INTERIM REPORT APRIL–JUNE 2018

Second quarter

- Revenue increased by 13.8% to €161.1m (€141.6m). Organic revenue grew by 13.7%.
- Operating profit amounted to €6.4m (€5.7m), representing an operating margin of 4.0% (4.0%).
- Net profit amounted to €7.0m (€2.3m), which represents a net profit margin of 4.3% (1.6%).
- Cash flow from operating activities amounted to €7.3m (€8.9m).
- Basic/diluted earnings per share (EPS) were €0.050 (€0.016).
- EBITDA increased by 10.7% to €13.5m (€12.2m), corresponding to an EBITDA margin of 8.4% (8.6%).

First half

- Revenue increased by 13.9% to €323.0m (€283.5m). Organic revenue grew by 14.0%.
- Net profit amounted to €16.4m (€6.7m), which represents a net profit margin of 5.1% (2.4%).
- EBITDA increased by 12.2% to €28.5m (€25.4m), corresponding to an EBITDA margin of 8.8% (9.0%).

REVENUE AND EARNINGS

€ millions (€m)	Q2 2018	Q2 2017	Growth	6M 2018	6M 2017	Growth	FY 2017
Revenue	161.1	141.6	14%	323.0	283.5	14%	580.2
Operating profit	6.4	5.7	12%	14.5	12.5	16%	28.8
Operating profit margin, %	*4.0%*	*4.0%*		*4.5%*	*4.4%*		*5.0%*
Net profit	7.0	2.3	204%	16.4	6.7	145%	20.2
Net profit margin, %	*4.3%*	*1.6%*		*5.1%*	*2.4%*		*3.5%*
Earnings per share, €	0.050	0.016	213%	0.117	0.054	117%	0.157
Diluted earnings per share, €	0.050	0.016	213%	0.117	0.054	117%	0.157
EBITDA	13.5	12.2	11%	28.5	25.4	12%	55.0
EBITDA margin, %	*8.4%*	*8.6%*		*8.8%*	*9.0%*		9.5%

For Alternative Performance Measure definitions and reconciliations, refer to note 7.

Medicover is a leading international healthcare and diagnostic services company and was founded in 1995. Medicover operates a large number of ambulatory clinics, hospitals, specialty-care facilities and laboratories and the largest markets are Poland and Germany. In 2017, Medicover had revenue around €580 million and 15,900 employees. For more information, go to www.medicover.com

CEO STATEMENT

In the second quarter we continued to see overall solid organic growth and in particular a good contribution to top line growth from our prepaid and Fee-For-Service business in Poland as well as from our laboratory operations in Ukraine. All in all, revenue for Q2 reached €161.1m (€141.6m), corresponding to an organic growth of 13.7%.

Adjusted EBITDA amounted to €14.1m (€13.8m), corresponding to an EBITDA margin of 8.8% (9.7%). Included is a loss of €0.7m for the greenfield Indian fertility business – Medicover Fertility. Excluding this to provide a like for like comparison the adjusted EBITDA was €14.8m, corresponding to an EBITDA margin of 9.2% (9.7%).

The earlier communicated reimbursement changes in Poland have so far not had any significant impact on earnings. The majority of contracts have been extended and we are now participating in tenders. Nor, do we expect these changes to have any significant financial impact in full year 2018 or beyond.

Our base business, the integrated healthcare model, continues to be the main growth driver for Healthcare Services and members increased by 17% over prior year to 1,126K at quarter end. Fee-For-Service is gaining track and developing well with revenue growth above 20% compared to the same period last year.

Revenue for Healthcare Services grew by a solid 15.5% to €81.2m (€70.3m). Organic growth was 13.3% in Q2. EBITDA was €6.8m (€6.9m) in the quarter and EBITDA margin amounted to 8.4% (9.8%) impacted by facility expansion. The increase in fertility clinics in India is still reducing margins as recently started and loss making. In the quarter we added another 3 clinics in India and are currently running a total of 12 clinics. Adjusted for comparability for the loss from the greenfield fertility business in India EBITDA margin amounted to 9.3% (9.8%).

We have in the quarter continued to increase our ownership in the MaxCure hospital group now amounting to an effective 45.1%. MaxCure operated at the end of the quarter a total of 10 hospitals and reported revenue for the quarter of €14.0m (€13.6m) with organic growth of 19.8%.

Revenue for Diagnostic Services grew by 11.9% to €82.6m (€73.8m), with organic growth of 13.9%. Number of laboratory tests grew by 4.2% to 32.5 million in the quarter. Our laboratory operations in Ukraine and Romania have been the strongest contributors to top-line growth in the quarter. A total of 24 new blood drawing points were opening during the quarter and we are now operating a total of 548 blood drawing points across all our geographies. EBITDA was €10.3m for the quarter (€10.1m), implying an EBITDA margin of 12.5% (13.7%). The German laboratory business has been affected by the double cut reimbursement revision for publicly funded tests, putting pressure on margins.

We announced in May that we have signed an agreement to acquire a majority stake of Spitalul Pelican, the major provider of healthcare services in north-western Romania. This is an important step for both Healthcare and Diagnostic Services adding a new geographic territory with opportunities to expand further. The transaction is pending approval by the Romanian Competition Council and is expected to close in the third quarter.

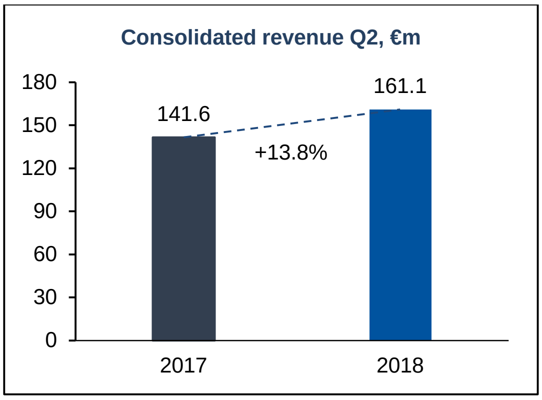
Our targeted compounded 3-year mid-term EBITDA growth rate of 18-20 % for 2016-2019 remains intact, and the expected EBITDA growth over the years 2017 and 2018 supports the mid-term target. However, the impact of the double cut in the German public reimbursement revision, results in short term lower EBITDA growth pace for Diagnostic Services for 2018. Organic EBITDA growth rate for 2018 is thereby expected to be in the range of 8 to 12%.

Fredrik Rågmark

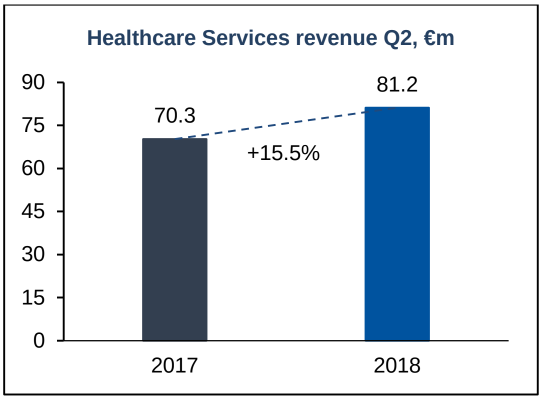
CEO

REVENUE SECOND QUARTER 2018

Consolidated revenue increased by 13.8% to €161.1m (€141.6m) with organic revenue growth of 13.7%. Growth has been good double digit in most major business lines with single digit growth rates only in the Polish hospital and the German and Polish laboratory services.



Healthcare Services revenue grew by 15.5% to €81.2m (€70.3m), with organic growth of 13.3%. Members grew by 16.8% to 1,126K versus prior year quarter (964K).



The favourable employment market in the major countries supports member growth under employer funded employee health packages. This has been the strongest growth driver approaching 60% of the growth with out of pocket Fee-For-Service being the other organic growth driver. Fee-For-Service volume increased in this quarter reflecting the increase in healthcare demand. Healthcare Services continue to benefit from a good economic background in its major countries of operation.

The Polish fertility business, the market leader in Poland, grew well with strong out of pocket Fee-For-Service and some minor growth from new local government reimbursement programs helping couples.

The Indian fertility business is a greenfield investment with 12 clinics operating at the end of the quarter. As this is at an early development stage, revenue is not significant.

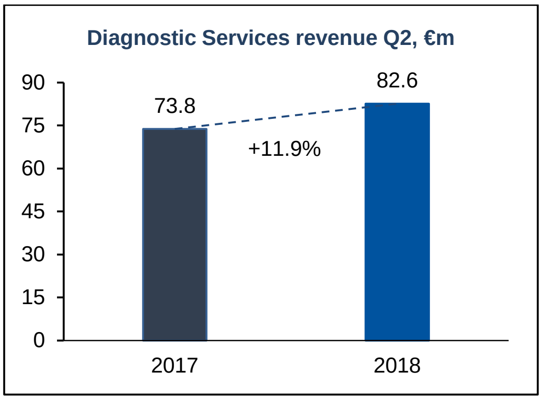
The fertility business in the UK was disposed of with a loss of €1.8m recorded in other income/costs. The business has struggled to reach critical volume and the continued input of management time could not be justified by the potential.

