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Year-end report 2017

Continued organic growth and improved margins

Fourth quarter 2017

- Revenue declined to MEUR 70.4 (71.9)
- Organic growth was 1.4%
- The gross margin increased to 42.1% (40.4)
- Adjusted EBITA increased to MEUR 6.2 (4.6), corresponding to a margin of 8.8% (6.4)
- EBIT rose to MEUR 4.4 (-5.8), corresponding to a margin of 6.3% (-8.0)
- Net debt/ adjusted LTM EBITDA amounted to 3.0x

Full year 2017

- Revenue rose to MEUR 284.3 (244.7)
- Organic growth was 4.9%
- The gross margin increased to 42.6% (40.8)
- Adjusted EBITA increased to MEUR 26.2 (17.2), corresponding to a margin of 9.2% (7.0)
- EBIT rose to MEUR 14.0 (-4.4), corresponding to a margin of 4.9% (-1.8)
- 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
- After the reporting date, a distributor was acquired in Colorado, US with sales of around MEUR 4.2
- Earnings per share before/after dilution amounted to negative EUR 0.1 and the Board proposes SEK 0.50 in dividend be distributed for 2017

Group in Summary MEUR	October - December 2017	2016	Δ%	January - December 2017	2016	Δ%
Revenue	70.4	71.9	-2.1 %	284.3	244.7	16.2 %
Gross profit*	29.6	29.1	2.0 %	121.1	99.8	21.3 %
Gross margin*,%	42.1 %	40.4 %	-	42.6 %	40.8 %	-
Adjusted EBITA*	6.2	4.6	34.4 %	26.2	17.2	52.2 %
Adjusted EBITA margin*,%	8.8 %	6.4 %	-	9.2 %	7.0 %	-
Operating profit/loss (EBIT)	4.4	-5.8	n/a	14.0	-4.4	n/a
Operating margin, (EBIT margin),%	6.3 %	-8.0 %	-	4.9 %	-1.8 %	-
Adjusted operating profit/loss (adjusted EBIT)*	4.7	3.5	36.0 %	21.1	13.8	53.5 %
Adjusted operating margin (adjusted EBIT margin)*,%	6.7 %	4.8 %	-	7.4 %	5.6 %	-
Net profit/loss	0.1	-7.2	n/a	-3.5	-19.3	n/a
Earnings per share (EUR) before and after dilution**	0.0	-0.2	n/a	-0.1	-0.5	n/a
Number of shares end of period (thousands)**	58 939	38 473		58 939	38 473	
Average number of shares (thousands)**	56 937	38 473		43 127	38 473	
Adjusted operating Cash Flow	4.0	12.5	-68.1%	11.6	15.1	-23.1 %
Net debt / Adjusted EBITDA*	3.0	9.4	-67.9%	3.0	9.4	-67.9 %

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*
*** To gain comparability among the periods, number of shares have been adjusted for the share split and bonus issue.*

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 on page 16.

CEO's comments

Healthy growth and improved margins in 2017. The internal initiatives aimed at driving growth and improving margins have yielded results. Organic growth was 4.9% and the adjusted EBITA margin increased to 9.2%. During the year, we also focused on the integration of Prism Medical and our listing on Nasdaq Stockholm. A minor yet strategic acquisition was completed in Colorado in early 2018 — of a distributor who will play a key role in our North American hub strategy.

The fourth quarter — continued growth in Accessibility, lower project sales in Patient Handling

During the fourth quarter, revenue grew organically by 1.4% and the adjusted EBITA margin increased to 8.8% (6.4). The growth we noted during the year continued in Accessibility. The sales trend for stairlifts in North America is continuing, 25% for the quarter and 14% for the full year. Project sales in Patient Handling, North America were lower during the quarter than previously during the year.

Some sales in Patient Handling go to Homecare, but the majority comprise project sales to hospitals and healthcare facilities. Deliveries to the latter can be complete installations of patient lifts, but also replacements — for example, of motors as part of the aftermarket segment. Sales of complete installations may vary between quarters, and sales of complete installations in North America during the fourth quarter were lower than previously during the year, which negatively affected total revenue and the operating margin. Patient Handling Europe developed in line with the previous quarters during the year.

Favourable trend in sales to Homecare

Using a highly automated manufacturing process, we managed to retain short lead times despite higher volumes as a result of strong growth. This is an important competitive advantage in sales to Homecare (stairlifts in particular), which together with our successful utilisation of the Prism Medical distribution network in North America promoted positive growth in sales to Homecare. Growth has been particularly strong for stairlifts; we estimate that we have captured market shares in this area in both Europe and North America.

Market adjustments in Patient Handling and Puls

We are allocating dedicated sales resources aimed at Institutional sales with the aim of strengthening our competitiveness for project sales in Patient Handling in North America. Parts of Puls were divested in 2017. The part of Puls that remains will be adapted to the new conditions, both organisationally and as regards operations.

Acquisition of a strategically important distributor for Handicare in North America

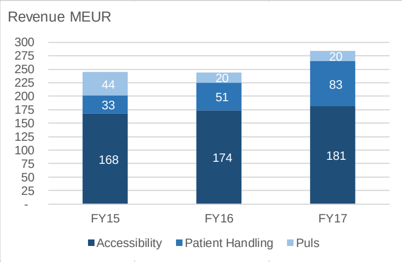
In early 2018, a Patient Handling distributor was acquired in Colorado, with sales in an additional 11 neighbouring states. The acquisition is limited in size — MEUR 4.2 in sales for 2017 — but is of major significance for the development of our sales and distribution in North America. Following the acquisition, we now have 8 hubs, the objective is a total of 18.

