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Interim report
January – September 2017

Continued strong organic growth and improved margin

July – September

- Revenue rose 17.9% to MEUR 69.2 (58.7)
- Organic growth was 7.1%
- The gross margin increased to 42.4% (41.0)
- Adjusted EBITA increased to MEUR 6.3 (4.5), corresponding to a margin of 9.1% (7.7)
- Adjusted EBIT rose to MEUR 5.2 (3.5), corresponding to a margin of 7.5% (5.9)
- Part of the Puls business unit was divested on 1 August 2017 and reported under divested operations
- Handicare was listed on Nasdaq Stockholm on 10 October 2017 following a new share issue. As a result of the IPO and the refinancing the net debt/LTM EBITDA decreased to 3.2x.

January – September

- Revenue rose 23.8% to MEUR 213.9 (172.8)
- Organic growth was 6.3%
- The gross margin increased to 42.8% (41.0)
- Adjusted EBITA increased to MEUR 20.0 (12.6), corresponding to a margin of 9.4% (7.3)
- Adjusted EBIT rose to MEUR 16.4 (10.3), corresponding to a margin of 7.7% (6.0)
- Part of the Puls business unit was divested on 1 August 2017 and reported under divested operations

Group in Summary	July - September			January - September			LTM	FY
MEUR	2017	2016	Δ%	2017	2016	Δ%	2016/2017	2016
Revenue	69.2	58.7	17.9 %	213.9	172.8	23.8 %	285.8	244.7
Gross profit*	29.4	24.1	22.1 %	91.5	70.8	29.2 %	120.5	99.8
Gross margin*,%	42.4 %	41.0 %	-	42.8 %	41.0 %	-	42.2 %	40.8 %
Adjusted EBITA*	6.3	4.5	39.1 %	20.0	12.6	58.8 %	24.6	17.2
Adjusted EBITA margin*,%	9.1 %	7.7 %	-	9.4 %	7.3 %	-	8.6 %	7.0 %
Operating profit/loss (EBIT)	0.3	-1.7	n/a	9.6	1.4	610.1 %	3.9	-4.4
Operating margin, (EBIT margin),%	0.5 %	-2.8 %	-	4.5 %	0.8 %	-	1.4 %	-1.8 %
Adjusted operating profit/loss (adjusted EBIT)*	5.2	3.5	50.5 %	16.4	10.3	59.4 %	19.9	13.8
Adjusted operating margin (adjusted EBIT margin)*,%	7.5 %	5.9 %	-	7.7 %	6.0 %	-	7.0 %	5.6 %
Net profit/loss	-6.2	-5.4	n/a	-3.6	-12.1	n/a	-10.8	-19.3
Earnings per share (EUR) before and after dilution	-120.2	-102.7	n/a	-70.4	-229.6	n/a	-218.0	-377.2
Number of shares end of period	50 002	50 002		50 002	50 002		50 002	50 002
Average number of shares	50 002	50 002		50 002	50 002		50 002	50 002
Adjusted operating Cash Flow	2.8	-3.4	n/a	7.6	2.6	190.0%	20.1	15.1

** Alternative performance measure, refer to page 20 to 23 for definitions and calculations*

Part of the Puls business area (BD operations) was divested on 1 August 2017 and, therefore, these operations were reported under divested operations for 2016 and 2017; refer to Note 4, p 16.

Handicare manages its operations under three business areas, corresponding to the Group's segments under IFRS: Accessibility, Patient Handling and Puls.

CEO’s comments

Handicare posted continued strong organic growth and margin improvements. Part of the operations of Puls were divested as a step toward increased focus on the core operations: Accessibility and Patient Handling. The Handicare share was listed on Nasdaq Stockholm on 10 October.

Continued strong organic growth and margin improvements

In the first nine months of 2017, our revenue grew organically by 6.3%. We have strengthened our positions through organic growth in Europe and North America. Our assessment is that we have captured market shares. Economies of scale have resulted in increased profitability and the adjusted EBITA margin rose to 9.4% (7.3). Growth was attributable to both external and internal factors. A number of macro factors are beneficial for our operations, such as an expanding elderly population, an increasing tendency for the elderly and ill to stay at home for as long as possible, and a greater focus on efficiency in hospitals and healthcare facilities. Together, these factors drive underlying market growth.

Commercial Excellence – internal growth initiative

In spring 2016, we launched a new strategy based on growth through Commercial Excellence and acquisitions. The Commercial Excellence initiative is based on three areas: a more effective commercial strategy, strategic sales initiatives and geographic expansion by measures including expansion of the retailer network and the implementation of a new distribution strategy in the US.

The new function-based organisation means we can extract greater synergies from the product segments than we could previously. We can see this clearly in the sales organisation as well as in the support functions. The acquisition of Prism Medical in 2016 gained us access to their well-established distribution network for Patient Handling products. We are now using this network as a foundation for our ongoing development of our distribution strategy in North America through which we will sell Patient Handling and Accessibility products. We have already noted considerable and expanding interest in our stairlifts in the US. In the third quarter, stairlift sales posted a year-on-year increase of 19%.

Our internal Xcel programme, which aims to increase professionalism in our sales organisation, is now entering its next phase; the first phase with a focus on sales structure has been implemented and the focus is now on sales techniques. Overall, I am convinced that our internal initiatives have helped us capture market shares and strengthened our positions. I look forward with great confidence toward seeing further results from these initiatives.

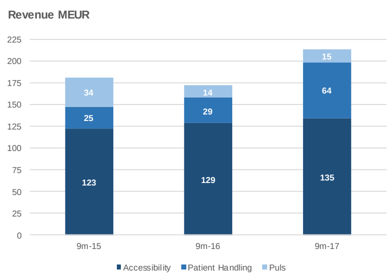
Stock exchange listing — a mark of quality

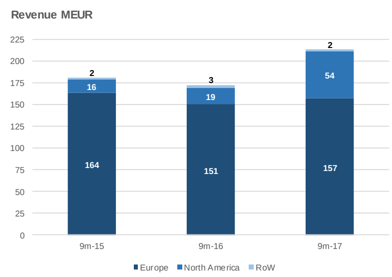
The Handicare share was listed on Nasdaq Stockholm after the end of the quarter. The general public and institutional investors showed high interest during the listing process and I am delighted to welcome all of our new shareholders.

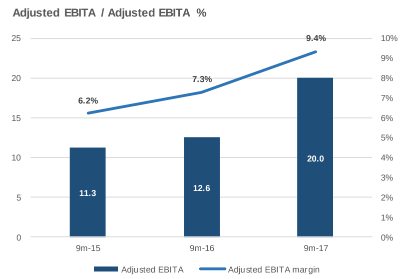
The macro trends favour us and it is pleasing that the investments we have made in terms of focusing operations together with an efficient production structure and the internal initiatives have resulted in growth and improved margins. Handicare is well-positioned for continued profitable growth and the stock exchange listing has raised our profile as well as further strengthened our credibility.

Asbjørn Eskild
President and CEO

Group performance







** Revenue from BD operations was included for the January to September 2015 period and excluded for the January to September periods in 2016 and 2017.*

Group	July - September			January - September			FY
MEUR	2017	2016	Δ%	2017	2016	Δ%	2016
Revenue	69.2	58.7	17.9 %	213.9	172.8	23.8 %	244.7
Acquisitions / divestments	-7.7	-	-	-34.5	-	-	-
Revenue excl. acquisitions / divestments	**61.5**	**58.7**	**4.7 %**	**179.4**	**172.8**	**3.8 %**	**244.7**
Currency effects		-1.3	-		-4.0	-	-6.0
Revenue excl acquisitions/divestments and EF*	**61.5**	**57.4**	**7.1 %**	**179.4**	**168.8**	**6.3 %**	**238.7**

**EF = adjusted for exchange rates effects (only translation, not transaction effects)*

Group	July - September			January - September			FY
MEUR	2017	2016	Δ%	2017	2016	Δ%	2016
Revenue	69.2	58.7	17.9 %	213.9	172.8	23.8 %	244.7
Cost of goods sold	-39.9	-34.7	n/a	-122.5	-102.0	n/a	-144.8
Gross profit*	**29.4**	**24.1**	**22.1 %**	**91.5**	**70.8**	**29.2 %**	**99.8**
Operating costs	-22.2	-18.9	n/a	-68.9	-55.8	n/a	-79.2
Adjusted EBITDA*	**7.2**	**5.1**	**39.3 %**	**22.6**	**14.9**	**51.3 %**	**20.7**
Depreciation of tangible fixed assets	-0.8	-0.6	n/a	-2.6	-2.3	n/a	-3.5
Adjusted EBITA*	**6.3**	**4.5**	**39.1 %**	**20.0**	**12.6**	**58.8 %**	**17.2**
Other specified items	-4.9	-5.1	n/a	-6.8	-8.9	n/a	-18.2
EBITA	**1.5**	**-0.6**	**n/a**	**13.2**	**3.7**	**261.1 %**	**-1.0**
Key figures, %							
Gross margin*	42.4 %	41.0 %		42.8 %	41.0 %		40.8 %
Adjusted EBITDA margin*	10.3 %	8.7 %		10.6 %	8.6 %		8.4 %
Adjusted EBITA margin*	9.1 %	7.7 %		9.4 %	7.3 %		7.0 %
EBITA margin	2.1 %	-1.0 %		6.2 %	2.1 %		-0.4 %