In June 2018, the Group has acquired 78.5% of OK System, a sports/fitness employee benefit operator in Poland. The price will be between €7.0m and €8.0m depending upon final determination of consideration payable, with €7.1m having already been settled in cash. Due to the recent timing of the acquisition, the purchase price allocation has not been finalised. The subsidiary has not been consolidated and has been presented as 'recently acquired subsidiary' in the statement of financial position. OK System's revenue for 2017 amounted approximately to €9.0m. The employee benefit sports card market is growing dynamically and complements the existing medical healthcare range of employee benefits. The acquisition is expected to strengthen our market position.

An agreement was signed in the quarter to acquire 80% of Spitalul Pelican, a hospital operator in Romania and will close following customary regulatory approvals. No other material acquisitions were made in Healthcare Services.

Revenue for the MaxCure group was approximately €14.0m for Q2 2018 with underlying organic growth of 19.8%. The ownership stake of MaxCure was increased from 34.2% at the end of Q1 2018 to an effective stake of 45.1% with cash of €6.3m injected into the business for issued new shares, €0.1m cash for acquisition of existing shares and assumption of obligations of €1.4m. In addition, the impact of the restructuring of the share capital is underway and the impact of 5.9% is included in the effective % ownership. The total carrying value of the investment for the effective 45.1% is €45.4m.

Diagnostic Services revenue grew by 11.9% to €82.6m (€73.8m), with organic growth of 13.9% with the Romanian and Ukrainian currencies being weaker and the Polish zloty stronger year on year. Laboratory test volume increased 4.2% to 32.5 million versus prior year quarter (31.2 million).



The reimbursement revision actions applied in Q2 for public insurance reimbursed tests in Germany had the impact of reducing referrals from doctors for laboratory tests under the public insurance. The revision effectively reintroduced a bonus to doctors for managing their test referral volume. This was combined with a general price cut to manage budgets, which together had an impact to reduce sales levels and gross margin. This was mitigated to a certain degree by increased volume of privately paid and private insured referrals, but still lead to a year on year reduction in test volume for the quarter in Germany.

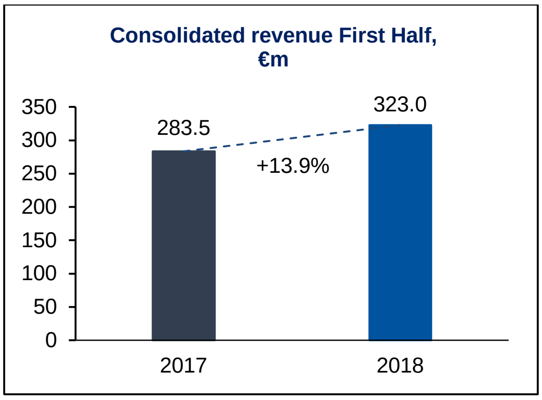
The Romanian and Ukrainian markets showed strong growth in volume and the Polish market grew well particularly in self-pay but at slightly lower rates than Romania and Ukraine.

The German clinical business showed good growth with revenue of €13.3m (€12.0m) and new doctors continue to be added to the clinic network. The impact of the reimbursement revision actions has had a more limited impact upon this area.

No significant acquisitions were made during the quarter in Diagnostic Services. The continuing strong economic development in Romania and Poland is leading to increased ability to self-pay for health care and the expansion of access through more blood drawing points supports this growth. During the quarter 24 new blood drawing points were opened bringing the total to 548 locations at quarter end.

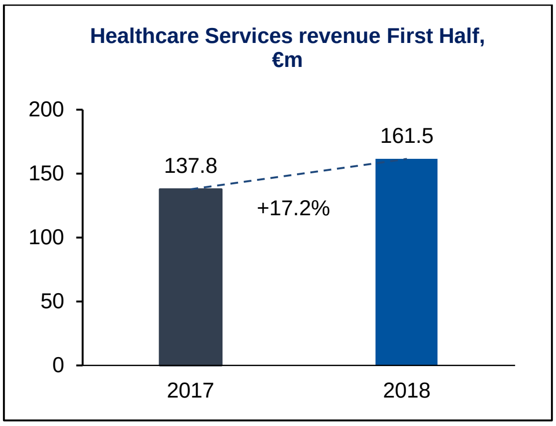
REVENUE FIRST HALF 2018

Consolidated revenue increased by 13.9% to €323.0m (€283.5m) with organic growth at 14.0%. Growth for the year has been balanced, slightly weighted to the Healthcare Services segment approaching 60% of the growth.



Revenue recognised in the first half 2018 from acquisitions made since 1 January 2017 was €3.9m.

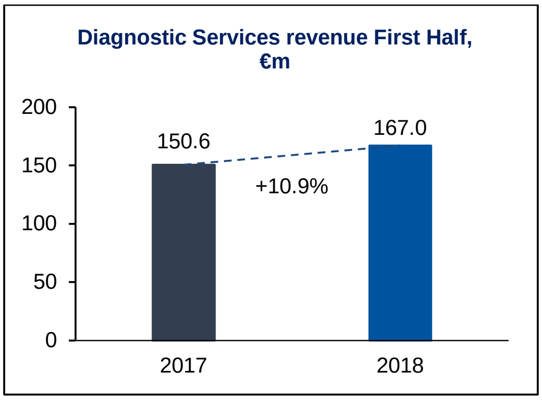
Healthcare Services revenue grew by 17.2% to €161.5m (€137.8m), with organic growth of 15.1%. A favourable employment market combined with continued good economic development are driving member growth and revenue in the employer funded business. The Fee-For-Service business in both Poland and Romania grew at a faster rate but from a smaller base. New facilities were added over the year.



In February 2018 the Group acquired a Polish dental business which is growing well with a focus combining organic and acquisition growth in developing this business area. Given Medicover's strong membership referral base organic growth supports the strategy well. A sports employee benefit business was acquired at the end of the first half and will be consolidated from the third quarter.

MaxCure group's revenue was €27.6m for the first half 2018 with organic growth of 18.2%.

Diagnostic Services revenue grew by 10.9% to €167.0m (€150.6m), with organic growth of 13.0%. Strong growth in both Romania and Ukraine with good but slightly lower growth in Poland. Despite the reimbursement revision impact the German laboratory business still grew but at a lower rate.



As at 30 June, 17 clinics were operating for the German clinical business with revenue of €26.3m (€23.9m), a growth of 10.0%.

37 new blood drawing points were opened in the first half bringing the total to 548.

PROFIT DEVELOPMENT SECOND QUARTER 2018

Operating profit (EBIT) increased to €6.4m (€5.7m) with operating margin of 4.0% in line with the same quarter last year. Included in the current year quarter, is a loss of €0.8m for the greenfield Indian fertility business and in the prior year quarter €1.4m of IPO costs. Adjusting for these items for comparability the operating profit increased by 1.4% to €7.2m, a margin of 4.5% (€7.1m with a margin of 5.0%).

Profit for the period amounted to €7.0m (€2.3m), a margin of 4.3% (1.6%), impacted by other income. Adjusting for the loss of €0.8m for the greenfield Indian fertility business in the current year quarter and €1.4m of IPO costs in the prior year quarter, the net profit doubled to €7.8m a margin of 4.9% (€3.7m with a margin of 2.6%).

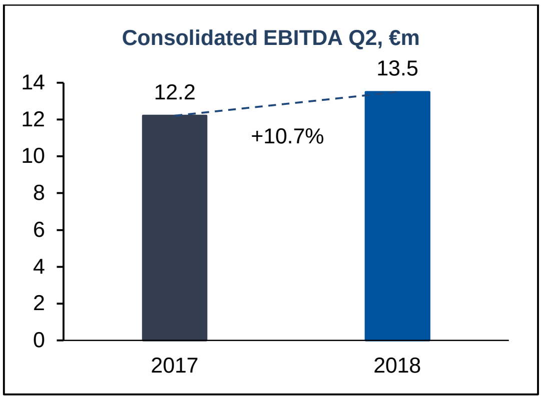
Within other income/costs of €3.2m (nil) is included a €1.8m non-cash loss on disposal of the UK fertility business. This business had an EBITDA of €-0.3m (€-0.1m) for the quarter. In addition, a profit of €1.5m on a real estate development in Poland, realising and extracting the value of surplus land and the balance in respect of accounting for non-cash fair value changes in puts written and calls held over share interests in MaxCure are included in other income/costs. This item reflects the net increase in valuation of the contracts' rights and obligations that Medicover has entered into with the other shareholders of MaxCure which would enable Medicover to possibly acquire over 51% of the equity.