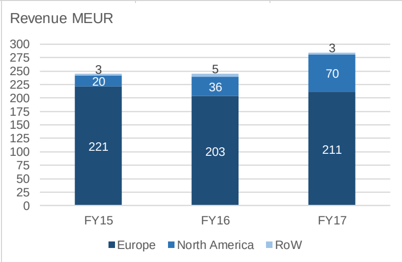
Well on the way to our financial goals

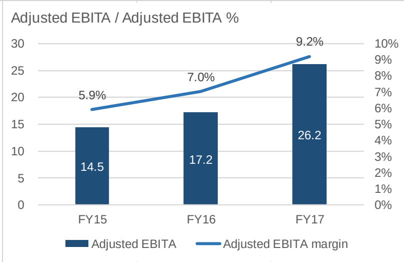
Despite lower project sales in Patient Handling during the fourth quarter, we are satisfied with the total trend during the year. The growth rate is tracking our financial targets as regards organic growth, and we are well on the way towards our objective as regards the EBITA margin. Our medium-term financial targets aim at average annual growth of 10%, of which 4–6% organic, with an adjusted EBITA margin exceeding 12%. Macroeconomic trends continue to be favourable, which is particularly conspicuous from the positive trend in sales to Homecare. In summary, we would like to say that Handicare is well positioned for continued profitable growth.

Asbjørn Eskild
President and CEO

Group performance







** Revenue from BD operations was included for 2015 and excluded for 2016 and 2017.*

Group MEUR	October - December 2017	2016	Δ%	January - December 2017	2016	Δ%
Revenue	70.4	71.9	-2.1 %	284.3	244.7	16.2 %
Acquisitions / divestments	-	-	-	-34.5	-	-
Revenue excl. acquisitions / divestments	**70.4**	**71.9**	**-2.1 %**	**249.8**	**244.7**	**2.1 %**
Currency effects		-2.5	-		-6.5	-
Revenue excl acquisitions/divestments and EF*	**70.4**	**69.4**	**1.4 %**	**249.8**	**238.2**	**4.9 %**

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

MEUR	October - December 2017	2016	Δ%	January - December 2017	2016	Δ%
Revenue	70.4	71.9	-2.1 %	284.3	244.7	16.2 %
Cost of goods sold	-40.8	-42.8	n/a	-163.2	-144.8	n/a
Gross profit*	**29.6**	**29.1**	**2.0 %**	**121.1**	**99.8**	**21.3 %**
Operating costs	-22.6	-23.3	n/a	-91.5	-79.2	n/a
Adjusted EBITDA*	**7.1**	**5.7**	**23.4 %**	**29.7**	**20.7**	**43.5 %**
Depreciation of tangible fixed assets	-0.9	-1.1	n/a	-3.5	-3.5	n/a
Adjusted EBITA*	**6.2**	**4.6**	**34.4 %**	**26.2**	**17.2**	**52.2 %**
Other specified items	-0.3	-9.2	n/a	-7.1	-18.2	n/a
EBITA	**5.9**	**-4.6**	**n/a**	**19.1**	**-1.0**	**n/a**
Key figures, %						
Gross margin*	42.1 %	40.4 %		42.6 %	40.8 %	
Adjusted EBITDA margin*	10.0 %	8.0 %		10.4 %	8.4 %	
Adjusted EBITA margin*	8.8 %	6.4 %		9.2 %	7.0 %	
EBITA margin	8.3 %	-6.4 %		6.7 %	-0.4 %	

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*
BD business is presented as divested operations in this report

October – December 2017

Revenue and earnings

Fourth-quarter revenue declined 2.1% to MEUR 70.4 (71.9). Organically, revenue increased 1.4% for the Group. No acquisitions were made during the period. Organic growth continued for Accessibility but was partly offset by lower project sales in Patient Handling during the quarter. Organically, revenue increased 4.4% for Accessibility while revenue decreased 5.5% organically in Patient Handling. Puls reported organic growth of 1.0%.

EBITA improved to MEUR 5.9 (neg: 4.6). Other specified items amounted to an expense of MEUR 0.3 (expense: 9.2), of which the whole amount pertained to listing costs. Adjusted EBITA improved to MEUR 6.2 (4.6). The adjusted EBITA margin increased to 8.8% (6.4), mainly driven by an improved gross margin but also by lower operating expenses. The gross margin increased to 42.1% (40.4) driven by Patient Handling. Patient Handling's gross profit in the fourth quarter of 2016 was negatively impacted by an expense of MEUR 1.1 as a result of the recognition of the acquisition of Prism Medical (IFRS 3 adjustments – non-cash items). The currency effect (only the translation effect) on adjusted EBITA was an expense of MEUR 0.2 compared with the corresponding quarter in 2016.

Net financial items declined to an expense of MEUR 5.1 (expense: 3.6), mainly due to an MEUR 4.0 impairment of capitalised funding costs. Capitalised funding costs pertained to external funding before refinancing in conjunction with the listing and did not impact cash flow. Total interest expense amounted to MEUR 1.1. The loss before tax was MEUR 0.7 (loss: 9.4).

The tax for the period was positive MEUR 0.8 (expense: 2.3). The change in tax was due to changes in deferred tax assets. These have no impact on cash flow.

The net profit for the period from continuing operations was MEUR 0.1 (loss: 7.0). The profit for the period totalled MEUR 0.1 (loss: 7.2), corresponding to earnings per share of EUR 0.0 (loss: 0.2) before and after dilution.

January – December 2017

Revenue and earnings

Revenue for the full year rose 16.2% to MEUR 284.3 (244.7). The increase was largely attributable to the acquisition of Prism Medical within Patient Handling 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 third quarter; refer to Note 4. Revenue rose 4.9% organically, driven by Accessibility, which reported organic growth of 6.9%. Patient Handling and Puls reported essentially unchanged organic growth during the year. Growth was mainly driven by Homecare, while institutional sales was negatively impacted by lower project sales in Patient Handling North America. For the full-year 2017, Homecare accounted for around 70% of the Group's total revenue as a result of an extremely large share of revenue in Accessibility being attributable to Homecare.

EBITA amounted to MEUR 19.1 (loss: 1.0). Other specified items amounted to an expense of MEUR 7.1 (expense: 18.2) and were mainly attributable to the stock exchange listing (MEUR 4.8), and to a minor extent the outsourcing of IT and termination costs related to the reorganisation carried out in March 2017. Adjusted EBITA improved to MEUR 26.2 (17.2). The adjusted EBITA margin rose to 9.2% (7.0). 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 42.6% (40.8), mainly attributable to the acquisition of Prism Medical. The currency effect on adjusted EBITA amounted to a negative MEUR 0.5 compared with the corresponding period in 2016.