** Alternative performance measure, refer to page 20 to 23 for definitions and calculations*
BD business is presentated as divested operations in this report

July – September 2017
Revenue and earnings

Third-quarter revenue rose 17.9% to MEUR 69.2 (58.7). The increase was largely attributable to Prism Medical Ltd (Prism Medical), which was acquired in the third quarter of 2016 (consolidated from 1 September 2016) that is recognised under Patient Handling (North America). The acquisition accounted for MEUR 7.7 of revenue growth. The divestment of BD operations (a business in Puls that acted as a distributor of medical equipment supplied by Becton Dickinson) was completed during the quarter. The operations are recognised under divested operations. For more information, refer to Note 4. Revenue rose 7.1% organically, driven by Accessibility and Patient Handling, which reported organic growth of 9.8% and 4.1%, respectively.

EBITA improved to MEUR 1.5 (neg: 0.6). Other nonrecurring items amounted to an expense of MEUR 4.9 (expense: 5.1), of which an expense of MEUR 4.5 pertained to listing costs and the outsourcing of IT. Adjusted EBITA improved to MEUR 6.3 (4.5). The adjusted EBITA margin increased to 9.1% (7.7), mainly driven by an improved gross margin. The gross margin increased to 42.4% (41.0) due to the acquisition of Prism Medical and a more favourable sales mix resulting from a lower share of sales from Puls. The currency effect on adjusted EBITA totalled MEUR 0.0 compared with the corresponding quarter in 2016.

Net financial items declined to an expense of MEUR 4.7 (expense: 2.9), mainly due to negative exchange-rate effects. The loss before tax was MEUR 4.3 (loss: 4.6).

The tax expense for the period was MEUR 2.4 (expense: 1.0). The increase in tax was due to changes in deferred tax assets related to the sale of the Puls business area's BD operations.

The net loss for the period from continuing operations was MEUR 6.8 (loss: 5.6). The loss for the period totalled MEUR 6.2 (loss: 5.4), corresponding to negative earnings per share of EUR 120.2 (loss: 102.7) before and after dilution.

January – September 2017
Revenue and earnings

Revenue for the interim period rose 23.8% to MEUR 213.9 (172.8). The increase was largely attributable to Patient Handling and primarily Prism Medical, which was acquired in 2016. The acquisition accounted for MEUR 34.5 of revenue growth. The divestment of BD operations (a business in Puls that acted as the distributor of medical equipment supplied by Becton Dickinson) was completed during the period; refer to Note 4. Revenue rose 6.3% organically, driven by Accessibility and Patient Handling, which reported organic growth of 7.8% and 3.8%, respectively.

EBITA amounted to MEUR 13.2 (3.7). Other nonrecurring items amounted to an expense of MEUR 6.8 (expense: 8.9) and were mainly attributable to the stock exchange listing, outsourcing of IT and termination costs related to the reorganisation carried out in March 2017. Adjusted EBITA improved to MEUR 20.0 (12.6). The adjusted EBITA margin rose to 9.4% (7.3). The margin improvement was largely attributable to a higher gross margin as well as lower operating expenses relative to revenue. The gross margin increased to 42.8% (41.0), mainly attributable to the acquisition of Prism Medical. The currency effect on adjusted EBITA amounted to a negative MEUR 0.3 compared with the corresponding quarter in 2016.

Net financial items were essentially unchanged and amounted to an expense of MEUR 12.4 (expense: 12.5). The loss before tax was MEUR 2.8 (loss: 11.1).

The tax expense for the period was MEUR 2.1 (expense: 1.9). The increase in tax was due to changes in deferred tax assets related to the sale of the Puls business area's BD operations.

The net loss for the period from continuing operations was MEUR 4.9 (loss: 13.1). Net loss for the period totalled MEUR 3.6 (loss: 12.1), corresponding to a loss per share of EUR 70.4 (loss: 230) before and after dilution.

Cash flow and financial position

During the quarter, cash inflows from operating activities were MEUR 2.2 (outflow: 7.7). Cash flow was adversely impacted by other nonrecurring items of MEUR 1.5.

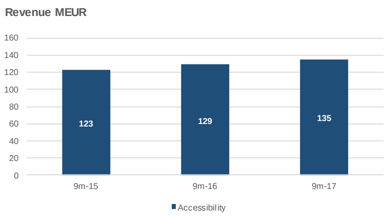
Net investments entailed a cash outflow of MEUR 1.2 (outflow: 50.0), of which an outflow of MEUR 0.3 (outflow: 47.9) pertained to divestments/acquisitions. Investments in new business systems amounted to an expense of MEUR 0.4.

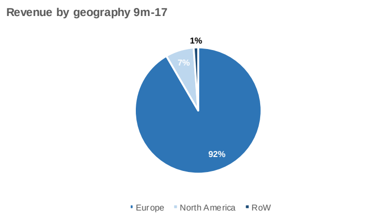
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 5.5 (6.2). At the end of the period, interest-bearing net debt was MEUR 181.3 (194.0), of which shareholder loans accounted for MEUR 69.1 (77.0). The decrease in net debt was attributable to the sale of the BD operations as well as contractual loan repayments.

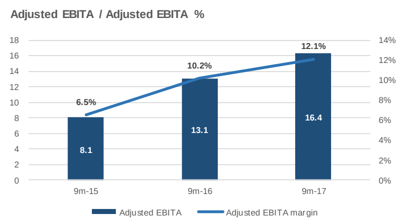
For the interim period, cash inflows from operating activities were MEUR 8.5 (outflow: 3.3). Cash flow was adversely impacted by other nonrecurring items of MEUR 4.1. Net investments entailed a cash outflow of MEUR 4.7 (outflow: 54.4), of which an outflow of MEUR 0.3 (outflow: 49.0) pertained to divestments/acquisitions. Investments in new business systems amounted to an expense of MEUR 1.3.

Accessibility

In Accessibility, Handicare offers curved and straight stairlifts primarily for the home setting with a complementary offering of vehicle conversion products.







Accessibility MEUR	July - September 2017	 2016	 Δ%	January - September 2017	 2016	 Δ%	FY 2016
Revenue	45.4	42.3	7.3 %	135.2	129.0	4.8 %	174.2
Acquisitions / divestments	-	-		-	-		-
Revenue excl. acquisitions / divestments	**45.4**	**42.3**	**7.3 %**	**135.2**	**129.0**	**4.8 %**	**174.2**
Currency effects		-1.0			-3.5		-4.5
Revenue excl acquisitions/divestments and EF*	**45.4**	**41.3**	**9.8 %**	**135.2**	**125.5**	**7.8 %**	**169.7**

**EF = adjusted for exchange rates effects (only translation, not transaction effects)*

Accessibility MEUR	July - September 2017	 2016	 Δ%	January - September 2017	 2016	 Δ%	FY 2016
Revenue	45.4	42.3	7.3 %	135.2	129.0	4.8 %	174.2
Operating costs	-39.3	-37.7	n/a	-117.2	-114.1	n/a	-153.4
Adjusted EBITDA*	**6.1**	**4.6**	**31.6 %**	**18.0**	**15.0**	**20.5 %**	**20.8**
Depreciation of tangible fixed assets	-0.5	-0.4	n/a	-1.6	-1.8	n/a	-2.4
Adjusted EBITA*	**5.6**	**4.3**	**30.4 %**	**16.4**	**13.1**	**24.7 %**	**18.4**
Other specified items	-0.0	-0.3	n/a	-0.6	-1.6	n/a	-6.7
EBITA	**5.6**	**3.9**	**41.4 %**	**15.8**	**11.5**	**36.7 %**	**11.7**
Key figures, %							
Adjusted EBITDA margin*	13.4 %	10.9 %		13.3 %	11.6 %		11.9 %
Adjusted EBITA margin*	12.2 %	10.1 %		12.1 %	10.2 %		10.6 %
EBITA margin	12.2 %	9.3 %		11.7 %	9.0 %		6.7 %

** Alternative performance measure, refer to page 20 to 23 for definitions and calculations*

July – September 2017

Third-quarter revenue rose 7.3% to MEUR 45.4 (42.3). The currency effect was a negative MEUR 1.0. Organic growth was 9.8%. The business area reported positive growth in both Europe and North America.