Net financial result for the quarter amounted to €-1.3m (€-2.3m). €1.2m of interest was charged on the Group's debt, commitment fees and other discounted liabilities. Foreign exchange losses amounted to €0.3m. Recorded within interest costs is the non-cash discounting of the assumed obligations associated with the investment in MaxCure.

€0.3m has been added to share of profit of associates relating to holding in MaxCure for the period since ownership.

Basic/diluted earnings per share of €0.050 (€0.016).

Consolidated EBITDA increased by 10.7% to €13.5m (€12.2m) with an EBITDA margin of 8.4% (8.6%). Adjusted EBITDA was 14.1m (€13.8m) a margin of 8.8% (9.7%). Included within this is a loss of €0.7m for the greenfield Indian fertility business. Excluding this for comparability purposes, the adjusted EBITDA grew 7.2% to €14.8m (€13.8m) a margin of 9.2% (9.7%).



The profitability growth has been impacted in the quarter by the reimbursement revision actions in the German laboratory business.

Items affecting comparability

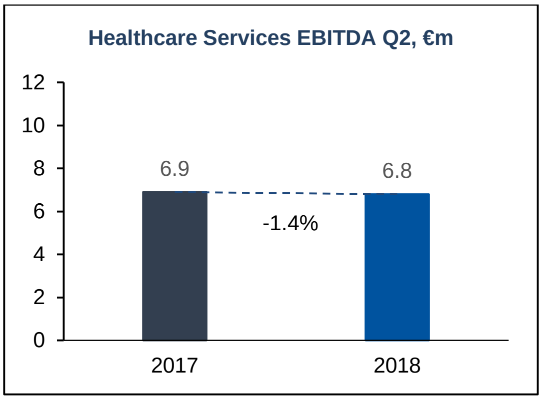
In May 2017 the Company's B class of shares were listed on the Nasdaq Stockholm exchange and new capital raised. Costs of €1.8m were expensed for the first half 2017 of which €1.4m was expensed in the second quarter 2017.

The MaxCure hospital group equity stake along with certain rights to call shares and obligations to fulfil put options over MaxCure shares was acquired in the fourth quarter 2017. These options are required to be valued using valuation models and other income of €3.2m (nil) was recognised in the quarter relating to these revaluations and release of the initially deferred net profit on these positions. The net value of these options has increased during the quarter due to the underlying growth of profitability of the MaxCure business and corresponding increase in value of the underlying equity value of MaxCure.

The Group completed and sold a real estate development in Warsaw Poland thereby realising the value of a plot of surplus land, with a profit of €1.5m recognised in other income/costs.

The Group disposed of its UK based fertility operation with a non-cash loss of €1.8m recorded in other income/costs.

EBITDA for **Healthcare Services** decreased by 1.4% to €6.8m (€6.9m), an EBITDA margin of 8.4% (9.8%). Included in the segment result is a loss of €0.7m (nil) for the greenfield Indian fertility business, excluding this for comparability purposes EBITDA was €7.5m (€6.9m) a growth of 8.7% and an EBITDA margin of 9.3% (9.8%).



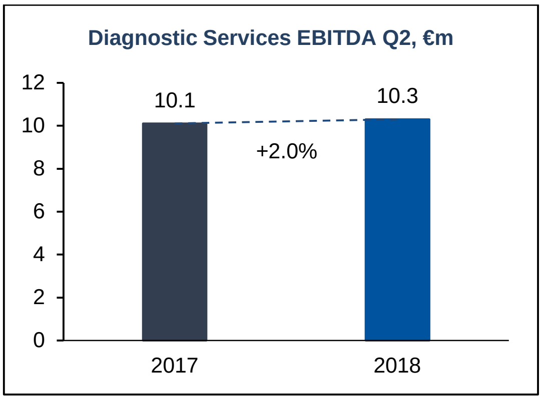
Operating profit at €2.9m (€3.5m) was also impacted by the loss of €0.8m for the Indian fertility business. Excluding this for comparability purposes the operating profit grew 5.7% to €3.7m (€3.5m) with a margin of 4.6% (5.0%).

Medical costs have been higher than the comparable quarter by 60bp, which is the driver for the slightly lower profit growth, as additional medical resources are added to manage growth.

The segment results were driven by the increase in employer funded members and good growth of the Fee-For-Service business areas such as fertility. The major business lines grew well except for the Warsaw hospital which was held back by the uncertainty on the reforms in Poland.

The announced reimbursement changes in Poland have so far not had any significant impact on earnings. The majority of contracts has been extended and tenders have been submitted. These changes will not have any significant financial impact in full year 2018 or beyond.

EBITDA for **Diagnostic Services** increased by 2.0% to €10.3m (€10.1m) with an EBITDA margin of 12.5% (13.7%).



The German reimbursement revision actions have held back the growth of profitability with reduced volume from doctor referrals and a reduction of approximately 2.6% in reimbursement rates. This impacts roughly 40% of public revenue in the segment, equivalent to around 15% of total revenue for Diagnostic Services. This has been offset to a certain degree by private insured referrals. These revisions will settle down in the coming quarters as doctors understand and adapt to the changes. The Company is currently reviewing measures to mitigate the financial impact.

The German clinical business continues to develop, with an EBITDA contribution of €0.7m (€0.6m) and a margin of 5.3% (5.0%). Revenue was €13.3m (€12.0m) up 10.8%.

Operating profit for the segment is in line with last year quarter to €7.1m (€7.1m) with a margin of 8.6% (9.6%).

PROFIT DEVELOPMENT FIRST HALF 2018

Operating profit (EBIT) grew by 16.0% to €14.5m (€12.5m) with operating margin increasing to 4.5% (4.4%). Included in the current half year is a loss of €1.8m for the greenfield Indian fertility business and in the prior half year €1.8m of IPO costs, adjusting for these items for comparability purposes, the operating profit increased by 14.0% to €16.3m, a margin of 5.1% (€14.3m with a margin of 5.0%).

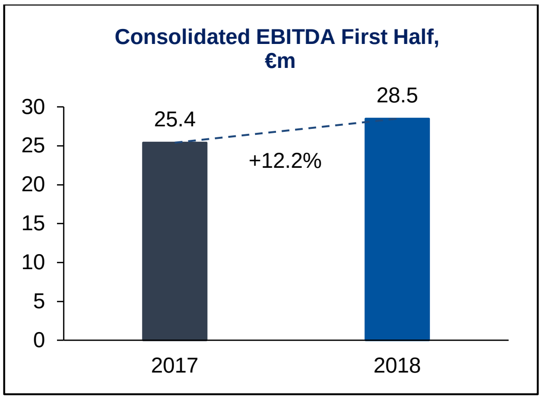
Profit for the period was €16.4m (€6.7m), a margin of 5.1% (2.4%). Adjusting for the loss of €1.8m for the greenfield Indian fertility business in the current half year and €1.8m of IPO costs in the prior half year, the net profit doubled to €18.2m a margin of 5.7% (€8.5m with a margin of 3.0%).

Other income/costs mainly representing fair value movements on financial instruments was €6.9m (nil).

Net financial result for the 6-month period amounted to €-1.5m (€-2.6m). €2.5m (€3.5m) of interest was charged on the Group's debt and other discounted liabilities. Foreign exchange gain amounted to €0.4m.

Earnings per share were €0.117 (€0.054) and diluted earnings per share of €0.117 (€0.054).

Consolidated EBITDA increased by 12.2% to €28.5m (€25.4m) with an EBITDA margin of 8.8% (9.0%). Adjusted EBITDA, was €29.6m, a growth of 7.2% with a margin of 9.2%.



Within this is a loss of €1.7m (nil) in the first half related to the greenfield Indian fertility business. For comparability purposes, adjusted EBITDA excluding the Indian fertility results would be €31.3m (€27.6m), a growth of 13.4% with a margin of 9.7% (9.7%).

The increase was more weighted to the Diagnostic Services segment, with both segments growing contribution with flow through to profit growth.

Within the Diagnostic segment this was driven by revenue growth and the good development of the established businesses, in Romania, Poland and Ukraine. The growth in the Healthcare Services segment was driven by the increase in funded members.

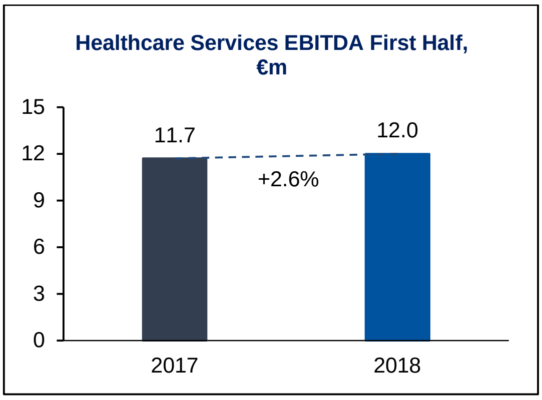
Items affecting comparability

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

The Group completed and disposed of a real estate development in Warsaw Poland thereby realising the value of a plot of surplus land, with a profit of €1.5m recognised in other income/costs.