Net financial items declined to an expense of MEUR 17.6 (expense: 16.1), mainly due to an MEUR 4.0 impairment of capitalised funding costs. Total interest expense amounted to MEUR 12.7. The loss before tax was MEUR 3.5 (loss: 20.5).

The tax expense for the period was MEUR 1.2 (expense: 0.4). The increase in tax was due to changes in deferred tax assets related to the sale of the Puls business area's BD operations. These had no impact on cash flow.

The net loss for the period from continuing operations was MEUR 4.8 (loss: 20.1). Net loss for the period totalled MEUR 3.5 (loss: 19.3), corresponding to a loss per share of EUR 0.1 (loss: 0.5) before and after dilution.

Cash flow and financial position

During the quarter, cash inflows from operating activities were MEUR 0.2 (inflow: 8.9). Cash flow was adversely impacted by other specified items of MEUR 4.2, which were primarily related to the listing.

Net investments during the quarter entailed a cash outflow of MEUR 1.2 (outflow: 6.1), of which an outflow of MEUR 0.0 (outflow: 0.5) pertained to divestments/acquisitions. Investments in new business systems amounted to MEUR 0.3.

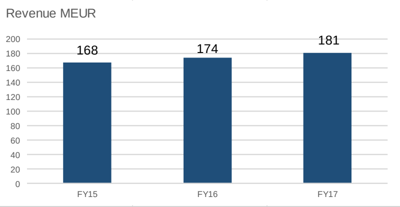
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 12.9 (6.7). At the end of the period, interest-bearing net debt was MEUR 89.0 (193.4). The decrease in net debt was mainly attributable to the new share issues and refinancing inconjunction with listing, and the sale of the BD operations.

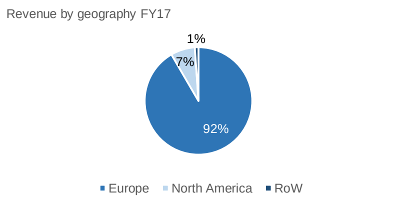
For the full year, cash inflows from operating activities were MEUR 8.6 (inflow: 5.7) and were driven by increased profitability. Cash flow was adversely impacted by other specified items of MEUR 8.3, primarily related to the listing and product recalls, (refer to Note 5).

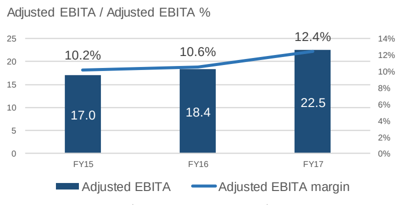
Net investments entailed a cash outflow of MEUR 5.9 (outflow: 60.6), of which an outflow of MEUR 0.3 (outflow: 49.4) pertained to divestments/acquisitions. Investments in new business systems amounted to MEUR 1.6.

Accessibility

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







Accessibility	October - December			January - December		
MEUR	2017	2016	Δ%	2017	2016	Δ%
Revenue	46.1	45.2	2.1 %	181.3	174.2	4.1 %
Acquisitions / divestments	-	-	-	-	-	-
Revenue excl. acquisitions / divestments	**46.1**	**45.2**	**2.1 %**	**181.3**	**174.2**	**4.1 %**
Currency effects		-1.0	-		-4.5	-
Revenue excl acquisitions/divestments and EF*	**46.1**	**44.2**	**4.4 %**	**181.3**	**169.6**	**6.9 %**

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

Accessibility	October - December			January - December		
MEUR	2017	2016	Δ%	2017	2016	Δ%
Revenue	46.1	45.2	2.1 %	181.3	174.2	4.1 %
Operating costs	-39.4	-39.3	n/a	-156.6	-153.4	n/a
Adjusted EBITDA*	**6.7**	**5.9**	**14.3 %**	**24.7**	**20.8**	**18.8 %**
Depreciation of tangible fixed assets	-0.6	-0.6	n/a	-2.2	-2.4	n/a
Adjusted EBITA*	**6.1**	**5.2**	**16.3 %**	**22.5**	**18.4**	**22.3 %**
Other specified items	-	-5.1	n/a	-0.6	-6.7	n/a
EBITA	**6.1**	**0.1**	**n/a**	**21.9**	**11.7**	**87.4 %**
Key figures, %						
Adjusted EBITDA margin*	14.5 %	13.0 %		13.6 %	11.9 %	
Adjusted EBITA margin*	13.2 %	11.6 %		12.4 %	10.6 %	
EBITA margin	13.2 %	0.3 %		12.1 %	6.7 %	

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*

October – December 2017

Fourth-quarter revenue rose 2.1% to MEUR 46.1 (45.2). The currency effect was a negative MEUR 1.0. Organic growth was 4.4%. The business area reported positive growth in Europe and very positive growth in North America. The lower organic growth rate compared to earlier quarters during the year is explained by lower revenues from Vehicle Accessibility.

EBITA increased to MEUR 6.1 (0.1). Other specified items amounted to MEUR 0.0 (expense: 5.1). Adjusted EBITA increased to MEUR 6.1 (5.2). The adjusted EBITA margin rose to 13.2% (11.6) due to lower operating costs relative to revenue. The gross margin was essentially unchanged. Synergies realised from the acquisition of Prism Medical totalled MEUR 0.6. This pertained to the EBITA effect of revenue synergies.

January – December 2017

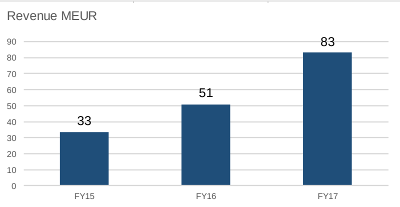
Revenue for the full year rose 4.1% to MEUR 181.3 (174.2). The currency effect was a negative MEUR 4.5. Organic growth was 6.9%. The business area reported positive growth in Europe and very positive growth in North America. Homecare accounted for more than 90% of total revenue for the full-year 2017.