EBITA increased to MEUR 5.6 (3.9). Other nonrecurring items amounted to MEUR 0.0 (loss: 0.3). Adjusted EBITA increased to MEUR 5.6 (4.3). The adjusted EBITA margin rose to 12.2% (10.1) due to lower operating expenses relative to revenue. The gross margin declined marginally.

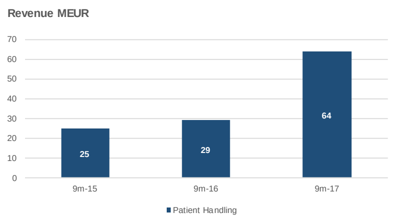
January – September 2017

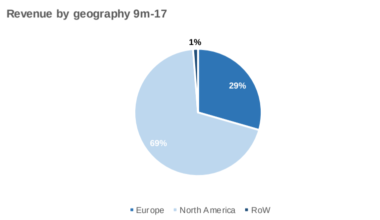
Revenue for the interim period rose 4.8% to MEUR 135.2 (129.0). The currency effect was a negative MEUR 3.5. Organic growth was 7.8%. The business area reported positive growth in both Europe and North America.

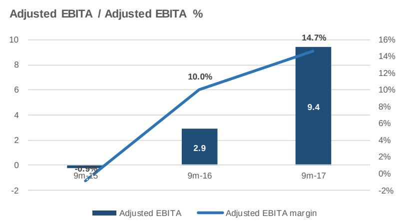
EBITA increased to MEUR 15.8 (11.5). Other nonrecurring items amounted to a loss of MEUR 0.6 (loss: 1.6) and pertained to termination costs. Adjusted EBITA increased to MEUR 16.4 (13.1). The adjusted EBITA margin rose to 12.1% (10.2) due to lower operating expenses relative to revenue. The gross margin declined marginally.

Patient Handling

In Patient Handling, Handicare offers a broad product offering for patient transfer and lifting products, primarily for the hospital setting.







Patient handling	July - September			January - September			FY
MEUR	2017	2016	Δ%	2017	2016	Δ%	2016
Revenue	19.4	11.5	68.3 %	64.1	29.1	120.4 %	50.5
Acquisitions / divestments	-7.7	-	-	-34.5	-	-	-
Revenue excl. acquisitions / divestments	**11.7**	**11.5**	**1.3 %**	**29.6**	**29.1**	**1.6 %**	**50.5**
Currency effects		-0.3			-0.6		-1.5
Revenue excl acquisitions/divestments and EF*	**11.7**	**11.2**	**4.1 %**	**29.6**	**28.5**	**3.8 %**	**49.0**

**EF = adjusted for exchange rates effects (only translation, not transaction effects)*

Patient handling	July - September			January - September			FY
MEUR	2017	2016	Δ%	2017	2016	Δ%	2016
Revenue	19.4	11.5	68.3 %	64.1	29.1	120.4 %	50.5
Operating cost	-16.1	-9.9	n/a	-53.8	-25.7	n/a	-45.6
Adjusted EBITDA*	**3.3**	**1.7**	**101.1 %**	**10.3**	**3.4**	**202.2 %**	**5.0**
Depreciation of tangible fixed assets	-0.3	-0.2	n/a	-0.9	-0.5	n/a	-1.0
Adjusted EBITA*	**3.0**	**1.4**	**110.8 %**	**9.4**	**2.9**	**222.4 %**	**4.0**
Other specified items	-0.1	-4.2	n/a	-0.4	-5.0	n/a	-7.8
EBITA	**2.9**	**-2.7**	**n/a**	**9.0**	**-2.1**	**n/a**	**-3.8**
Key figures %							
Adjusted EBITDA margin*	17.1 %	14.3 %		16.1 %	11.8 %		9.8 %
Adjusted EBITA margin*	15.6 %	12.4 %		14.7 %	10.0 %		7.8 %
EBITA margin	14.9 %	-23.5 %		14.0 %	-7.3 %		-7.6 %

** Alternative performance measure, refer to page 20 to 23 for definitions and calculations*

July – September 2017

Third-quarter revenue rose 68.3% to MEUR 19.4 (11.5). Prism Medical, which was acquired in the third quarter of 2016, contributed MEUR 7.7, while the currency effect was a negative MEUR 0.3. Organic growth was 4.1% and was driven by Europe.

EBITA increased to MEUR 2.9 (neg: 2.7). Other nonrecurring items amounted to a loss of MEUR 0.1 (loss: 4.2). Adjusted EBITA increased to MEUR 3.0 (1.4), of which Prism Medical accounted for MEUR 1.0. The adjusted EBITA margin rose to 15.6% (12.4), due to an improved gross margin. The gross margin increased, since Prism Medical has a higher gross margin than the original Patient Handling business. Realised synergies amounted to approximately MEUR 1.0, as planned.

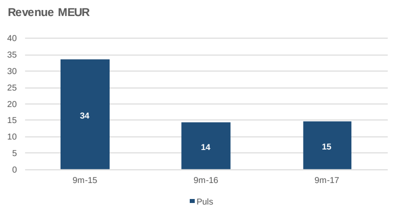
January – September 2017

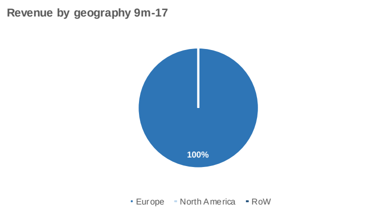
Revenue for the interim period rose 120.4% to MEUR 64.1 (29.1). The acquisition of Prism Medical contributed MEUR 34.5, while the currency effect was a negative MEUR 0.6. Organic growth was 3.8%. Organic growth was driven by Europe, while revenue in North America (excluding acquisitions) remained essentially unchanged.

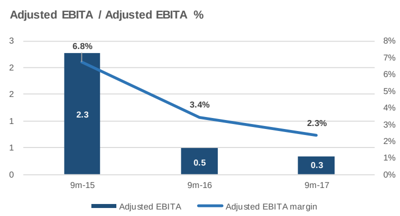
EBITA increased to MEUR 9.0 (neg: 2.1). Other nonrecurring items amounted to a loss of MEUR 0.4 (loss: 5.0). Adjusted EBITA increased to MEUR 9.4 (2.9), of which Prism Medical accounted for MEUR 5.0. The adjusted EBITA margin rose to 14.7% (10.0), due to an improved gross margin. Realised synergies amounted to approximately MEUR 2.2, as planned.

Puls

In Puls, Handicare distributes medical devices and consumables in Norway and Denmark.







** Revenue from BD operations was included for the January to September 2015 period and excluded for the January to September periods in 2016 and 2017.*

Puls	July - September			January - March			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	4.4	4.8	-7.3 %	14.6	14.4	1.2 %	19.7
Acquisitions / divestments	-	-	-	-	-	-	-
Revenue excl. acquisitions / divestments	**4.4**	**4.8**	**-7.3 %**	**14.6**	**14.4**	**1.2 %**	**19.7**
Currency effects		-0.0			0.2		0.0
Revenue excl acquisitions/divestments and EF*	**4.4**	**4.7**	**-6.6 %**	**14.6**	**14.6**	**-0.1 %**	**19.8**

**EF = adjusted for exchange rates effects (only translation, not transaction effects)*

Puls	July - September			January - September			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	4.4	4.8	-7.3 %	14.6	14.4	1.2 %	19.7
Operating cost	-4.7	-4.6	n/a	-14.2	-13.9	n/a	-18.9
Adjusted EBITDA*	**-0.3**	**0.2**	**n/a**	**0.3**	**0.5**	**-31.6 %**	**0.8**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.0	-0.0	n/a	-0.0
Adjusted EBITA*	**-0.3**	**0.2**	**n/a**	**0.3**	**0.5**	**-31.2 %**	**0.8**
Other specified items	-	-0.0	0.0 %	-	-0.1	0.0 %	-0.3
EBITA	**-0.3**	**0.2**	**n/a**	**0.3**	**0.4**	**-16.2 %**	**0.5**
Key figures %							
Adjusted EBITDA margin*	-5.9 %	4.1 %		2.4 %	3.5 %		4.2 %
Adjusted EBITA margin*	-5.9 %	4.0 %		2.3 %	3.4 %		4.2 %
EBITA margin	-5.9 %	3.6 %		2.3 %	2.8 %		2.4 %

** Alternative performance measure, refer to page 20 to 23 for definitions and calculations*

July – September 2017

Third-quarter revenue declined 7.3% to MEUR 4.4 (4.8). The BD operations were divested to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, a shareholder of Handicare Group AB) on 1 August 2017. The BD operations were recognised under divested operations for the 2016 financial year and for the interim periods in 2016 and 2017. The currency effect was MEUR 0.0. Revenue decreased organically by 6.6%. The decline in revenue was mainly related to project sales.