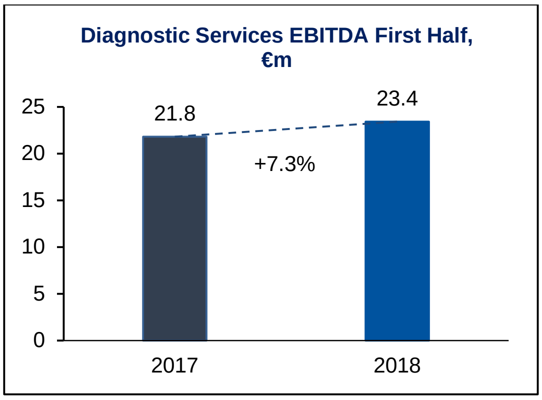
The Group disposed of its UK based fertility operation with a non-cash loss of €1.8m recorded in other income/costs. The EBITDA for this business for the first half 2018 was €-0.7m (€-0.2m).

EBITDA for **Healthcare Services** increased by 2.6% to €12.0m (€11.7m), an EBITDA margin of 7.4% (8.5%). Included in the segment result is a loss of €1.7m (nil) for the greenfield Indian fertility business, excluding this for comparability EBITDA was €13.7m (€11.7m) a growth of 17.1% and an EBITDA margin of 8.6% (8.5%).



Operating profit amounted to €4.4m (€5.0m), a decrease of 12.0% with an operating margin of 2.7% (3.6%). Excluding the €1.8m loss for the greenfield India fertility for comparability, operating profit grew by 24.0% to €6.2m (€5.0m) with a margin of 3.9% (3.6%).

EBITDA for **Diagnostic Services** increased by 7.3% to €23.4m (€21.8m) with an EBITDA margin of 14.0% (14.5%). Except for the German laboratory business unit, the established businesses grew well and gross profit has been the main driver for the increased profitability. The German laboratory business reduced EBITDA for the period impacted by the reimbursement revision actions constraining price and volume.



The development of the German clinical business contributed to EBITDA for €1.5m with a margin of 5.7%. A new unit has been added in the first quarter 2018 with the acquisition of an endocrinology clinic. This takes the total of clinics to 17.

Operating profit for the segment followed a similar trend with 8.9% growth to €17.1m (€15.7m) a margin of 10.2% (10.4%). Good economic activity in Romania, Ukraine and Poland continues to support Fee-For-Service demand for health care. The Diagnostic Services segment continues to invest in accessibility to services and has increased its number of blood collection points and distribution in all geographies, with the addition of 37 blood drawing locations over the first half 2018.

KEY FINANCIAL DATA

Medicover, €m	Apr-Jun 2018	Apr-Jun 2017	Growth	Jan-Jun 2018	Jan-Jun 2017	Growth	FY 2017
Revenue	161.1	141.6	14%	323.0	283.5	14%	580.2
Operating profit	6.4	5.7	12%	14.5	12.5	16%	28.8
Operating profit margin, %	4.0%	4.0%		4.5%	4.4%		5.0%
Net profit	7.0	2.3	204%	16.4	6.7	145%	20.2
Net profit margin, %	4.3%	1.6%		5.1%	2.4%		3.5%
Earnings per share, €	0.050	0.016	213%	0.117	0.054	117%	0.157
Diluted earnings per share, €	0.050	0.016	213%	0.117	0.054	117%	0.157
EBITDA	13.5	12.2	11%	28.5	25.4	12%	55.0
EBITDA margin, %	8.4%	8.6%		8.8%	9.0%		9.5%
Adjusted EBITDA	14.1	13.8	2%	29.6	27.6	7%	57.7
Adjusted EBITDA margin, %	8.8%	9.7%		9.2%	9.7%		9.9%
EBITA	6.9	6.3	10%	15.6	13.7	14%	31.4
EBITA margin, %	4.3%	4.4%		4.8%	4.8%		5.4%

Healthcare Services, €m	Apr-Jun 2018	Apr-Jun 2017	Growth	Jan-Jun 2018	Jan-Jun 2017	Growth	FY 2017
Revenue	81.2	70.3	16%	161.5	137.8	17%	285.8
Operating profit	2.9	3.5	-17%	4.4	5.0	-12%	13.2
Operating profit margin, %	3.6%	5.0%		2.7%	3.6%		4.6%
EBITDA	6.8	6.9	-1%	12.0	11.7	3%	26.9
EBITDA margin, %	8.4%	9.8%		7.4%	8.5%		9.4%
Members (period end) (000's)	1,126	964	17%	1,126	964	17%	1,024

Diagnostic Services, €m	Apr-Jun 2018	Apr-Jun 2017	Growth	Jan-Jun 2018	Jan-Jun 2017	Growth	FY 2017
Revenue	82.6	73.8	12%	167.0	150.6	11%	304.4
Operating profit	7.1	7.1	0%	17.1	15.7	9%	29.1
Operating profit margin, %	8.6%	9.6%		10.2%	10.4%		9.6%
EBITDA	10.3	10.1	2%	23.4	21.8	7%	41.4
EBITDA margin, %	12.5%	13.7%		14.0%	14.5%		13.6%
Lab tests (period volume) (m)	32.0	31.0	3%	67.0	63.0	6%	124.0

For Alternative Performance Measure definitions and reconciliations, refer to note 7.

CASH FLOW

Second quarter

Cash generated from operations before working capital changes and taxes paid amounted to €15.8m (€12.3m), being 117.0% of EBITDA (100.8%). Net working capital increased by €4.7m (increase of €2.0m), with decreases in stock, increases in receivables and payables balances reduced. Cash paid tax was €3.8m (€1.4m) on settlements for taxes payable. Cash generated from operations was €7.3m (€8.9m).

Cash paid for investments in tangible and intangible assets amounted to €8.9m (€5.5m). Payments were made for acquisitions of subsidiaries and associates of €13.6m (€-0.2m) consisting of an acquisition of further stakes in MaxCure group during the quarter to bring Medicover's holding in MaxCure to an effective 45.1% share, an acquisition of a sports employee benefit business in Poland as well as an acquisition of a dental business also in Poland.

Net loans drawn were €21.7m (net loans repaid €167.4m). Interest paid reduced to €0.5m (€2.2m) being the payment of commitment fees on the undrawn portion of the €200.0m facility and payment of interest on the remaining drawn debt amounts.

Cash and cash equivalents increased by €6.2m to €36.6m in the quarter.

First half

Cash generated from operations before working capital changes and taxes paid amounted to €31.6m (€25.9m), being 110.9% of EBITDA (102.0%). Net working capital increased by €9.3m (increase of €4.3m), with decreases in stock, increases in receivables and payables balances reduced. Cash paid tax was €8.4m (€3.9m) on settlements for taxes payable. Cash generated from operations was €13.9m (€17.7m).

Cash paid for investments in tangible and intangible assets amounted to €19.2m (€9.5m). Payments were made for acquisitions of subsidiaries and associates of €24.5m (€0.4m). €15.3m was paid to acquire an additional 22.1% stake in MaxCure hospital group during the first half 2018 to bring Medicover's holding to an effective holding of 45.1%. Of the €15.3m some €12.1m was injected into MaxCure as new equity to grow the business and €3.2m was for purchase of existing shares. Just before the period end €7.1m was paid for the acquisition of the sports employee benefit business in Poland. A dental business was also acquired in Poland for €1.6m.

Net loans drawn were €21.5m (net loans repaid €168.1m). Interest paid reduced to €1.1m (€3.7m) being the payment of commitment fees on the undrawn portion of the €200.0m facility and payment of interest on the remaining drawn debt amounts.

Cash and cash equivalents decreased by €8.7m to €36.6m for the first half.

FINANCIAL POSITION

Consolidated equity as at 30 June 2018 amounted to €313.2m (31 December 2017: €304.0m). The increase in the levels of equity is resulting from profit for the period. Consolidated loans payable amounted to €75.7m (€57.2m at the end of 2017).

Medicover repaid in the first half of the year €30.3m of debt secured on its real estate in Poland and refinanced with debt advanced under its revolving credit facility. Remaining drawn credits comprise other operational overdrafts and facilities. Consolidated loans payable net of cash was €39.1m (€11.8m at the end of 2017) with the increase being used to fund investments.

TAX

The Group's effective tax rate for the year is forecasted to be 29.0% (32.3%) and for the six months a tax charge of €3.8m (€3.2m) has been provided. This charge is calculated excluding the impact of other income/costs recognised in relation to the put and written call options in respect of MaxCure group, which given their nature are non-taxable. Cash paid taxes during the first half of the year were €8.4m (€3.9m).