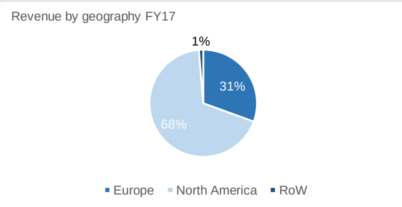
EBITA increased to MEUR 21.9 (11.7). Other specified items amounted to a loss of MEUR 0.6 (loss: 6.7) and pertained to termination costs. Adjusted EBITA increased to MEUR 22.5 (18.4). The adjusted EBITA margin rose to 12.4% (10.6) due to lower operating costs relative to revenue. The gross margin was essentially unchanged. Synergies realised from the acquisition of Prism Medical totalled MEUR 1.3. This pertained to the EBITA effect of revenue synergies.

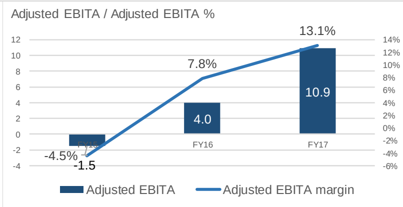
VW announced at the start of 2018 that they will not be able to deliver certain mini buses to the European market during the first quarter of 2018. As a result, c. MEUR 2 of the revenue within Vehicle Accessibility is estimated to be deferred from the first quarter to the remaining quarters in 2018.

Patient Handling

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







Patient handling MEUR	October - December 2017	2016	Δ%	January - December 2017	2016	Δ%
Revenue	19.3	21.5	-10.0 %	83.4	50.5	65.0 %
Acquisitions / divestments	-	-	-	-34.5	-	-
Revenue excl. acquisitions / divestments	**19.3**	**21.5**	**-10.0 %**	**48.9**	**50.5**	**-3.3 %**
Currency effects		-1.0	-		-1.6	-
Revenue excl acquisitions/divestments and EF*	**19.3**	**20.4**	**-5.5 %**	**48.9**	**48.9**	**-0.1 %**

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

Patient handling MEUR	October - December 2017	2016	Δ%	January - December 2017	2016	Δ%
Revenue	19.3	21.5	-10.0 %	83.4	50.5	65.0 %
Operating cost	-17.5	-19.9	n/a	-71.3	-45.6	n/a
Adjusted EBITDA*	**1.8**	**1.6**	**14.8 %**	**12.1**	**5.0**	**143.6 %**
Depreciation of tangible fixed assets	-0.3	-0.5	n/a	-1.2	-1.0	n/a
Adjusted EBITA*	**1.5**	**1.0**	**42.7 %**	**10.9**	**4.0**	**175.0 %**
Other specified items	-	-2.8	n/a	-0.4	-7.8	n/a
EBITA	**1.5**	**-1.7**	**n/a**	**10.5**	**-3.8**	**n/a**
Key figures %						
Adjusted EBITDA margin*	9.3 %	7.2 %		14.5 %	9.8 %	
Adjusted EBITA margin*	7.7 %	4.9 %		13.1 %	7.8 %	
EBITA margin	7.7 %	-8.0 %		12.5 %	-7.6 %	

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*

October – December 2017

Fourth-quarter revenue decreased 10.0% to MEUR 19.3 (21.5). The currency effect was a negative MEUR 1.0 and organic growth was a negative 5.5%. Lower project sales to North American hospitals compared with the corresponding period last year caused the decline. Europe reported healthy organic growth.

EBITA increased to MEUR 1.5 (neg: 1.7). Other specified items amounted to MEUR 0.0 (loss: 2.8). Adjusted EBITA increased to MEUR 1.5 (1.0). The adjusted EBITA margin rose to 7.7% (4.9), due to an improved gross margin. The gross margin was positively impacted by the product mix. Moreover, gross earnings in the fourth quarter were negatively impacted by MEUR 1.1 as a result of the recognition of the acquisition of Prism (IFRS 3 adjustments – no impact on cash flow). Realised synergies amounted to approximately MEUR 1.2, as planned, of which MEUR 0.6 was recognised in Patient Handling.

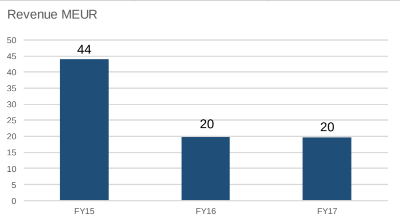
January – December 2017

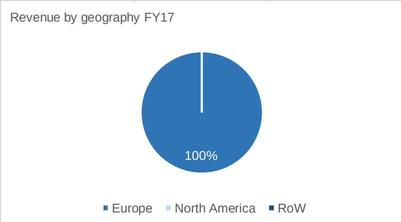
Revenue for the full year rose 65.0% to MEUR 83.4 (50.5). The acquisition of Prism Medical contributed MEUR 34.5, while the currency effect was a negative MEUR 1.6. Organic revenue remained essentially unchanged. Europe reported healthy growth while North America was negatively impacted by lower project sales to hospitals, primarily in the second half of 2017. For the full-year 2017, Homecare accounted for around 20% of the total revenue.

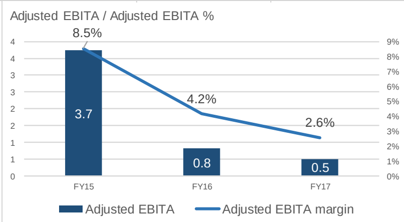
EBITA increased to MEUR 10.5 (neg: 3.8). Other specified items amounted to a loss of MEUR 0.4 (loss: 7.8) related to integration costs. Adjusted EBITA increased to MEUR 10.9 (4.0), of which Prism Medical accounted for MEUR 6.3 (0.4). The adjusted EBITA margin rose to 13.1% (7.8), due to an improved gross margin. The gross margin increased due to Prism Medical having a higher gross margin than the original Patient Handling operations. Realised synergies amounted to approximately MEUR 3.4, as planned, of which MEUR 2.1 was recognised in Patient Handling.