EBITA decreased to negative MEUR 0.3 (positive: 0.2). Other nonrecurring items amounted to MEUR 0.0 (0.0). Adjusted EBITA decreased to negative MEUR 0.3 (positive: 0.2). The adjusted EBITA margin decreased to negative 5.9% (positive: 4.0), due to a lower gross margin and a decline in revenue. The gross margin was negatively impacted by the product mix and an inventory adjustment (MEUR 0.2), which was made in conjunction with the divestment of the BD operations.

January – September 2017

Revenue for the interim period rose 1.2% to MEUR 14.6 (14.4). The currency effect was a positive MEUR 0.2. Organic revenue remained essentially unchanged.

EBITA decreased to MEUR 0.3 (0.4). Other nonrecurring items amounted to MEUR 0.0 (loss: 0.1). Adjusted EBITA totalled MEUR 0.3 (0.5). The adjusted EBITA margin decreased to 2.3% (3.4), due to a lower gross margin and an increase in operating expenses.

Annual General Meeting

The 2017 Annual General Meeting will be held in Stockholm on 8 May 2018.

Employees

At the end of the period, the number of employees was 1,146 (1,174). The acquisition of Prism Medical added 212 new employees, and the divestment of the BD operations reduced the number of employees by 24. The average number of employees was 1,182 (1,014) for the quarter, and 1,181 (959) for the interim period.

Parent Company

In the third quarter of 2017, revenue for the Parent Company, Handicare Group AB, amounted MEUR 2.0 (0.7), of which MEUR 2.0 (0.7) was attributable to sales to Group companies, and MEUR 0.0 (0.0) to sales to external customers. The loss before tax was MEUR a negative 3.6 (loss: 0.8). Loss for the period amounted to a negative MEUR 3.6 (loss: 0.8)

For the interim period, Parent Company revenue amounted to MEUR 5.9 (2.2), of which 5.9 (2.2) was attributable to sales to Group companies and MEUR 0.0 (0.0) to sales to external customers. The loss before tax was MEUR 2.5 (loss: 1.3). The loss for the period was MEUR 2.5 (Loss: 1.3).

Seasonal variations

The Group's revenue is subject to limited impact from seasonal variations. Normally, revenue generation is relatively evenly distributed between the first and second half of the year.

Related-party transactions

On 1 August 2017, Handicare AS, a subsidiary of the Handicare Group AB, entered into a share transfer agreement regarding the divestment of BD operations (which was part of Puls and acted as a distributor of medical equipment supplied by Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, a shareholder of Handicare Group AB). The purchase consideration for the BD operations was MEUR 11.4, which corresponded to a reasonable market valuation of the operations and was settled through a reduction in the shareholder loan outstanding from Cidron Liberty Systems Limited to Handicare AS with a corresponding amount.

Risks and uncertainties

Handicare is a global Group represented in some 20 countries and, as such, is exposed to a number of business and financial risks. Risk management is therefore an important process for Handicare in order to achieve its set goals. Effective risk management is a natural part of the ongoing monitoring and forward-looking assessment of the Group's operations. Handicare's long-term risk exposure is not expected to deviate from the natural exposure associated with Handicare's ongoing business activities. For a more in-depth risk analysis, refer to Handicare's 2016 Annual Report and the prospectus published on 27 September 2017.

Disputes

Handicare Stairlifts B.V. is currently involved in a legal process with one of the Group's suppliers, Eriks B.V., with regard to a product recall concerning the accumulator supplied by Eriks B.V. to Handicare. An arbitration process regarding the product recall is expected to start in the fourth quarter of 2017. Handicare estimates that the total costs attributable to the product recall will amount to MEUR 1.5–3.5. Handicare has incurred costs of MEUR 0.3 during the 2016 financial year and has made a provision of MEUR 2.4 for this product recall.

Events after the reporting period

Stock exchange listing

Handicare Group AB (Handicare) was listed on Nasdaq Stockholm on 10 October 2017. The price per share was SEK 50, which corresponds to a total value upon completion of the IPO of MSEK 2,947 (around MEUR 309). The IPO comprised 17,092,310 shares, of which 11,439,000 new shares were issued by the company. The remaining 5,653,310 shares was offered by Cidron Liberty Systems S.à.r.l. The IPO of new shares raised net funds of approximately MSEK 550 (MEUR 57.7) for Handicare.

Following full exercise of the over-allotment option, the value of the IPO amounted to approximately MSEK 983 (MEUR 103), corresponding to approximately 33.4% of the total number of shares outstanding in Handicare upon completion of the offering. Immediately after the completion of the IPO, Handicare's largest shareholders were as follows: Nordic Capital Fund VII (62.9% of the issued share capital in Handicare), the Fourth Swedish National Pension Fund (5.09%), Danica Pension (4.19%) and Holta Life Sciences AS (3.39%).

The Board members and members of the Group management who owned shares at the time of the underwriting agreement, 9 October 2017, have undertaken not to sell their holdings during a lock-up period of 360 days as of the date of the underwriting agreement.

As a result of one new share issue, one bonus issue and two share issues in-kind completed by Handicare in conjunction with the listing, the number of shares and voting rights in the company has increased since the first day of trading on Nasdaq Stockholm. At 31 October 2017, the total number of shares and voting rights in Handicare amounted to 58,939,000.

Share capital

A split, a bonus issue, two share issues in-kind and a new share issue were completed ahead of and in conjunction with the listing of Handicare's shares on Nasdaq Stockholm.

The Extraordinary General Meeting (EGM) held on 26 September resolved to carry out a share split, which increased the number of shares by 38,254,198.

Moreover, the EGM held on 9 October resolved on the following actions with the aim of completing the stock exchange listing.

1. A bonus issue regarding the issue of a total of 168,646 new shares to Cidron Liberty Systems S.à.r.l.
2. A share issue in-kind of 2,345,686 shares with the aim of transferring the Group management's shareholdings from Handicare Group AS to Handicare Group AB.
3. A share issue in-kind of new shares to Cidron Liberty Systems S.à.r.l. and other holders of shareholder loans in the company's subsidiary Handicare Group AS, whereby Handicare took over these receivables from its subsidiary. The total value of the shareholder loans including accrued interest payments was MEUR 70.3. A total of 6,681,468 shares were issued as part of the share issue in-kind.

In addition to the above, the Board decided on 9 October 2017, in accordance with its authorisation from the AGM, to conduct a private placement deviating from the shareholders' preferential rights. The number of new shares issued totalled 11,439,000.

Incentive programme

At the EGM held on 9 October 2017, a resolution was taken to issue warrants as part of an incentive programme for certain members of the Group management (the "participants"). In total, the incentive programme comprises five people and not more than 556,416 warrants. The shares were issued at the price in the IPO, SEK 50. The maximum number of warrants that may be subscribed for by the participants by exercise of the warrants will amount to 556,416 shares, corresponding to approximately 0.94% of the Handicare's share capital following completion of the listing.

The warrants will be issued in two separate series. Each participant subscribes for an equal number of warrants of both series. This number of warrants per participant and series depends on the participant's position within the Group and the number of shares held by the participant at the time of the programme starts.

Series 2017/2019 comprises up to 278,208 warrants that may be exercised during the following subscription period; 10 October 2019 – 10 January 2020, with the exception of the thirty-day period preceding (a) the day of the announcement of Handicare's interim report for the third quarter of 2019 and (b) the day of the announcement of Handicare's interim report for the fourth quarter of 2019. The exercise price for Series 2017/2019 corresponds to 118.91% of the price in the IPO.

Series 2017/2020 comprises up to 278,208 warrants that may be exercised during the following subscription period; 10 October 2020 – 10 January 2021, with the exception of the thirty-day period preceding (a) the day of the announcement of Handicare's interim report for the third quarter of 2020 and (b) the day of the announcement of Handicare's interim report for the fourth quarter of 2020. The exercise price for Series 2017/2020 corresponds to 128.42% of the price in the IPO.