PARENT COMPANY

There was no significant revenue and the loss after tax was €1.7m in the second quarter. The parent company's assets consist of investments in subsidiaries. The business is financed with equity contributed by the owners. Equity of the parent company as at 30 June was €429.0m.

The annual general meeting held on 26 April 2018 decided to adopt a long term performance-based share program. The long term performance-based share program is proposed to include key employees within the Medicover group. The participants in the program are required to invest in the Group by investing in class B shares in Medicover AB. The participants will thereafter be granted the opportunity to receive class B shares free of charge in accordance with the program. For more information about the program refer to the Corporate governance/Remuneration section under Investors at www.medicover.com.

RISK FACTORS

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

Apart from the risks described in the 'Risk and risk management' section of the Management Report in the Annual Report 2017 (pages 46-48), no other significant new risks are deemed to have emerged.

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

For further information on risk management and financial instruments, see the consolidated financial statements of the Group as at and for the year ended 31 December 2017: note 24 on pages 82-83.

BASIS & AUDIT

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read together with the consolidated financial statements of the Group for the year ended 31 December 2017.

The interim information on page 1-12 is an integral part of this interim report. This report has been reviewed by the Company's auditor.

The Board of Directors and Chief Executive Officer declare that the interim report for the period April-June 2018 gives a fair overview of the Parent Company´s and Group´s operations, financial position and results of operations and describes significant risks and uncertainties facing the Parent Company and companies included in the Group.

Stockholm on 27 July 2018

Fredrik Stenmo
Chairman of the board

Jonas af Jochnick *Vice chairman*	Arno Bohn *Board member*	Sonali Chandmal *Board member*
Michael Flemming *Board member*	Peder af Jochnick *Board member*	Robert af Jochnick *Board member*
Margareta Nordenvall *Board member*	Fredrik Rågmark *Board member and CEO*	

This information is information that Medicover AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8.00 (CEST) on 27 July 2018. This interim report and other information about Medicover, is available at medicover.com.

Financial Calendar

Interim report July-September 2018 26 October 2018

Contact information

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REVIEW REPORT

Medicover AB (publ), org no 559073–9487

Introduction

We have reviewed the interim report for Medicover AB (publ) as at 30 June 2018 and for the six-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and in accordance with the Swedish Annual Account Acts for the Parent Company.

Sollentuna, 27 July 2018

BDO Sweden AB

Jörgen Lövgren

Authorized Public Accountant

MEDICOVER

CONDENSED FINANCIAL STATEMENTS

Condensed consolidated income statement

Note	€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	Revenue	**161.1**	**141.6**	**323.0**	**283.5**	**580.2**
	Operating expenses					
	Medical provision costs	-122.4	-107.1	-244.8	-214.2	-438.2
	Gross profit	**38.7**	**34.5**	**78.2**	**69.3**	**142.0**
	Distribution, selling and marketing costs	-8.8	-6.9	-16.8	-13.8	-28.5
	Administrative costs	-23.5	-21.9	-46.9	-43.0	-84.7
	Operating profit	**6.4**	**5.7**	**14.5**	**12.5**	**28.8**
4	**Other income/(costs)**	**3.2**	**0.0**	**6.9**	**0.0**	**2.9**
	Interest income	0.2	0.0	0.6	0.0	0.2
	Interest expense	-1.2	-1.9	-2.5	-3.5	-4.9
	Other financial income/(expense)	-0.3	-0.4	0.4	0.9	0.8
	Total financial result	**-1.3**	**-2.3**	**-1.5**	**-2.6**	**-3.9**
3	Share of profit of associates	0.3	-	0.3	-	0.2
	Profit before income tax	**8.6**	**3.4**	**20.2**	**9.9**	**28.0**
	Income tax	-1.6	-1.1	-3.8	-3.2	-7.8
	Profit for the period	**7.0**	**2.3**	**16.4**	**6.7**	**20.2**
	Profit attributable to:					
	Owners of the parent	6.6	1.8	15.6	5.7	18.7
	Non-controlling interests	0.4	0.5	0.8	1.0	1.5
	Profit for the period	**7.0**	**2.3**	**16.4**	**6.7**	**20.2**
	Earnings per share (EPS) attributable to parent:					
	Basic, €	0.050	0.016	0.117	0.054	0.157
	Diluted, €	0.050	0.016	0.117	0.054	0.157

MEDICOVER

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	Profit for the period	**7.0**	**2.3**	**16.4**	**6.7**	**20.2**
	Other comprehensive income:					
	Items that may be reclassified subsequently to income statement:					
	Exchange differences on translating foreign operations	-3.5	-0.7	-4.3	1.9	-1.0
	Income tax relating to these items	0.2	-	0.2	-0.1	-0.2
	Other comprehensive income for the period, net of tax	**-3.3**	**-0.7**	**-4.1**	**1.8**	**-1.2**
	Total comprehensive income for the period	**3.7**	**1.6**	**12.3**	**8.5**	**19.0**
	Total comprehensive income attributable to:					
	Owners of the parent	3.3	1.2	11.5	7.5	17.2
	Non-controlling interests	0.4	0.4	0.8	1.0	1.8
		3.7	**1.6**	**12.3**	**8.5**	**19.0**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	€m	30 Jun 2018	30 Jun 2017	31 Dec 2017
	ASSETS			
	Non-current assets			
	Goodwill	125.2	119.6	126.8
	Other intangible fixed assets	35.6	31.9	36.4
	Tangible fixed assets	150.1	142.4	148.9
	Total fixed assets	**310.9**	**293.9**	**312.1**
	Deferred tax assets	4.0	3.3	3.7
	Recently acquired subsidiary	7.1	-	-
3	Investment in associates	46.1	0.6	22.1
4	Other financial assets	4.8	1.3	5.2
	Total non-current assets	**372.9**	**299.1**	**343.1**
	Current assets			
	Inventories	27.1	25.3	30.7
4	Other financial assets	3.0	-	2.1
4	Trade and other receivables	86.8	83.9	82.5
4	Cash and cash equivalents	36.6	53.4	45.4
	Total current assets	**153.5**	**162.6**	**160.7**
	Total assets	**526.4**	**461.7**	**503.8**
	SHAREHOLDERS' EQUITY			
	Issued capital and reserves attributable to owners of the parent	311.4	299.6	300.3
	Non-controlling interests	1.8	6.0	3.7
	Total shareholders' equity	**313.2**	**305.6**	**304.0**
	LIABILITIES			
	Non–current liabilities			
4	Loans payable	71.8	35.7	52.9
	Deferred tax liabilities	22.9	23.8	22.8
	Provisions	0.3	0.4	0.4
3-4	Other non-current financial liabilities	28.7	16.6	23.6
	Other non-current liabilities	5.5	-	4.7
	Total non-current liabilities	**129.2**	**76.5**	**104.4**
	Current liabilities			
4	Loans payable	3.9	7.5	4.3
	Provision for unearned premiums/deferred revenue	9.2	8.1	12.3
	Corporate tax payable	2.9	3.1	6.8
4	Other current financial liabilities	4.7	2.0	4.9
4	Trade and other payables	63.3	58.9	67.1
	Total current liabilities	**84.0**	**79.6**	**95.4**
	Total liabilities	**213.2**	**156.1**	**199.8**
	Total shareholders' equity and liabilities	**526.4**	**461.7**	**503.8**