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	October - December			January - December		
MEUR	2017	2016	Δ%	2017	2016	Δ%
Revenue	5.0	5.4	-7.3 %	19.5	19.7	-1.1 %
Acquisitions / divestments	-	-	-	-	-	-
Revenue excl. acquisitions / divestments	**5.0**	**5.4**	**-7.3 %**	**19.5**	**19.7**	**-1.1 %**
Currency effects		-0.4			-0.3	
Revenue excl acquisitions/divestments and EF*	**5.0**	**4.9**	**1.0 %**	**19.5**	**19.5**	**0.2 %**

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

Puls	October - December			January - December		
MEUR	2017	2016	Δ%	2017	2016	Δ%
Revenue	5.0	5.4	-7.3 %	19.5	19.7	-1.1 %
Operating cost	-4.8	-5.0	n/a	-19.0	-18.9	n/a
Adjusted EBITDA*	**0.2**	**0.3**	**-50.5 %**	**0.5**	**0.8**	**-39.2 %**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.0	-0.0	n/a
Adjusted EBITA*	**0.2**	**0.3**	**-50.0 %**	**0.5**	**0.8**	**-38.8 %**
Other specified items	-	-0.2	-	-	-0.3	-
EBITA	**0.2**	**0.1**	**106.3 %**	**0.5**	**0.5**	**4.0 %**
Key figures %						
Adjusted EBITDA margin*	3.4 %	6.3 %		2.6 %	4.2 %	
Adjusted EBITA margin*	3.3 %	6.1 %		2.6 %	4.2 %	
EBITA margin	3.3 %	1.5 %		2.6 %	2.4 %	

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*
BD business is presented as divested operations in this report

October – December 2017

Fourth-quarter revenue declined 7.3% to MEUR 5.0 (5.4). The currency effect was a negative MEUR 0.4 and organic growth was 1.0%.

EBITA was MEUR 0.2 (0.1). Other specified items amounted to MEUR 0.0 (negative: 0.2). Adjusted EBITA decreased to MEUR 0.2 (0.3). The adjusted EBITA margin decreased to 3.3% (6.1), due to a lower gross margin and a decline in revenue. The gross margin was negatively impacted by the product mix.

January – December 2017

Revenue for the full year rose 1.1% to MEUR 19.5 (19.7). The currency effect was a negative MEUR 0.3. Organic revenue remained essentially unchanged. 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 and 2017 financial years and for all the interim periods in 2016 and 2017. For the full-year 2017, Homecare accounted for around 30% of total revenue.

EBITA was unchanged at MEUR 0.5 (0.5). Other specified items amounted to MEUR 0.0 (loss: 0.3). Adjusted EBITA totalled MEUR 0.5 (0.8). The adjusted EBITA margin decreased to 2.6% (4.2), due to a lower gross margin. The gross margin was negatively impacted by the product mix and an inventory adjustment of MEUR 0.2, which was made in conjunction with the divestment of the BD operations.

A restructuring programme will be initiated in the first quarter of 2018 (refer to Note 7), with the aim of increasing profitability at Puls and to optimise the organisation following the divestment of the BD operations.

Group-wide expenses

Group-wide expenses decreased to MEUR 1.6 (expense: 2.0) in the fourth quarter, primarily as a result of a decrease in variable remuneration. No depreciation was included in Group-wide expenses.

For the full-year 2017, Group-wide expenses increased to MEUR 7.7 (MEUR 6.0). The increase was mainly attributable to the centralisation of certain functions, such as IT and Finance. Operating as a listed company incurs certain expenses, which will be reported under Group-wide expenses in 2018.

Employees

At the end of the period, the number of employees was 1,142 (1,174). The average number of employees was 1,151 (1,155) for the quarter, and 1,174 (1,006) for the full year. The acquisition of Prism Medical (September 2016) added 212 new employees, and the divestment of the BD operations (August 2017) reduced the number of employees by 24.

Parent Company

In the fourth quarter of 2017, revenue for the Parent Company, Handicare Group AB, amounted MEUR 2.6 (5.4), of which MEUR 2.6 (5.4) was attributable to sales to Group companies, and MEUR 0.0 (0.0) to sales to external customers. The loss before tax was MEUR 1.6 (loss: 0.3). Loss for the period amounted to MEUR 2.1 (loss: 3.5)

For the full year, Parent Company revenue amounted to MEUR 8.5 (7.6), of which 8.5 (7.6) was attributable to sales to Group companies, and MEUR 0.0 (0.0) to sales to external customers. The loss before tax was MEUR 4.0 (loss: 1.7). The loss for the period was MEUR 4.6 (Loss: 4.9).

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 (109 MNOK), which corresponded to the fair market value 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. Negotiations with the counterparty will continue in the first quarter of 2018. Handicare estimates that the total remaining costs attributable to the product recall will amount to MEUR 0.5. A provision for the full amount has been made as per 31 December 2017.

Annual General Meeting

The 2017 Annual General Meeting will be held in Stockholm on 8 May 2018. The announcement of the 2017 Annual General Meeting will be available at www.handicaregroup.com from 5 April 2018.

Dividend

The Board proposes the distribution to shareholders of a dividend of SEK 0.50 for the 2017 financial year, corresponding to a total dividend payment of approximately 29.5 MSEK based on the number of outstanding shares at the end of 2017. The proposed record date is May 11, 2018.

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. The IPO comprised 17,092,310 shares, of which 11,439,000 new shares were issued by Handicare. 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 for Handicare.

Following full exercise of the over-allotment option, the value of the IPO amounted to approximately MSEK 983, 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 December 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 General Meeting, 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 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. The 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 total amount including accrued interest was MEUR 34.5.
- 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.

At 31 December 2017, net debt amounted to MEUR 89.0, which corresponded to a multiple of 3.0 of adjusted EBITDA for the full-year 2017. At current interest rates, the annual interest expense amounts to MEUR 3.0.