Handicare has reserved the right to repurchase warrants for example if the participant's employment with the company is terminated. Handicare's total costs for the programme during its term are expected to be limited and mainly relating to social security contributions for participants in jurisdictions where participation in the incentive programme is taxed as earned income. (for more information; refer to https://handicaregroup.com/sv/bolagsstyrning/incitamentsprogram//)

Refinancing and capital structure

Handicare conducted a refinancing programme in conjunction with the stock exchange listing. A summary of the effects of the stock exchange listing and refinancing programme on Handicare's interest-bearing net debt follows:

- The vendor note to Sunrise Medical GmbH was sold to Cidron Liberty Systems S.à.r.l.. The purchase consideration was settled through a corresponding write down of Cidron Liberty Systems S.à.r.l.'s shareholder loan.
- The remainder of the shareholder loan was converted into common shares in Handicare Group AB.
- The refinancing programme entailed taking out a new MEUR 100 five-year loan.
- The existing loans (interest-bearing liabilities) were settled using funds from the new loan and some of the net proceeds from the new share issue held in conjunction with the IPO.

The hypothetical net debt position as if the stock exchange listing and refinancing had taken place on 30 September 2017 is shown below. Note that the costs for the stock exchange listing are not yet fully paid and costs related to the refinancing have not been included in full. Refer to Note 5 for more information. At current interest rates, the annual interest expense amounts to MEUR 2.5.

Group	30 September 2017		
MEUR	Reported	Adjustments	Adjusted
Shareholder loans	69.1	-69.1	-
Interest-bearing long-term loans	139.9	-39.9	100.0
Interest-bearing current loans	11.0	-11.0	-
Other interest-bearing debt	2.0	-	2.0
Deduct: Vendor loan note	-35.2	35.2	-
Deduct: cash and cash equivalents	-5.5	-5.8	-11.3
Interest-bearing net debt	**181.3**	**-90.6**	**90.7**

If the refinancing would have been carried out during the interim period Net debt/LTM Adjusted EBITDA would have been 3.2 times.

Condensed consolidated income statement

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Revenue	69.2	58.7	213.9	172.8	244.7
Cost of material	-32.1	-28.1	-98.9	-83.5	-118.9
Employee benefits expenses	-17.7	-15.4	-55.3	-44.6	-61.4
Other operating cost	-12.3	-10.1	-37.1	-29.8	-43.6
Depreciation and amortization	-2.0	-1.7	-6.2	-4.6	-6.9
Other specified items	-4.9	-5.1	-6.8	-8.9	-18.2
Operating profit/loss (EBIT)	**0.3**	**-1.7**	**9.6**	**1.4**	**-4.4**
Financial income	3.2	1.7	10.4	4.6	57.2
Financial expense	-7.8	-4.6	-22.8	-17.0	-73.3
Profit/loss before tax	**-4.3**	**-4.6**	**-2.8**	**-11.1**	**-20.5**
Tax	-2.4	-1.0	-2.1	-1.9	0.4
Profit/loss after tax from continuing operations	**-6.8**	**-5.6**	**-4.9**	**-13.1**	**-20.1**
Profit from discontinued operations	0.6	0.2	1.3	1.0	0.8
Net profit/loss for the period	**-6.2**	**-5.4**	**-3.6**	**-12.1**	**-19.3**
Profit/loss after tax from continuing operations					
Attributable to ordinary shareholders of the parent	-6.6	-5.3	-4.6	-12.9	-19.7
Attributable to non-controlling interest	-0.2	-0.3	-0.3	-0.1	-0.4
Profit from discontinued operations					
Attributable to ordinary shareholders of the parent	0.6	0.2	1.2	0.9	0.8
Attributable to non-controlling interest	0.0	0.0	0.1	0.0	0.0
Earnings per share (EUR) before and after dilution	-120.2	-102.7	-70.4	-229.6	-377.2

Condensed consolidated statement of comprehensive income

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Net profit/loss	-6.2	-5.4	-3.6	-12.1	-19.3
Gains/losses pertaining to defined benefit pension plans	-	-	-	0.0	-0.1
Translation differences	-2.0	-3.7	0.4	-8.0	-6.2
Cash-flow hedges	0.5	2.2	-1.0	2.2	1.9
Income tax attributable to components in other comprehensive income	-0.1	-0.2	0.2	-0.4	-0.2
Total comprehensive income/loss for the period	**-7.8**	**-7.1**	**-3.9**	**-18.3**	**-23.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	-7.3	-6.8	-3.7	-17.3	-23.7
Comprehensive income/loss attributable to non-controlling interests	-0.4	-0.4	-0.2	-1.0	-0.2

Condensed consolidated balance sheet

Group MEUR	30 Sep 2 017	30 Sep 2 016	31 Dec 2 016
Intangible assets	51.1	52.7	54.1
Goodwill	165.3	174.4	177.5
Deferred tax assets	6.0	7.6	8.4
Tangible fixed assets	11.3	10.9	12.6
Financial receivables	35.5	34.2	33.7
Total non-current assets	**269.1**	**279.8**	**286.3**
Inventory	36.1	38.0	36.5
Accounts receivables	42.2	42.6	44.3
Current tax assets	1.7	1.7	1.7
Other receivables	4.8	8.5	3.4
Cash and cash equivalents	5.5	6.2	6.7
Total current assets	**90.4**	**96.8**	**92.7**
Total assets	**359.5**	**376.6**	**379.0**
Shareholders´equity attributable to partent shareholders	**70.4**	**79.3**	**73.9**
Non controlling interest	3.6	3.3	4.0
Total equity	**74.0**	**82.6**	**77.9**
Provisions for pensions	0.6	1.1	0.8
Deferred tax liabilities	10.9	12.4	11.3
Advance payments	2.2	2.4	2.4
Interest-bearing loans	206.3	217.7	218.3
Other liabilities	2.5	2.3	3.2
Total long-term liabilities	**222.5**	**236.0**	**236.0**
Interest-bearing loans	10.9	8.4	8.2
Accounts payable	25.2	23.8	29.6
Other liabilities	2.6	1.2	0.8
Accrued expenses and deferred income	24.3	24.7	26.5
Total current liabilities	**63.0**	**58.1**	**65.0**
Total shareholders equity and liabilities	**359.5**	**376.6**	**379.0**

Condensed consolidated cash-flow statement

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Profit/loss before tax	-3.7	-4.3	-1.2	-9.7	-19.3
Depreciation and amortization	2.0	1.7	6.2	4.7	7.0
Capital gain/losses	-	-	-	-	0.1
Interest paid	4.2	3.5	13.2	10.8	15.9
Other financial items	-0.8	-1.0	-2.1	-2.4	-3.0
Other non-cash items	3.7	-0.5	3.2	1.7	0.1
Taxes paid	0.1	-0.6	-0.4	-1.6	-0.7
Cash flow before changes in working capital	**5.5**	**-1.2**	**19.0**	**3.6**	**0.0**
Inventory	-1.3	-2.5	-2.4	-0.8	1.2
Current receivables	-0.7	-5.3	0.3	-7.4	-8.5
Current liabilities	-1.6	-1.0	-3.7	-2.6	3.1
Other current receivables/liabilities	0.2	2.2	-4.8	4.0	9.8
Cash flow from operating activities	**2.2**	**-7.7**	**8.5**	**-3.3**	**5.7**
Acquired / divested operations	-0.3	-47.9	-0.3	-49.0	-49.4
Acquired / divested fixed assets/intangible assets	-1.0	-2.1	-4.4	-5.5	-11.1
Cash flow from investing activities	**-1.2**	**-50.0**	**-4.7**	**-54.4**	**-60.6**
Changes in interest-bearing loans	1.0	32.2	0.7	26.5	26.0
Interest, net	-2.4	-1.0	-6.0	-3.8	-6.8
Dividend paid/capital injection	-	23.2	-	23.2	24.1
Cash flow from financing activities	**-1.3**	**54.4**	**-5.3**	**45.9**	**43.4**
Cash flow for the period	**-0.4**	**-3.3**	**-1.5**	**-11.8**	**-11.5**
Cash and cash equivalents at the beginning of the period	6.2	9.9	6.7	18.9	18.9
Cash flow for the period	-0.4	-3.3	-1.5	-11.8	-11.5
Translation differences	-0.3	-0.4	0.3	-0.9	-0.7
Cash and cash equivalents at end of period	**5.5**	**6.2**	**5.5**	**6.2**	**6.7**