MEDICOVER

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Note	€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	Profit before income tax	**8.6**	**3.4**	**20.2**	**9.9**	**28.0**
	Adjustments for:					
	Depreciation and amortisation	7.1	6.5	14.0	12.9	26.2
	(Gain)/loss on disposal of fixed assets	0.0	-	0.0	-0.1	-0.1
4	Other income/(costs)	-1.7	-	-5.4	-	-2.9
	Net interest expense	1.0	1.9	1.9	3.5	4.7
	Employee share-based compensation costs	0.6	0.1	1.1	0.3	1.1
	Other non-cash transactions	-0.1	0.1	0.3	0.4	1.4
	Unrealised foreign exchange (gain)/loss	0.3	0.3	-0.5	-1.0	-1.4
	Cash generated from operations before working capital changes and tax payments	**15.8**	**12.3**	**31.6**	**25.9**	**57.0**
	Changes in operating assets and liabilities:					
	(Increase)/decrease in receivables & inventories	0.1	-4.3	-4.9	-4.7	-10.1
	Increase/(decrease) in payables	-4.8	2.3	-4.4	0.4	10.5
	Cash generated from operations before tax payments	**11.1**	**10.3**	**22.3**	**21.6**	**57.4**
	Income tax paid	-3.8	-1.4	-8.4	-3.9	-7.1
	Net cash from operating activities	**7.3**	**8.9**	**13.9**	**17.7**	**50.3**
	Investing activities:					
	Payment for acquisition of fixed assets	-8.9	-5.5	-19.2	-9.5	-29.4
	Proceeds from disposal of fixed assets	0.1	0.1	0.1	0.1	0.2
3	Payment for acquiring interest in associates	-6.4	0.2	-15.3	-	-13.8
	Payment for acquisition of subsidiaries, net of cash acquired	-7.2	-	-9.2	-0.4	-10.6
	Interest received	0.1	-	0.6	0.1	0.1
	Net cash used in investing activities	**-22.3**	**-5.2**	**-43.0**	**-9.7**	**-53.5**
	Financing activities:					
	Proceeds from issue of shares	-	199.0	-	199.0	199.3
	Acquisition of non-controlling interests	-	-	-	-	-3.1
	Loans repaid	-1.8	-173.0	-32.5	-184.0	-174.8
	Loans received	23.5	5.6	54.0	15.9	16.0
	Interest paid	-0.5	-2.2	-1.1	-3.7	-5.0
	Distribution to non-controlling interests	-	-	-	-	-1.1
	Net cash from/(used in) financing activities	**21.2**	**29.4**	**20.4**	**27.2**	**31.3**
	Total cash flow	**6.2**	**33.1**	**-8.7**	**35.2**	**28.1**
	Cash and cash equivalents					
	Cash balance as at beginning of the period	30.4	20.6	45.4	18.4	18.4
	Net effects of exchange gain/(loss) on cash balances	0.0	-0.3	-0.1	-0.2	-1.1
	Total cash balance as at end of the period	**36.6**	**53.4**	**36.6**	**53.4**	**45.4**
	Increase/(decrease) in cash and cash equivalents	**6.2**	**33.1**	**-8.7**	**35.2**	**28.1**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	€m	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	Opening balance shareholders' equity	**304.0**	**98.8**	**98.8**
	Total comprehensive income for the period	*12.3*	*8.5*	*19.0*
	Transactions with owners in their capacity as owners:			
	De-recognition of previous parent company	-	-234.1	-234.1
	Issuance of Medicover AB shares for in kind contribution	-	234.1	234.1
	Contributions of equity, net of transaction costs	-	199.0	199.3
	Acquisition of an additional interest in a subsidiary	-	-	-3.0
	Non-controlling interests on deconsolidation of a subsidiary	-1.4	-	-
	Business combination under common control	-	-	-8.3
	Non-controlling interests put-option reserve	-1.9	-1.0	-2.9
	Non-controlling interests on business combinations	-0.1	0.0	0.0
	Employee share-based compensation costs	0.3	0.3	1.1
	Total transactions with owners in their capacity as owners	*-3.1*	*198.3*	*186.2*
	Closing balance shareholders' equity	**313.2**	**305.6**	**304.0**

CONDENSED PARENT COMPANY INCOME STATEMENT

Note	€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	Revenue	**0.1**	**-**	**0.2**	**-**	**0.1**
	Operating expenses	-1.8	-0.7	-2.4	-0.8	-4.0
	Operating loss	**-1.7**	**-0.7**	**-2.2**	**-0.8**	**-3.9**
	Interest income from Group companies	-	-	0.1	-	0.2
	Loss before income tax	**-1.7**	**-0.7**	**-2.1**	**-0.8**	**-3.7**
	Income tax	-	-	-	-	0.0
	Loss for the period	**-1.7**	**-0.7**	**-2.1**	**-0.8**	**-3.7**

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

CONDENSED PARENT COMPANY BALANCE SHEET

Note	€m	30 Jun 2018	30 Jun 2017	31 Dec 2017
	Tangible fixed assets	0.1	0.0	0.1
	Investments in subsidiaries	434.8	234.1	434.8
	Other non-current assets	0.0	200.9	-
	Total fixed assets	**434.9**	**435.0**	**434.9**
	Current receivables	0.7	0.1	0.7
	Cash and cash equivalents	0.0	0.2	0.5
	Total current assets	**0.7**	**0.3**	**1.2**
	Total assets	**435.6**	**435.3**	**436.1**
	Restricted equity	26.7	26.7	26.7
	Non-restricted equity	402.3	406.4	403.8
	Total equity	**429.0**	**433.1**	**430.5**
	Non-current liabilities	3.3	0.7	3.3
	Current liabilities	3.3	1.5	2.3
	Total equity and liabilities	**435.6**	**435.3**	**436.1**

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

Basis of preparation

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

Statement of compliance

This interim report has been prepared in accordance with IAS 34: *Interim Financial Reporting* and should be read together with the consolidated financial statements of the Group as at and for the year ended 31 December 2017. The interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements.

The condensed interim financial information on pages 1-12 is an integral part of this interim report.

Significant accounting policies, use of judgements and estimates

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2017 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2018 and will be adopted in the 2018 annual financial statements. New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9, *Financial Instruments*; and
- IFRS 15, *Revenue from Contracts with Customers*

Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 9, *Financial Instruments* was implemented under the exemption not to restate comparative information for prior periods. No adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption of the standard were required to be made in retained earnings or reserves at 1 January 2018. The adoption of IFRS 9 did not have a material impact on the entity in the current reporting period and is not expected to have any material impact in future reporting periods.

The Group has adopted IFRS 15, *Revenue from Contracts with Customers* using the cumulative effect option. No adjustments resulting from the adoption of the standard were required to be made in retained earnings at 1 January 2018. The adoption of IFRS 15 did not have a material impact on the entity in the current reporting period and is not expected to have any material impact in future reporting periods.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the IASB that are effective for periods beginning subsequent to 31 December 2018 (the date on which the company's next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The most significant of these is IFRS 16 *Leases* (mandatorily effective for periods beginning on or after 1 January 2019). The Group has completed an initial evaluation of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. As the impact will be material the standard will be applied retrospectively to comparative figures and balances thereby assisting users of the financial statements by providing a context of comparability. The expected date of adoption by the Group is 1 January 2019.The anticipated effects of IFRS 16, *Leases*, have been discussed in the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

The preparation of interim condensed financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies. Refer to the Group's consolidated financial statements as at and for the year ended 31 December 2017 for further information on the use of estimates and judgements.

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

2. Segment information

For further information on segment information, see the consolidated financial statements as at and for the year ended 31 December 2017: note 6 on pages 72-73.

No changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2017 consolidated financial statements has occurred.

€m	Healthcare Services Jan-Jun 2018	Diagnostic Services Jan-Jun 2018	Other Jan-Jun 2018	Group total Jan-Jun 2018
Revenue				
Total revenue	161.5	167.0	0.1	
Inter-segment revenue	-0.2	-5.4	-	
Total revenue from external customers	**161.3**	**161.6**	**0.1**	**323.0**
Of which funded:				
Privately	156.2	98.6	0.1	254.9
Publicly	5.1	63.0	-	68.1
Originating from:				
Poland	129.6	15.8	-	145.4
Germany	-	80.2	-	80.2
Romania	16.0	26.2	-	42.2
Ukraine	2.8	22.2	-	25.0
Other countries	12.9	17.2	0.1	30.2
Segment result: EBITDA	**12.0**	**23.4**	**-6.9**	**28.5**
Margin, %	7.4%	14.0%		8.8%
Depreciation & amortisation	-7.6	-6.3	-0.1	-14.0
Other income/(costs)				6.9
Share of profit associates				0.3
Other financial income/(expense)				0.4
Net interest expense				-1.9
Tax				-3.8
Group profit after tax				**16.4**

€m	Healthcare Services Jan-Jun 2017	Diagnostic Services Jan-Jun 2017	Other Jan-Jun 2017	Group Total Jan-Jun 2017
Revenue				
Total segment revenue	137.8	150.6	0.2	
Inter-segment revenue	-0.1	-5.0	-	
Total revenue from external customers	**137.7**	**145.6**	**0.2**	**283.5**
Of which funded:				
Privately	132.9	86.1	0.2	219.2
Publicly	4.8	59.5	-	64.3
Originating from:				
Poland	112.1	14.1	-	126.2
Germany	-	74.3	-	74.3
Romania	13.8	22.2	-	36.0
Ukraine	2.2	19.4	-	21.6
Other countries	9.6	15.6	0.2	25.4
Segment result: EBITDA	**11.7**	**21.8**	**-8.1**	**25.4**
Margin, %	8.5%	14.5%		9.0%
Depreciation & amortisation	-6.7	-6.1	-0.1	-12.9
Other income/(costs)				-
Share of profit associates				-
Other financial income/(expense)				0.9
Net interest expense				-3.5
Tax				-3.2
Group profit after tax				**6.7**

As almost all sales in each geography are denominated in the countries' respective currency the above table shows the exposure of the Group to foreign currency risks for revenue.

Within the Healthcare Services segment, revenue for insurance contracts for the first half 2018 was €99.2m (€85.6m). For further information on insurance contracts, see the consolidated financial statements as at and for the year ended 31 December 2017: note 4 on page 71.