Condensed consolidated income statement

Group	October - December		January - December	
MEUR	2017	2016	2017	2016
Revenue	70.4	71.9	284.3	244.7
Cost of material	-33.0	-35.4	-131.9	-118.9
Employee benefits expenses	-17.5	-16.9	-72.8	-61.4
Other operating cost	-12.9	-13.8	-50.0	-43.6
Depreciation and amortization	-2.4	-2.3	-8.5	-6.9
Other specified items*	-0.3	-9.2	-7.1	-18.2
Operating profit/loss (EBIT)	**4.4**	**-5.8**	**14.0**	**-4.4**
Financial income	9.9	52.7	20.3	57.2
Financial expense	-15.1	-56.3	-37.8	-73.3
Profit/loss before tax	**-0.7**	**-9.4**	**-3.5**	**-20.5**
Tax	0.8	2.3	-1.2	0.4
Profit/loss after tax from continuing operations	**0.1**	**-7.0**	**-4.8**	**-20.1**
Profit from discontinued operations**	-	-0.2	1.3	0.8
Net profit/loss for the period	**0.1**	**-7.2**	**-3.5**	**-19.3**
Profit/loss after tax from continuing operations				
Attributable to ordinary shareholders of the parent	0.1	-6.7	-4.8	-19.7
Attributable to non-controlling interest	-	-0.3	-	-0.4
Profit from discontinued operations				
Attributable to ordinary shareholders of the parent	-	-0.1	1.3	0.8
Attributable to non-controlling interest	-	-0.0	-	0.0
Earnings per share (EUR) before and after dilution	0.0	-0.2	-0.1	-0.5

**Refer to note 5*
*** Refer to note 4*

Condensed consolidated statement of comprehensive income

Group	October - December		January - December	
MEUR	2017	2016	2017	2016
Net profit/loss	0.1	-7.2	-3.5	-19.3
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	0.0	-0.1	0.0	-0.1
Translation differences (can be reversed)	-1.0	1.8	-0.6	-6.2
Cash-flow hedges (can be reversed)	-1.6	-0.3	-2.5	1.9
Income tax attributable to components in other comprehensive income (can be reversed)	0.5	0.2	0.7	-0.2
Total comprehensive income/loss for the period	**-2.0**	**-5.6**	**-5.9**	**-23.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	-2.0	-5.9	-5.9	-23.3
Comprehensive income/loss attributable to non-controlling interests	-	0.4	-	-0.6

Condensed consolidated balance sheet

Group* MEUR	31 Dec 2017	31 Dec 2016
Intangible assets	49.2	54.1
Goodwill	163.5	177.5
Deferred tax assets	6.2	8.4
Tangible fixed assets	10.9	12.6
Financial receivables	0.3	33.7
Total non-current assets	**230.0**	**286.3**
Inventory	35.7	36.5
Accounts receivables	41.7	44.3
Current tax assets	1.5	1.7
Other receivables	5.0	3.4
Cash and cash equivalents	12.9	6.7
Total current assets	**96.7**	**92.7**
Total assets	**326.8**	**379.0**
Shareholders´ equity attributable to parent shareholders	**164.7**	**73.9**
Non controlling interest	-	4.0
Total equity	**164.7**	**77.9**
Provisions for pensions	0.4	0.8
Deferred tax liabilities	8.6	11.3
Advance payments	2.4	2.4
Interest-bearing loans	100.3	218.3
Other liabilities	1.6	3.2
Total long-term liabilities	**113.3**	**236.0**
Interest-bearing loans	0.1	8.2
Accounts payable	24.9	29.6
Other liabilities	1.4	0.8
Accrued expenses and deferred income	22.4	26.5
Total current liabilities	**48.8**	**65.0**
Total shareholders´ equity and liabilities	**326.8**	**379.0**

**Note that the above has not been adjusted for the divestment of the BD business.*

Condensed consolidated cash-flow statement

Group*	October - December		January - December	
MEUR	2017	2016	2017	2016
Profit/loss before tax	-0.7	-9.6	-1.9	-19.3
Depreciation, amortization and impairment	2.4	2.3	8.6	7.0
Capital gain/losses	-	0.1	-	0.1
Reversal of interest expense	5.4	5.1	18.6	15.9
Reversal of interest income**	-0.1	-0.6	-2.2	-3.0
Other non-cash items	-5.0	-1.6	-1.7	0.1
Taxes paid	0.1	0.9	-0.4	-0.7
Cash flow before changes in working capital	**2.0**	**-3.5**	**21.0**	**0.0**
Inventory	-0.2	2.1	-2.5	1.2
Accounts receivable	-0.0	-1.1	0.3	-8.5
Accounts payable	0.1	5.7	-3.6	3.1
Other current receivables/liabilities	-1.8	5.8	-6.6	9.8
Cash flow from operating activities	**0.2**	**8.9**	**8.6**	**5.7**
Acquired / divested operations	-0.0	-0.5	-0.3	-49.4
Acquired / divested fixed assets/intangible assets	-1.2	-5.7	-5.6	-11.1
Cash flow from investing activities	**-1.2**	**-6.1**	**-5.9**	**-60.6**
Changes in interest-bearing loans	-49.6	-0.5	-48.9	26.0
Interest, net	-0.9	-3.0	-6.9	-6.8
Dividend paid/capital injection	58.1	0.9	58.1	24.1
Cash flow from financing activities	**7.6**	**-2.5**	**2.4**	**43.4**
Cash flow for the period	**6.5**	**0.3**	**5.1**	**-11.5**
Cash and cash equivalents at the beginning of the period	5.5	6.2	6.7	18.9
Cash flow for the period	6.5	0.3	5.1	-11.5
Translation differences	0.8	0.3	1.1	-0.7
Cash and cash equivalents at end of the period	**12.9**	**6.7**	**12.9**	**6.7**

**Note that the above has not been adjusted for the divestment of the BD business.*
*** Note that the item does not include impairment of capitalised funding costs.*

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				-18.9	-18.9	-0.4	-19.3
Other comprehensive income			-4.3	-0.1	-4.4	-0.2	-4.6
Transaction with NCI owners						0.9	0.9
Closing balance Dec 31, 2016	**0.0**	**168.2**	**19.4**	**-113.7**	**73.9**	**4.0**	**77.9**
Opening balance January 1, 2017	**0.0**	**168.2**	**19.4**	**-113.7**	**73.9**	**4.0**	**77.9**
Capital injection from shareholders	0.1	92.6			92.7		92.7
Profit for the year				-3.5	-3.5		-3.5
Other comprehensive income			-3.2	0.7	-2.4		-2.4
Transaction with NCI owners				4.0	4.0	-4.0	0.0
Closing balance Dec 30, 2017	**0.1**	**260.8**	**16.2**	**-112.4**	**164.7**	**-**	**164.7**