Condensed consolidated statement of changes in shareholders' equity

Group MEUR	Share capital	Other capital provided	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2016	**0.0**	**145.0**	**23.7**	**-94.7**	**74.0**	**3.7**	**77.7**
Capital injection from shareholders		23.2			23.2		23.2
Profit for the year				-12.0	-12.0	-0.1	-12.1
Other comprehensive income				-5.9	-5.9	-0.3	-6.2
Transaction with NCI owners							
Closing balance Sep 30, 2016	**0.0**	**168.2**	**23.7**	**-112.6**	**79.3**	**3.3**	**82.6**
Opening balance January 1, 2017	**0.0**	**168.2**	**19.4**	**-113.7**	**73.9**	**4.0**	**77.9**
Capital injection from shareholders							
Profit for the year				-3.4	-3.4	-0.2	-3.6
Other comprehensive income				-0.2	-0.2	-0.1	-0.3
Transaction with NCI owners							
Closing balance Sep 30, 2017	**0.0**	**168.2**	**19.4**	**-117.3**	**70.4**	**3.6**	**74.0**

Condensed Parent Company income statement

Parent Company	Juli-September		Januari-September		FY
MEUR	2017	2016	2017	2016	2016
Net sales/Other income	2.0	0.7	5.9	2.2	7.6
Cost of goods sold	-	-	-	-	0.0
Employee benefits expenses	-0.7	-0.6	-2.9	-1.7	-2.5
Other operating costs	-0.3	-0.2	-0.7	-1.0	-2.7
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0	0.0
Restructuring, acauitison and integration costs	-4.5	-0.3	-4.7	-0.4	-3.1
Operating profit/loss (EBIT)	**-3.5**	**-0.4**	**-2.4**	**-0.9**	**-0.7**
Financial income	0.2	0.7	0.4	1.4	1.8
Financial expenses	-0.3	-1.1	-0.5	-1.9	-2.7
Profit/loss before tax	**-3.6**	**-0.8**	**-2.5**	**-1.3**	**-1.7**
Appropriations					-3.2
Tax	-	-	-0.0	-	0.0
Net profit/loss for the period	**-3.6**	**-0.8**	**-2.5**	**-1.3**	**-4.9**
Total comprehensive income/loss for the period	**-3.6**	**-0.8**	**-2.5**	**-1.3**	**-4.9**

Condensed Parent Company balance sheet

Parent Company MEUR	30 Sep 2017	30 Sep 2016	31 Dec 2016
Intangible assets	-	-	-
Goodwill	-	-	-
Shares in Group companies	166.7	145.0	166.7
Deferred tax assets	-	-	-
Tangible fixed assets	0.0	0.0	0.0
Long-term receivables	-	-	-0.0
Total non-current assets	**166.7**	**145.0**	**166.7**
Receivables from Group companies	2.4	4.2	0.2
Accounts receivable	0.1	-	-
Current tax assets	-	-	-
Other receivables	0.1	24.2	0.2
Cash and cash equivalents	0.1	0.1	0.2
Total current assets	**2.6**	**28.5**	**0.6**
Total assets	**169.3**	**173.6**	**167.3**
Shareholders´equity	**150.5**	**156.5**	**153.0**
Other long-term liabilities	-	-	-
Total long-term liabilities	**-**	**-**	**-**
Liabilities from Group companies	13.5	15.9	12.9
Accounts payable	0.1	0.3	0.2
Other liabilities	-0.0	0.3	0.1
Accrued expenses and deferred income	5.2	0.7	1.1
Total current liabilities	**18.8**	**17.1**	**14.3**
Total shareholders´equity and liabilities	**169.3**	**173.6**	**167.3**

Notes

Note 1 – Accounting policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The application of the accounting policies is consistent with those contained in the 2016 Annual Report and are to be read together with said policies. In addition to the financial measures prepared in accordance with IFRS, Handicare presents non-IRFS financial measures, such as Gross profit, EBITA, EBITA before other nonrecurring items and Net debt. These alternative performance measures are considered key earnings and performance indicators for investors and other users of the interim report. The alterative performance measures are to be seen as a complement to, but not a replacement for, the financial information prepared in accordance with IFRS. Definitions and reconciliations of the alternative performance measures are presented on pages 21–23.

Handicare holds financial instruments in the form of loans, accounts payable, accounts receivable and cash and bank balances. During the year, the Group did not hold any interest-rate or currency derivatives. At 30 September 2017, the recognised value of all financial instruments on the balance sheet essentially corresponded to fair value.

The Group's operating segments are Accessibility, Patient Handling and Puls. The segments are consolidated according to the same principles as the Group as a whole, and Group-wide functions are reported separately.

Below is a list of new and amended standards and interpretations that have been issued and could affect Handicare. However, these have yet to enter force.

IFRS 9 Financial Instruments IFRS 9 Financial Instruments enters force for financial years starting 1 January 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement The standard has been approved by the EU. The Group has initiated evaluation of the effects of implementing the standard. A review has been conducted of the Group's material financial instruments, including accounts receivable, accounts payable and loans.

In terms of classification and measurement, these new rules are not expected to impact the recognised values in the financial statements. All of the above material items for the company are recognised at amortised cost and will continue to be recognised using this approach moving forward in line with IFRS 9.

The preliminary assessment regarding impairments is that the provision for expected future customer credit losses will change, however this has yet to be quantified. Given the high credit ratings of the Group's customers and the limited levels of historic customer credit losses, the assessment is that the impairment rules will have no material effect on the Group's financial position.

At present, hedge accounting is not applied and, accordingly, will not impact the Group's financial position. The Group is also analysing which additional information pursuant to IFRS 9 could be required to meet the disclosure requirements in IFRS 7, Financial instruments: Disclosure.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 imposes new requirements for revenue reporting and replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. The standard has been adopted by the EU.

IFRS 15 is effective for financial years starting on or after 1 January 2018. The Group intends to apply the standard retroactively and any effects arising from application of this standard will be recognised as an adjustment of shareholders' equity at the start of the 2017 comparative year.

In 2017, Handicare analysed the effects of IFRS 15 and the preliminary assessment of IFRS 15 is that the standard will have no material impact on the Group's financial position.

IFRS 15 will introduce new disclosure requirements and the Group has initiated efforts to identify the information needed to be gathered from the Group companies.

IFRS 16 Leases. IFRS 16 Leases is applicable for financial years commencing on 1 January 2019. The standard has yet to be approved by the EU. The change compared with the existing IAS 17 Leases is that all leases where the Group is the lessee, except for short-term leases and leases of low-value assets, are to be recognised in the balance sheet as assets and liabilities respectively. This means that the majority of the Group's existing operating leases will be recognised in the balance sheet from 2019.

Handicare has started to analyse the effect IFRS 16 will have on the Group's financial statements. At 31 December 2016, the Group had future payment obligations for operating leases as a lessee of around MEUR 18.4.

Moreover, the Group is evaluating the additional disclosures that will be required and the impact of these on the required information gathering.

For leases where the Group is the lessor, IFRS 16 will have no impact, since the guidance for the lessor remains unchanged in all material aspects for the Group.

Note 2 – Segment overview

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Accessibility	45.4	42.3	135.2	129.0	174.2
Patient Handling	19.4	11.5	64.1	29.1	50.5
Puls	4.4	4.8	14.6	14.4	19.7
Group-wide functions	0.0	0.1	0.0	0.2	0.2
Revenue - Group	**69.2**	**58.7**	**213.9**	**172.8**	**244.7**

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Accessibility	5.6	4.3	16.4	13.1	18.4
Patient Handling	3.0	1.4	9.4	2.9	4.0
Puls	-0.3	0.2	0.3	0.5	0.8
Group-wide functions	-2.0	-1.3	-6.1	-3.9	-6.0
Adj EBITA-Group	**6.3**	**4.5**	**20.0**	**12.6**	**17.2**

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Adj EBITA - Group	6.3	4.5	20.0	12.6	17.2
Other specified cost	-4.9	-5.1	-6.8	-8.9	-18.2
Amortization	-1.1	-1.1	-3.6	-2.3	-3.4
Finance income	3.2	1.7	10.4	4.6	57.2
Finance cost	-7.8	-4.6	-22.8	-17.0	-73.3
EBT - Group	**-4.3**	**-4.6**	**-2.8**	**-11.1**	**-20.5**

The operations do not allocate assets and liabilities to different segments and the company's management does not monitor operations from this perspective, which is why a segment overview is not included.

Note 3 – Acquisitions

No acquisitions were made during the first nine months of 2017. Prism Medical Ltd was acquired in 2016 and has been included in consolidated earnings since September 2016.

