 119	39 782
Homes & Care	7 015	2 153	8 937	2 692	5 606
Primary Health Care (Sweden)	11 778	3 683	29 180	1 756	-735
Nursing Homes (discontinued)	-	2 039	-	5 625	5 841
OHS (discontinued)	-	-3 356	-964	-4 807	-7 129
Other (administration)	-6 368	-3 615	-19 970	-11 426	-22 865
Total EBITDA segment reporting	33 914	10 905	33 428	29 959	20 499
IFRS 16 impact	24 956	23 995	75 199	68 842	92 754
EBITDA (as reported incl. IFRS 16 impact)	58 870	34 899	108 627	98 801	113 253
Reclassified to discontinued	-	916	-964	7 253	5 961
EBITDA continuing operations	58 870	33 983	109 591	91 548	107 292
Depreciations and amortisation	-22 907	-23 952	-68 881	-67 792	-86 049
Impairment	-	-	-	-	-5 131
Operating profit/(loss) continuing operations	35 963	10 031	40 710	23 756	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	-51 925	-676	-52 601	N/A
Interest expense	N/A	N/A	N/A	34 621
Lease payments (interest and instalments)	N/A	N/A	N/A	-75 199
Balance 30 September 2020	598 163	513	598 676	626 406

Lease liabilities

Amounts in NOK 1,000	At 30 September 2020
Maturity analysis - contractual undiscounted cash flow	
Less than one year	95 339
One to five years	305 513
More than five years	617 222
Total undiscounted lease liabilities at 30 September 2020	1 018 074
Lease liabilities included in the statement of financial position at 30 September 2020	626 406
Current	51 563
Non-current	574 843

IFRS 16 profit and loss effects

Amounts in NOK 1,000	Quarters		First nine months		Full year
	Q3 2020	Q3 2019	2020	2019	2019
Reduced operating expenses	24 956	23 995	75 199	68 842	92 754
EBITDA	24 956	23 995	75 199	68 842	92 754
Depreciation	-17 601	-16 779	-52 601	-47 456	-64 263
EBIT	7 355	7 216	22 598	21 385	28 491
Interest expenses	-11 431	-11 794	-34 621	-35 271	-46 887
Profit/(loss) before tax for the period	-4 077	-4 578	-12 023	-13 886	-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 September 2020 which is the period they are consolidated into the Group.

Amounts in NOK 1,000	Quarter	March – September
	Q3 2020	2020
Revenue	27 826	66 134
EBITDA	3 303	6 720

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 2.1 million is the OHS segment’s net loss in January 2020. The remaining NOK 9.1 is a result of pro contra settlement mechanisms. 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 approximately NOK 10 million. At the end of the third quarter 2020, the full claim has been repaid to Nursing Homes and their new owners, while the NOK 0.3 million to OHS was repaid in October 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 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 nine months	Full year	
	Q3 2020	Q3 2019	2020	2019	2019
Total operating revenue	-	114 551	1 229	366 556	480 269
Operating expenses excl. depr., amort, and impairment	-	113 635	2 194	359 303	474 308
Depreciation and amortizations	-	551	34	1 839	1 879
Impairment losses	-	-	-	-	85 992
Total operating expenses	-	114 186	2 228	361 142	562 180
OPERATING PROFIT OR LOSS	-	365	-998	5 414	-81 911
NET FINANCIAL ITEMS	-	-38	-2	-116	-157
PROFIT/(LOSS) BEFORE TAXES	-	327	-1 000	5 298	-82 068
Tax expense	-	-358	-220	-101	-3 796
PROFIT/(LOSS)	-	685	-780	5 399	-78 272
Gain/(loss) on sale	-	-	-10 465	-	-
PROFIT/(LOSS) AFTER TAX DISCONTINUED OPERATIONS	-	685	-11 245	5 399	-78 272

7 COVID-19

The world is still facing an unpredictable challenge with the spread of the COVID-19 and the pandemic has impacted Unicare's operations.

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.

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 utilisation. 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 September 2020.

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 September 2020.

8 Subsequent events

COVID-19

The Rehabilitation segment in Norway has been impacted by COVID-19. However, in October 2020 the total service delivery resulted in a higher utilisation than required in the framework agreement and the repayment provision has been reduced by NOK 4.5 million from NOK 56.3 million to NOK 51.8 million. It is still uncertain how Unicare will be compensated, but negotiations are ongoing with the regional health authorities.

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 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.

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.