Condensed Parent Company income statement

Parent Company MEUR	October-December 2017	 2016	January-December 2017	 2016
Net sales/Other income	2.6	5.4	8.5	7.6
Employee benefits expenses	-0.6	-0.8	-3.5	-2.5
Other operating costs	-4.0	-1.7	-4.8	-2.7
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0
Other specified items	0.1	-2.7	-4.5	-3.1
Operating profit/loss (EBIT)	**-1.9**	**0.2**	**-4.3**	**-0.7**
Financial income	3.2	0.3	3.6	1.8
Financial expenses	-2.9	-0.8	-3.4	-2.7
Profit/loss before tax	**-1.6**	**-0.3**	**-4.0**	**-1.7**
Appropriations	-0.5	-3.2	-0.5	-3.2
Tax	-0.0	-	-0.0	-
Net profit/loss for the period	**-2.1**	**-3.5**	**-4.6**	**-4.9**

Condensed Parent Company balance sheet

Parent Company MEUR	31 Dec 2017	31 Dec 2016
Shares in Group companies	272.1	166.7
Tangible fixed assets	0.0	0.0
Long-term receivables	0.6	-0.0
Total non-current assets	**272.7**	**166.7**
Receivables from Group companies	0.9	0.2
Other receivables	0.5	0.2
Cash and cash equivalents	0.3	0.2
Total current assets	**1.7**	**0.6**
Total assets	**274.4**	**167.3**
Shareholders´ equity	**253.8**	**153.0**
Liabilities from Group companies	17.3	12.9
Accounts payable	0.6	0.2
Other liabilities	0.1	0.1
Accrued expenses and deferred income	2.6	1.1
Total current liabilities	**20.6**	**14.3**
Total shareholders´ equity and liabilities	**274.4**	**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 specified 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 19–22.

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 31 December 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 evaluated 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.

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.

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.

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

IFRS 16 Leases. IFRS 16 Leases is applicable for financial years commencing on 1 January 2019. The standard has been adopted 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	October - December		January - December	
MEUR	2017	2016	2017	2016
Accessibility	46.1	45.2	181.3	174.2
Patient Handling	19.3	21.5	83.4	50.5
Puls	5.0	5.4	19.5	19.7
Group-wide functions	0.0	-0.1	0.1	0.2
Revenue - Group	**70.4**	**71.9**	**284.3**	**244.7**

Group	October - December		January - December	
MEUR	2017	2016	2017	2016
Accessibility	6.1	5.2	22.5	18.4
Patient Handling	1.5	1.0	10.9	4.0
Puls	0.2	0.3	0.5	0.8
Group-wide functions	-1.6	-2.0	-7.7	-6.0
Adj EBITA - Group	**6.2**	**4.6**	**26.2**	**17.2**

Group	October - December		January - December	
MEUR	2017	2016	2017	2016
Adj EBITA - Group	6.2	4.6	26.2	17.2
Other specified items	-0.3	-9.2	-7.1	-18.2
Amortization	-1.5	-1.1	-5.0	-3.4
Financial income	9.9	52.7	20.3	57.2
Financial expense	-15.1	-56.3	-37.8	-73.3
EBT - Group	**-0.7**	**-9.4**	**-3.5**	**-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 in 2017. Prism Medical Ltd was acquired in 2016 and has been included in consolidated earnings since September 2016.

Prism	October - December		January - December	
MEUR	2017	2016	2017	2016
Revenue	10.9	12.0	49.6	15.6
Adjusted EBITA	0.4	0.1	6.3	0.4
EBIT	0.3	-1.5	3.6	-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	October - December		January - December	
MEUR	2017	2016	2017	2016
Revenue	-	4.3	10.4	16.3
Cost of material	-	-3.0	-7.2	-10.7
Employee benefits expenses	-	-0.7	-1.1	-2.3
Other operating cost	-	-0.5	-0.9	-1.7
Depreciation and amortization	-	0.0	-0.1	-0.1
Other specified items	-	-0.2	-	-0.3
Operating profit/loss (EBIT)	**-**	**-0.2**	**1.1**	**1.2**
Financial income	-	-	0.5	-
Financial expense	-	-	-	-
Profit/loss before tax	**-**	**-0.2**	**1.6**	**1.2**
Tax	-	0.0	-0.3	-0.4
Net profit	**-**	**-0.2**	**1.3**	**0.8**

Note 5 Other specified items

In the first nine months of 2017, other specified items mainly comprised IPO costs of MEUR 4.8, 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 out-sourcing of IT. The outsourcing of IT was completed in the fourth quarter of 2017.

Group	October - December		January - December	
MEUR	2017	2016	2017	2016
Restructuring costs	-	2.9	1.9	5.4
Transaction costs	-	0.3	0.1	4.0
Integration costs	-	2.3	0.4	3.6
Provision for recall costs	-	3.0	-	3.1
IPO costs	0.3	0.4	4.8	1.2
Mobility related costs	-	0.3	-	0.3
Other effeciency projects	-	0.0	-0.0	0.6
Other specified items	**0.3**	**9.2**	**7.1**	**18.2**

Note 6 – Financial net debt

Group	31 Dec	31 Dec
MEUR	2017	2016
Shareholder loans	-	77.9
Interest-bearing long-term loans	100.2	145.2
Interest-bearing current loans	0.0	8.0
Other interest-bearing debt	1.7	2.1
Deduct: Vendor loan note	-	-33.2
Deduct: cash and cash equivalents	-12.9	-6.7
Interest-bearing net debt	**89.0**	**193.4**

Note 7 – Events after the end of the reporting period

As a result of weak profitability at Puls, and to adapt operations to the new prevailing circumstances following the sale of the BD operations, a restructuring programme was initiated in January 2018. Some ten employees are affected by this measure. It is not expected to lead to any material restructuring expenses.

Handicare acquired the assets of a distributor in North America at the start of 2018. The distributor, based in Colorado, markets products for patient transfers and lifts in 11 states in the US, where Handicare currently has limited sales. The distributor's sales to hospitals and care facilities comprises an excellent base and fits well with Handicare's US hub strategy. The distributor has eight employees and, in 2017, posted sales of around MEUR 4.2. Handicare had no sales to the distributor in 2017. The acquisition of these assets is expected to have a marginal positive effect on Handicare's earnings per share in 2018.