Prism MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Revenue	11.9	3.6	38.7	3.6	15.6
Adjusted EBITA	1.8	0.3	5.9	0.3	0.4
EBIT	**1.0**	**-3.3**	**3.3**	**-3.3**	**-4.8**

Note 4 – Divestments

A discontinued operation is a component of an entity that represents either a separate major line of business or a geographical area of operations. Classification as a discontinued operation occurs upon divestment or at an earlier point in time when the operation qualifies for held-for-sale classification. Profit after tax from discontinued operations is recognised on a separate row. When an entity is classified as discontinued, the presentation of the comparative year changes. The presentation of the statement of financial position for the current and preceding year is not changed in a corresponding manner. At 1 August 2017, the BD operations (part of the Puls segment) were divested to Cidron Liberty Systems Limited for a purchase consideration of MEUR 11.4 (MNOK 109). The purchase consideration was settled through a corresponding reduction in the shareholder loan. The pre-tax capital gain amounted to MEUR 0.5.

Divested operations BD	July - September		January - September		FY
MEUR	2017	2016	2017	2016	2016
Revenue	1.2	3.8	10.4	12.1	16.3
Cost of material	-0.8	-2.6	-7.2	-7.7	-10.7
Employee benefits expenses	-0.2	-0.5	-1.1	-1.6	-2.3
Other operating cost	-0.1	-0.4	-0.9	-1.2	-1.7
Depreciation and amortization	0.0	0.0	-0.1	-0.1	-0.1
Items affecting comparability	0.0	0.0	0.0	-0.1	-0.3
Operating profit/loss (EBIT)	**0.1**	**0.3**	**1.1**	**1.4**	**1.2**
Financial income	0.5	0.0	0.5	0.0	0.0
Financial expense	0.0	0.0	0.0	0.0	0.0
Profit/loss before tax	**0.7**	**0.3**	**1.6**	**1.4**	**1.2**
Tax	0.0	-0.1	-0.3	-0.4	-0.4
Net profit	**0.6**	**0.2**	**1.3**	**1.0**	**0.8**

Note 5 Other specified items

In the first nine months of 2017, other specified items mainly comprised IPO costs of MEUR 4.5, severance pay of MEUR 0.9, in relation to the reorganisation that took place in March 2017, and costs of MEUR 0.7 for the outsourcing of IT. The outsourcing of IT is expected to be completed in the fourth quarter of 2017.

Group	July - September		January - September		FY
MEUR	2017	2016	2017	2016	2016
Restructuring costs	0.3	0.7	1.9	2.5	5.4
Transaction costs	-	3.5	0.1	3.7	4.0
Integration costs	0.0	0.5	0.4	1.4	3.6
Provision for recall costs	-	-	-	0.0	3.1
IPO costs	4.5	-	4.5	0.8	1.2
Mobility related costs	-	-	-	-	0.3
Other effeciency projects	0.0	0.4	0.0	0.6	0.6
Other specified items	**4.9**	**5.1**	**6.8**	**8.9**	**18.2**

Note 6 – Financial net debt

Group MEUR	30 Sep 2017	30 Sep 2016	31 Dec 2016
Shareholder loans	69.1	77.0	77.9
Interest-bearing long-term loans	139.9	146.3	145.2
Interest-bearing current loans	11.0	8.3	8.0
Other interest-bearing debt	2.0	2.3	2.1
Deduct: Vendor loan note	-35.2	-33.7	-33.2
Deduct: cash and cash equivalents	-5.5	-6.2	-6.7
Interest-bearing net debt	**181.3**	**194.0**	**193.4**

Note 7 – Events after the end of the reporting period

After the closing date, Handicare Group AB (Handicare) was listed on Nasdaq Stockholm (10 October 2017) a change of share capital with a new issue, an incentive program and a refinancing programme have been completed. The effects of these events are detailed above, see p 8-10.

Stockholm, 8 November 2017
Handicare Group AB (publ)

Asbjørn Eskild
President and CEO

Auditors' review report

To the Board of Directors of Handicare Group AB (publ), corporate identity number 556982-7115

Introduction

We have reviewed the condensed interim report for Handicare Group AB (publ) as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report 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 Statements 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 and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 8 November 2017

Ernst & Young AB

Stefan Andersson-Berglund
Authorised Public Accountant

Telephone conference

A telephone conference, hosted by Asbjørn Eskild, President and CEO, and Stephan Révay, CFO, will be held at 10:00 CET on 8 November, 2017. To participate, please register in advance using the following link http://emea.directeventreg.com/registration/5698889.
A presentation will be available at www.handicaregroup.com/investors.

Dates for financial reports

Year-end report 2017	16 Feb 2018
Interim report January–March 2018	8 May 2018
Annual Report	w 14 2018
Annual General Meeting	8 May 2018

For more information, contact:

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Stephan Révay, CFO, Tel: +46 729 666 532

Boel Sundvall, IR, Tel: +46 723 747 487

This information is information that Handicare Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 8 November 2017.

Forward-looking statements
To the extent this report contains forward-looking statements based on the current expectations of Handicare's Group management. Although management considers the expectations expressed in such forward-looking statements to be reasonable, there is no guarantee that these expectations will prove correct. Accordingly, actual future outcomes may differ significantly from those expressed in the forward-looking statements due to such factors as changed economic, market and competitive conditions, changes in regulatory requirements and other policy measures, and fluctuations in exchange rates.

About Handicare
Handicare offers solutions to increase the independence of disabled or elderly people, and to facilitate for their care providers and family. The offering encompasses a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle adaptations and medical equipment. Handicare is a global company with sales in more than 20 countries and is a market leader in this field. The head office is in Kista, Sweden and manufacturing is located at six sites distributed across North America, Asia and Europe. In Oct 2016/Sep 2017, revenue amounted to MEUR 286 and the adjusted EBITA margin was 8.6%. Employees amounted to slightly more than 1,150 and the share is listed on Nasdaq Stockholm.
For more information; www.handicaregroup.com.

Quarterly data

Group MEUR	Q1 2015*	Q2 2015*	Q3 2015*	Q4 2015*	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Revenue	58.9	62.0	60.9	63.6	56.3	57.7	58.7	71.9	73.3	71.4	69.2
Cost of material	-28.5	-29.6	-29.5	-34.1	-26.9	-28.4	-28.1	-35.4	-34.1	-32.7	-32.1
Employee benefits expenses	-16.9	-17.9	-16.8	-12.5	-14.8	-14.4	-15.4	-16.9	-18.6	-19.0	-17.7
Other operating cost	-9.1	-9.8	-10.0	-13.8	-10.1	-9.7	-10.1	-13.8	-12.9	-11.9	-12.3
Depreciation and amortization	-1.3	-1.3	-1.6	-25.6	-1.5	-1.5	-1.7	-2.3	-2.3	-2.0	-2.0
Other specified items	-1.2	-0.7	-2.5	-5.4	-1.6	-2.2	-5.1	-9.2	-0.8	-1.2	-4.9
Operating profit (EBIT)	**2.0**	**2.6**	**0.5**	**-27.8**	**1.5**	**1.5**	**-1.7**	**-5.7**	**4.6**	**4.6**	**0.3**
Financial, net	-3.9	-5.1	-4.2	-3.5	-5.6	-4.0	-2.9	-3.6	-3.8	-3.9	-4.7
Profit/loss before tax	**-1.9**	**-2.6**	**-3.7**	**-31.3**	**-4.0**	**-2.5**	**-4.6**	**-9.4**	**0.8**	**0.7**	**-4.3**
Tax	-0.3	-0.5	1.6	-0.9	-0.6	-0.4	-1.0	2.4	0.1	0.3	-2.4
Profit/loss after tax from continuing operations	**-2.1**	**-3.0**	**-2.1**	**-32.2**	**-4.6**	**-2.9**	**-5.6**	**-7.0**	**0.9**	**1.0**	**-6.8**

**Not adjusted for BD*

Alternative performance measures

Handicare uses certain alternative performance measures (APMs) not defined in the rules for financial reporting adopted by Handicare. The purpose of these APMs is to provide a better understanding of how the business develops. These APMs, as defined, cannot be fully compared with other companies' APMs.