€m equivalent	30 Jun 2018	30 Jun 2017	31 Dec 2017
Non-current assets by location of assets			
Poland (PLN)	119.5	119.1	125.5
Germany (EUR)	136.2	127.1	137.6
Romania (RON)	30.3	28.6	30.7
Ukraine (UAH)	9.7	7.3	7.7
Other (various)	20.0	13.1	15.8
Total	**315.7**	**295.2**	**317.3**

Non-current assets by geography include land and buildings, equipment, intangible assets including goodwill and other financial assets. Deferred tax assets of €4.0m (€3.3m), investments in associates of €46.1m (€0.6m) and recently acquired subsidiary of €7.1m (nil) are excluded.

3. Investment in associates

Investment in associates includes the Group's effective 45.1% holding in MaxCure.

Note	€m	31 Dec 2017	Additions	Translation Adjustment	30 Jun 2018
	Investment in MaxCure				
a)	Cash paid for issued new shares	9.5	12.1	-0.5	21.1
a)	Cash paid for existing shares	4.3	3.2	-0.3	7.2
b)	Recognition of liability (economic interest)	7.6	4.9	-0.3	12.2
c)	Options exercised	-	4.3	0.3	4.6
d)	Share of profit of associate	-	0.3	-	0.3
	Closing carrying value of investment in MaxCure	**21.4**	**24.8**	**-0.8**	**45.4**
	Ownership, %	**23.0%**			**45.1%**

a) The funds were used to acquire MaxCure's 10th unit, bringing total beds to 1,558, to acquire a minority in one of the existing units and to fund the launch of an additional greenfield 286 bed unit opening in the second quarter 2018.

b) The financial liability is a virtual participation interest in the Group's MaxCure investment remunerating work conducted on sourcing and negotiating the initial investment and assistance in managing the investment to be settled in cash. It was measured at fair value at the acquisition date and further accrues in line with the increase in the effective interest of the Group in MaxCure to an amount of up to 5.1% of the value of equity of MaxCure.

c) Value of call options recognised on exercise. Refer to note 4 for more details.

d) €0.3m has been recognised in this quarterly release for the Group's share of the net results relating to the period from 4 October 2017 to 30 June 2018. The Group has not yet determined the difference between the cost of acquisition and its share of the fair values of the net identifiable assets of the associate. Appropriate adjustments may be subsequently required to the Group's share of the profits or losses after acquisition to account for additional depreciation or amortisation of the associate's depreciable or amortisable assets based on the excess of their fair values over their carrying amounts at the time the investment was acquired.

4. Financial assets and liabilities

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

- derivative financial instruments being reported at fair value through profit or loss;
- a put option liability over non-controlling interests in one of the Group's subsidiaries being reported at fair value with the changes in fair value being reported to equity as a transaction between shareholders;
- contingent consideration payable in relation to acquisitions;
- a financial liability arising from an agreement with a third party that entitles the other party to receive cash based on the value of equity instruments of an associate, carried at fair value through profit or loss; and
- certain call and put options written over shares of an associate, carried at fair value less deferred day one profit or loss, with the fair value re-measurement at each reporting date being reflected in the income statement along with the release of the initial deferral.

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

		30 Jun 2018			30 Jun 2017			31 Dec 2017		
Note	€m	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
	Financial assets at fair value through profit and loss									
b)	Call options on associate's shares	2.4	3.0	5.4	-	-	-	2.1	2.1	4.2
	Financial assets at amortised cost									
	Other financial assets	2.4	-	2.4	1.3	-	1.3	3.1	-	3.1
	Trade and other receivables, gross	-	91.9	91.9	-	87.8	87.8	-	87.3	87.3
	Provision for bad debts	-	-5.1	-5.1	-	-3.9	-3.9	-	-4.8	-4.8
	Subtotal financial assets at amortised cost	**2.4**	**86.8**	**89.2**	**1.3**	**83.9**	**85.2**	**3.1**	**82.5**	**85.6**
	Cash and cash equivalents	-	36.6	36.6	-	53.4	53.4	-	45.4	45.4
	Total financial assets	**4.8**	**126.4**	**131.2**	**1.3**	**137.3**	**138.6**	**5.2**	**130.0**	**135.2**
	Financial liabilities at fair value through profit and loss									
b)	Put options on associate's shares	1.0	-1.0	-	-	-	-	1.5	-	1.5
c)	Other financial liabilities	12.4	-	12.4	2.5	-	2.5	7.5	-	7.5
d)	Contingent acquisition consideration payable	3.0	1.1	4.1	2.5	0.9	3.4	5.8	0.5	6.3
	Derivatives (interest rate swap)	-	-	-	0.4	-	0.4	-	0.4	0.4
	Subtotal financial liabilities at fair value through profit and loss	**16.4**	**0.1**	**16.5**	**5.4**	**0.9**	**6.3**	**14.8**	**0.9**	**15.7**
a)	Put option liquidity obligation with non-controlling shareholder (with movement through equity)	15.3	-	15.3	13.7	-	13.7	14.6	-	14.6
	Subtotal financial liabilities at fair value	**31.7**	**0.1**	**31.8**	**19.1**	**0.9**	**20.0**	**29.4**	**0.9**	**30.3**
	Financial liabilities at amortised cost									
	Borrowings	65.9	1.6	67.5	30.2	6.5	36.7	44.1	2.3	46.4
	Other liabilities	-	5.7	5.7	-	2.0	2.0	-	4.5	4.5
	Trade and other payables	-	63.3	63.3	-	58.9	58.9	-	67.1	67.1
	Deferred consideration payable	2.9	1.2	4.1	3.0	0.1	3.1	3.0	1.5	4.5
	Subtotal financial liabilities at amortised cost	**68.8**	**71.8**	**140.6**	**33.2**	**67.5**	**100.7**	**47.1**	**75.4**	**122.5**
	Total financial liabilities	**100.5**	**71.9**	**172.4**	**52.3**	**68.4**	**120.7**	**76.5**	**76.3**	**152.8**

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

€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Change in fair value of financial assets/liabilities					
Release of deferred profit upon initial call option recognition	1.3	-	4.3	-	1.7
Release of deferred loss upon initial put option recognition	-0.3	-	-0.6	-	-0.2
Change in fair value of call/put options on associate's shares	2.2	-	3.3	-	1.2
Change in fair value of other financial liabilities	-0.2	-	0.0	-	0.1
Total fair value recognised in other income/(costs)	**3.0**	**-**	**7.0**	**-**	**2.8**

Recognised fair value measurements - valuation technique and principal inputs

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

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

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

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

a) The Group is contractually obliged to acquire at a future date a non-controlling interest at a market price determined at that future time. This put option relates to one of the Group's German subsidiaries. The valuation is based on management's estimate of the exercise date and the expected valuation of the put option at that time. Due to contracted terms disadvantaging the holder, it is estimated that the put option will be exercised in 2023 at the earliest. In determining the fair value of the obligation, estimations of key variables are made, of which the most significant are the growth rate of the business to determine its profitability at the future date of exercise (compound rate of 5.5% at the end of Q2 2018 and in 2017) and the discount rate applied to the nominal value (1.47% at the end of Q2 2018 and 1.44% in 2017). This is a level 3 fair value technique with subsequent changes in fair value of the future obligation recognised as a movement within equity.

b) The Group has rights to invest in an associate to inject new capital and to acquire a set number of existing shares at a price per share-based upon a formula linked to a profit measure. In addition, the Group has written put option agreements to certain investors to acquire their shareholding in the future, these can be exercised anytime between March 2020 and March 2023 and between March 2024 and March 2027 or until they cease to be shareholders. The model used for fair valuing these financial instruments is a Monte Carlo simulation model that takes into account the exercise price, the term of the options, the underlying equity value at grant date and expected volatility, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies. Each option was valued individually. Market observable input for share price volatility was based on a group of listed Indian hospital stocks, matched to the duration of the options being valued. Volatility input ranged from 36.7%-38.0% (34.6%-38.4% at the end of 2017). Market observable growth rates of profitability were used for the same group of stocks also matched to duration of the options. Observable growth rate at 9.4% and volatility of 18.1% (growth rate at 9.5% and volatility at 19.3% at the end of 2017).

c) The Group has a contractual obligation to an unrelated third party in relation to the investment in the associate for services rendered in sourcing and negotiating the transaction and ongoing assistance in mergers and acquisitions as well as corporate governance of the associate. This is remunerated through a contract that grants the advisor a simulated participation in the Group's investment. The liability has been measured at the purchase date using a model relying upon observable and unobservable inputs related to the associate specifically projected growth of underlying profits and estimates of the likely date of exercise and payment of the obligation. The observable inputs relate to discount rates for the equity risks for the listed Indian hospital sector, represented by some 9 listed entities. The rate used at acquisition date was 12.1% and at the end of the quarter revalued to 13.4% (12.9% at the end of 2017). Management felt that this was a more appropriate model than one weighted to market based information. The expectations for growth are higher than market rates given the infusion of funds that Medicover is likely to make over 2018 and 2019 and the resulting boost to growth and profitability above the hospital sector averages in India. This gives a more prudent and more reliable estimation of the eventual liability likely to be realised. As the contractual obligation is payable regardless of subsequent assistance in areas identified above, the total liability is recognised on acquisition at each tranche and therefore increases in line with the increase in ownership with subsequent changes in fair value at each reporting date recorded in the income statement.

d) The fair value of contingent considerations payable is based on an estimated outcome of the conditional purchase price/contingent payments arising from contractual obligations. This is initially recognised as part of the purchase price and subsequently fair valued with changes recorded in the income statement. A reduction of €3.4m has been recognised in contingent consideration relating to the disposal of the UK fertility operation and the reassessment of the future performance targets relating to one of the German acquisitions.