Alternative performance measures	Definition	Reason for use
Gross margin	Gross profit as a percentage of revenue.	This measure is used by the Group management to monitor the return on direct manufacturing costs.
Gross profit	Revenue less direct costs (direct material, direct labour and freight costs) to manufacture and sell products.	This measure is used by Group management to monitor the contribution to cover indirect costs.
EBIT margin	Operating profit (EBIT) as a percentage of revenue.	Handicare believes that EBIT margin is a useful measure together with revenue growth to monitor value creation.
EBITA	Earnings before interest, tax and amortisation.	Handicare believes EBITA shows the profit generated by the operating activities.
EBITA margin	EBITA as a percentage of revenue.	Handicare believes that EBITA margin is a useful measure together with revenue growth to monitor value creation.
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Handicare believes EBITDA provides an understanding of operating earnings generated by the business disregarding the funding of the business.
EBITDA margin	EBITDA as a percentage of revenue.	Handicare believes that EBITDA margin is a useful measure together with revenue growth to monitor value creation.
Expansion CAPEX	Investments (capital expenditure) in tangible and intangible assets related to automation of production and the new ERP system.	Expansion capital expenditure provides a picture of discretionary growth investments that are not expected to occur on an annual basis in subsequent years.
Capital expenditure	Investments in fixed assets; tangible as well as intangible assets, excluding financial assets.	Handicare uses Capital expenditure as a figure for providing the total investments in operating assets.
Adjusted EBITA	EBITA excluding items affecting comparability. Items affecting comparability includes items that are non-recurring and have a material impact on earnings such as costs related to a potential IPO, transactions, integration and to restructuring.	Handicare believes that Adjusted EBITA is a useful measure for showing the company's profit generated by the operating activities and monitors Adjusted EBITA as the main profit and loss measure for the company.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	Handicare believes that Adjusted EBITA margin is a useful measure for showing the company's profitability generated by the operating activities.

Adjusted EBITDA	EBITDA excluding items affecting comparability. Items affecting comparability includes items that are non-recurring and have a material impact on earnings such as costs related to a potential IPO, transactions, integration and to restructuring.	Handicare believes that Adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Handicare believes that Adjusted EBITDA margin is a useful measure for showing the company's profitability generated by the operating activities.
Adjusted operating cash flow	Cash flow from operations (including changes in working capital) excluding items affecting comparability and reduced by capital expenditures. Items affecting comparability includes items that are non-recurring and have a material impact on earnings such as costs related to a potential IPO, transactions, integration and to restructuring.	Adjusted operating cash flow is used to monitor the cash flow of the business disregarding the financing structure.

Adjusted operating cash flow/Adjusted EBITDA	Adjusted operating cash flow as a percentage of Adjusted EBITDA.	Adjusted operating cash flow/Adjusted EBITDA is used to understand the yield (return) on working capital and capital expenditures.
Constant currency	Translation of the preceding period at the average exchange rates for the current period.	Improves comparability of revenue between periods.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure showing the company's total indebtedness.
Net debt/Adjusted EBITDA	Interest-bearing net debt in relation to Adjusted EBITDA.	Handicare believes that this measure helps to show the financial risk and is a useful measure for the Group management on monitoring the level of the company's indebtedness.
Organic growth	Organic growth refers to revenue growth excluding (i) growth related to acquisitions and divestments and (ii) growth related to fluctuations in currency exchange rates. Average organic growth is calculated as the sum of organic growth during the relevant periods divided by the number of periods measured. The various components of organic growth are calculated as follows: *Acquisitions and divestments* Represents how acquisitions and divestments completed during the relevant period have affected reported revenue. To estimate the impact of acquisitions on the actual change in revenue, revenue contributions from acquired entities for the current period are subtracted from total revenue for the current period. For example, the effect of a business that was acquired on 30 September in a particular year represents the contributions to revenue in the fourth quarter of that year from the acquired business. For Rep-Tek, the estimated revenue contribution has been derived from Handicare's financial and operating systems based on the aggregated revenue derived from the six workshops acquired by Handicare as part of the Rep-Tek transaction. To estimate the impact of divestments on the actual change in revenue, the revenue of the divested entities in the current period and in the comparative (prior) period, respectively, is subtracted from total revenue for the current period and for the comparative (prior) period, respectively. *Currency exchange rate fluctuations* Represents how the reported revenue has been affected by the conversion of revenue generated in currencies other than	Organic growth is used by Handicare to monitor the underlying development of revenue between different periods at constant currency and excluding the impact of any acquisitions and/or divestments.

	EUR (which is the Group's reporting currency) when differences in exchange rates occur between the relevant period and the corresponding period for the previous year. Revenues in different currencies other than EUR for the comparative (prior) period are converted using the applicable exchange rate of the current period to eliminate, for the relevant period, the effect of exchange rate fluctuations on total revenue between the periods.	
Equity/assets ratio	Equity in relation to total assets.	Handicare believes this is a good measure to measure show which proportion of the total assets that is financed by equity and is used by the Group management to monitor the company's long-term financial strength and ability to withstand losses.
Maintenance CAPEX	Investments (capital expenditures) in tangible and intangible assets required to maintain the functionality and efficiency of such assets.	Maintenance capital expenditure provides a picture of the ongoing requirement for investments to continue the current operations.

Group	**July - September**			**January - September**			**FY**
MEUR	**2017**	**2016**	**∆%**	**2017**	**2016**	**∆%**	**2016**
Revenue	69.2	58.7	17.9 %	213.9	172.8	23.8 %	244.7
Revenue excl. acquisitions and divestments	61.5	58.7	4.7 %	179.4	172.8	3.8 %	244.7
Revenue excl. acquisitions and divestments and EF*	61.5	57.4	7.1 %	179.4	168.8	6.3 %	238.7
Gross profit	29.4	24.1	22.1 %	91.5	70.8	29.2 %	99.8
Gross margin	42.4 %	41.0 %	-	42.8 %	41.0 %	-	40.8 %
EBITDA**	7.2	5.1	39.3 %	22.6	14.9	51.3 %	20.7
EBITDA margin**	10.3 %	8.7 %	-	10.6 %	8.6 %	-	8.4 %
EBITDA	2.3	0.0	n/a	15.8	6.0	163.5 %	2.5
EBITDA margin	3.3 %	0.1 %	-	7.4 %	3.5 %	-	1.0 %
EBITA**	6.3	4.5	39.1 %	20.0	12.6	58.8 %	17.2
EBITA margin**	9.1 %	7.7 %	-	9.4 %	7.3 %	-	7.0 %
EBITA	1.5	-0.6	n/a	13.2	3.7	261.1 %	-1.0
EBITA margin	2.1 %	-1.0 %	-	6.2 %	2.1 %	-	-0.4 %
Adjusted Operating cash flow**	2.8	-3.4	n/a	7.6	2.6	190.0 %	15.1
% of EBITDA**	39.6 %	-67.0 %	-	33.8 %	17.7 %	-	73.3 %
Net debt / EBITDA**	6.4	10.7	-	6.4	10.7	-	9.4
Number of employees (end of period)	1 146	1 174	-2.4 %	1 146	1 174	-2.4 %	1 174

**adjusted for exchange rates effects (only translation, not transaction effects)*
*** Adjusted for items affecting comparability*

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Revenue	**69.2**	**58.7**	**213.9**	**172.8**	**244.7**
Direct material	-31.2	-27.6	-96.3	-82.1	-116.4
Direct Labor	-6.4	-5.3	-19.2	-15.6	-21.5
Freight (inbound / outbound)	-2.3	-1.7	-7.0	-4.3	-6.9
Gross profit	**29.4**	**24.1**	**91.5**	**70.8**	**99.8**

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Operating profit/loss (EBIT)	**0.3**	**-1.7**	**9.6**	**1.4**	**-4.4**
Amortisation / write-down of intangible assets	1.1	1.1	3.6	2.3	3.4
Items affecting comparability	4.9	5.1	6.8	8.9	18.2
Adjusted EBITA	**6.3**	**4.5**	**20.0**	**12.6**	**17.2**
Depreciation of tangible fixed assets	0.8	0.6	2.6	2.3	3.5
Adjusted EBITDA	**7.2**	**5.1**	**22.6**	**14.9**	**20.7**

Group MEUR	July - September 2017	 2016	January - September 2017	 2016	FY 2016
Cash flow from the ongoing business	**5.5**	**-1.2**	**19.0**	**3.6**	**0.0**
Cash Income tax	-0.1	0.6	0.4	1.6	0.7
Cash Interest and Cost	-3.4	-2.5	-11.1	-8.4	-12.9
Net financial cost profit and loss	4.7	2.9	12.4	12.5	16.1
Other Non cash flow items	-3.7	0.5	-3.2	-1.7	-0.1
Items affecting comparability	4.9	5.1	6.8	8.9	18.2
Discontinued operations	-0.7	-0.3	-1.7	-1.5	-1.4
Adjusted EBITDA	**7.2**	**5.1**	**22.6**	**14.9**	**20.7**
Change in net working capital	-3.3	-6.5	-10.6	-6.8	5.6
Acquired / divested fixed assets/intangible assets	-1.0	-2.1	-4.4	-5.5	-11.1
Adjusted operating cash flow	**2.8**	**-3.4**	**7.6**	**2.6**	**15.1**