No financial assets or financial liabilities have been reclassified between the valuation categories during the last six months.

Unobservable valuation differences on initial recognition

As described in section c) above, the Group has entered into certain call and put option agreements over shares of an associate. The strike price of these acquisitions/subscriptions is to be determined based upon formulas linked to profitability with price caps in some cases. The fair value of these options was determined using valuation techniques which rely on some observable inputs, including volatility of share prices of listed entities in the same field and market profit growth rates of similar listed entities, but also rely on unobservable inputs particularly in respect of inputs specific to the associate. The Group views these fair value calculations as reasonable given comparable observable price metrics that are considerably higher even when adjusted for liquidity and size. The accounting policy of the Group is that upon initial recognition of the financial instruments the Group recognises the fair value and will account for the difference between cost and fair value as an adjustment to bring the carrying amount in line with the transaction price. The net profit will be deferred by reducing the initial carrying amount of the net asset. This reduction will then be reversed in the income statement over the life of the options until exercised or lapsed. Management has judged that this gives assurance of the underlying value of the shares covered by the options as the associate increases its profitability. Subsequent fair value re-measurement of the options at each reporting date is reflected in the income statement along with the release of the initial deferral.

The exercise price of the call options to increase the investment is based on a surrogate for the fair value of the shares at the date of exercise. A valuation of the four call options and two put options has been performed using a Monte Carlo simulation model at inception and subsequently at each reporting period with a defined set of variables and volatility. The fair value of the call and put options amounted to €8.9m (€11.6m at the end of 2017) and €5.9m (€7.8m at the end of 2017) respectively at the end of the quarter. Any subsequent change in fair value will be recognised in the income statement.

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

€m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Call Options					
Opening balance	**4.9**	**-**	**4.2**	**-**	**-**
Increase due to options acquired / recognised	0.0	-	0.4	-	9.2
Deferral of profit of options acquired	-0.0	-	-0.4	-	-9.2
Decrease due to options exercised and transfer to cost of investment	-1.0	-	-4.3	-	-
Release of profit deferral	1.3	-	4.3	-	1.7
Revaluation of options	0.2	-	1.2	-	2.5
Closing balance	**5.4**	-	**5.4**	**-**	**4.2**
				-	
Put Options				-	
Opening balance	**-1.7**	**-**	**-1.5**	**-**	**-**
Increase due to options acquired / recognised	-0.0	-	0.3	-	-6.5
Deferral of loss of options acquired	0.0	-	-0.3	-	6.5
Release of loss deferral	-0.3	-	-0.6	-	-0.2
Revaluation of options	2.0	-	2.1	-	-1.3
Closing balance	**0.0**	**-**	**0.0**	**-**	**-1.5**

Valuation inputs and relationships to fair value

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

	Fair Value at			Range of inputs		
Description	**30 Jun 2018**	**31 Dec 2017**	**Unobservable inputs**	**30 Jun 2018**	**31 Dec 2017**	**Relationship of unobservable inputs to fair value**
Put option (Liquidity obligation with non-controlling shareholder)	15.3	14.6	Earnings growth factor	5.5%	5.5%	Increase of 1% point in profit growth = increase in FV liability of €0.7m
			Risk adjusted discount rate	1.47%	1.44%	Reduction of 1% point in discount rate = increase in FV liability of €0.9m
Call option[1] (Asset to acquire additional associate's shares)	8.9	11.7	Risk free rate	6.8%-8.1%	6.1%-7.6%	Reduction of 1% point in risk free rate = decrease in FV asset of €0.4m
			EBITDA growth rate	9.4%	9.5%	Increase of 1% point in EBITDA growth rate = decrease in FV asset of €0.3m
Put option[2] (Liability to acquire associate's shares held by other investors)	5.9	7.8	Risk free rate	7.9%-8.1%	7.2%-7.6%	Reduction of 1% point in risk free rate = increase in FV liability of €0.8m
			EBITDA growth rate	9.4%	9.5%	Increase of 1% point in the EBITDA growth rate = increase in FV liability of €0.8m
Economic interest option (Other non-current liability)	12.4	7.5	4 year projected CAGR EBITDA	43.3%	43.3%	Increase of 10% in CAGR EBITDA = increase in FV liability of €1.6m
			Risk adjusted discount rate	13.4%	12.9%	Reduction of 1% point in discount rate = increase in FV liability of €0.5m
Contingent acquisition consideration payable	4.1	6.3	Risk adjusted discount rate	5.5%	5.5%	Reduction of 1% point in discount rate = increase in FV liability of €0.0m

For further information on the sensitivity of the 'Relationship of unobservable inputs to fair value (FV)', see the consolidated financial statements of the Group as at and for year ended 31 December 2017 note 21 on page 81.

5. Share capital

Share capital as of 30 June 2018 was €26.7m represented by 133,335,195 shares divided into 80,924,726 class A shares and 52,410,469 class B shares. The quota value is €0.2 per share. Celox Holding AB owns 47,157,365 shares with 54.5% of the voting rights.

[1] *Fair value of the call option includes the unamortised deferral of day one profit*
[2] *Fair value of the put option includes the unamortised deferral of day one loss*

6. Related party transactions

The Group's financial position as at 30 June 2018 and 30 June 2017 and profit for the 6 months period then ended were not significantly affected by the existence of balances and transactions with related parties.

7. Alternative performance measure definitions and reconciliations

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

Acquired revenue

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

Organic revenue

Net revenue excluding acquisitions and currency effects. This measure provides information on the change in net revenue assuming that foreign currency exchange rates had not changed between the prior and current period. The comparisons presented as constant currency rates reflect comparative local currency revenue at the prior year's foreign exchange rates. The Group routinely evaluates third party net revenue performance at constant currency so that revenue results can be viewed without the impact of foreign currency exchange rates, thereby facilitating a period-to-period comparison of the operational activities, and this presentation also provides useful information to investors.

Organic growth

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

EBITA

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

EBITA margin

EBITA as a percentage of revenue.

EBITDA

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

Adjusted EBITDA

Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit of associates adjusted for non-cash equity settled share-based payments, merger and acquisition related expenses and initial public offering (IPO) related expenses.

EBITDA margin

EBITDA as a percentage of revenue.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of revenue.

Operating profit margin

Operating profit as a percentage of revenue.

Gross profit margin

Gross profit as a percentage of revenue.

Profit margin

Profit for the period as a percentage of revenue.

Laboratory tests

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

Members

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

MEDICOVER

Reconciliation to EBITDA, €m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating profit	6.4	5.7	14.5	12.5	28.8
Amortisation	0.5	0.6	1.1	1.2	2.6
EBITA	**6.9**	**6.3**	**15.6**	**13.7**	**31.4**
Depreciation	6.6	5.9	12.9	11.7	23.6
EBITDA	**13.5**	**12.2**	**28.5**	**25.4**	**55.0**
Non-cash equity settled share-based payments	0.4	0.1	0.6	0.3	0.8
Merger and acquisition related expenses	0.2	0.1	0.5	0.1	0.4
Initial public offering (IPO) related expenses	-	1.4	-	1.8	1.5
Adjusted EBITDA	**14.1**	**13.8**	**29.6**	**27.6**	**57.7**
Revenue	161.1	141.6	323.0	283.5	580.2
Operating profit margin, %	4.0%	4.0%	4.5%	4.4%	5.0%
EBITDA margin, %	8.4%	8.6%	8.8%	9.0%	9.5%
Adjusted EBITDA margin, %	8.8%	9.7%	9.2%	9.7%	9.9%
Profit margin, %	4.3%	1.6%	5.1%	2.4%	3.5%

Reconciliation to organic revenue, €m	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Revenue	161.1	141.6	323.0	283.5	580.2
Less acquired revenue impact	-2.1	-1.8	-3.9	-3.7	-9.4
Revenue excluding acquisitions	**159.0**	**139.8**	**319.1**	**279.8**	**570.8**
Currency effect	2.0	-1.0	4.0	-2.0	-1.4
Organic revenue	**161.0**	**138.8**	**323.1**	**277.8**	**569.4**