Stockholm, 16 February 2018
Handicare Group AB (publ)

Asbjørn Eskild
President and CEO

Auditors' review report

This year-end report has not been reviewed by the company's auditors.

Telephone conference

A telephone conference, hosted by Asbjørn Eskild, President and CEO, and Stephan Révay, CFO, will be held at 10:00 CET on 16 February 2018. To participate, please register in advance using the following link http://emea.directeventreg.com/registration/2894038.
A presentation will be available at www.handicaregroup.com/investors.

Dates for financial reports

Interim report January–March 2018	8 May 2018
Annual Report	w 14 2018
Annual General Meeting	8 May 2018
Interim report January–June 2018	14 August 2018
Interim report January–September 2018	24 October 2018
Year-end report 2018	19 February 2019

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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 16 February 2018.

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 2017, revenue amounted to MEUR 284 and the adjusted EBITA margin was 9.2%. Employees totalled around 1,150 and the share is listed on Nasdaq Stockholm. For more information; www.handicaregroup.com.

Quarterly data

Group MEUR	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Revenue	56.3	57.7	58.7	71.9	73.3	71.4	69.2	70.4
Cost of goods sold	-33.2	-34.1	-34.7	-42.8	-42.0	-40.6	-39.9	-40.8
Gross profit*	**23.1**	**23.6**	**24.1**	**29.1**	**31.3**	**30.8**	**29.4**	**29.6**
Operating costs	-18.5	-18.4	-18.9	-23.3	-23.6	-23.1	-22.2	-22.6
Adjusted EBITDA*	**4.6**	**5.2**	**5.1**	**5.7**	**7.7**	**7.8**	**7.2**	**7.1**
Depreciation of tangible fixed assets	-0.8	-0.9	-0.6	-1.1	-0.9	-0.9	-0.8	-0.9
Adjusted EBITA*	**3.8**	**4.3**	**4.5**	**4.6**	**6.8**	**6.9**	**6.3**	**6.2**
Other specified items	-1.6	-2.2	-5.1	-9.2	-0.8	-1.2	-4.9	-0.3
EBITA	**2.1**	**2.1**	**-0.6**	**-4.6**	**6.0**	**5.7**	**1.5**	**5.9**
Key figures, %								
Gross margin*	41.0 %	40.9 %	41.0 %	40.4 %	42.7 %	43.2 %	42.4 %	42.1 %
Adjusted EBITDA margin*	8.2 %	9.0 %	8.7 %	8.0 %	10.5 %	10.9 %	10.3 %	10.0 %
Adjusted EBITA margin*	6.7 %	7.4 %	7.7 %	6.4 %	9.3 %	9.7 %	9.1 %	8.8 %
EBITA margin	3.8 %	3.6 %	-1.0 %	-6.4 %	8.2 %	8.0 %	2.1 %	8.3 %

** Alternative performance measure, refer to page 19 to 22 for definitions and calculations*
BD business is presented as divested operations in this report

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 other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	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 other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	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 other specified items and reduced by capital expenditures. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	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. 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.	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.

	Currency exchange rate fluctuations Represents how the reported revenue has been affected by the conversion of revenue generated in currencies other than 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 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	October - December			January - December		
MEUR	2017	2016	Δ%	2017	2016	Δ%
Revenue	70.4	71.9	-2.1 %	284.3	244.7	16.2 %
Revenue excl. acquisitions and divestments	70.4	71.9	-2.1 %	249.8	244.7	2.1 %
Revenue excl. acquisitions and divestments and EF*	70.4	69.4	1.4 %	249.8	238.2	4.9 %
Gross profit	29.6	29.1	2.0 %	121.1	99.8	21.3 %
Gross margin	42.1 %	40.4 %	-	42.6%	40.8%	-
Adjusted EBITDA**	7.1	5.7	23.4 %	29.7	20.7	43.5 %
Adjusted EBITDA margin**	10.0 %	8.0 %	-	10.4 %	8.4 %	-
EBITDA	6.8	-3.5	n/a	22.6	2.5	799.2 %
EBITDA margin	9.6 %	-4.8 %	-	7.9 %	1.0 %	-
Adjusted EBITA**	6.2	4.6	34.4 %	26.2	17.2	52.2 %
Adjusted EBITA margin**	8.8 %	6.4 %	-	9.2 %	7.0 %	-
EBITA	5.9	-4.6	n/a	19.1	-1.0	n/a
EBITA margin	8.3 %	-6.4 %	-	6.7 %	-0.4 %	-
Adjusted Operating cash flow**	4.0	12.5	-68.1 %	11.6	15.1	-23.1 %
% of adjusted EBITDA**	56.5 %	218.4 %	-	39.2 %	73.3 %	-
Net debt / Adjusted EBITDA**	3.0	9.4	-	3.0	9.4	-
Number of employees (end of period)	1 142	1 174	-2.7 %	1 142	1 174	-2.7 %

**adjusted for exchange rates effects (only translation, not transaction effects)*
*** Adjusted for other specified items*

Group MEUR	October - December 2017	 2016	January - December 2017	 2016
Revenue	**70.4**	**71.9**	**284.3**	**244.7**
Direct material	-31.7	-34.4	-128.0	-116.4
Direct Labor	-6.1	-5.9	-25.3	-21.5
Freight (inbound / outbound)	-2.9	-2.6	-10.0	-6.9
Gross profit	**29.6**	**29.1**	**121.1**	**99.8**

Group MEUR	October - December 2017	 2016	January - December 2017	 2016
Operating profit/loss (EBIT)	**4.4**	**-5.8**	**14.0**	**-4.4**
Amortisation / impairment of intangible assets	1.5	1.1	5.0	3.4
Other specified items	0.3	9.2	7.1	18.2
Adjusted EBITA	**6.2**	**4.6**	**26.2**	**17.2**
Depreciation of tangible fixed assets	0.9	1.1	3.5	3.5
Adjusted EBITDA	**7.1**	**5.7**	**29.7**	**20.7**

Group MEUR	October - December 2017	 2016	January - December 2017	 2016
Cash flow before changes in working capital	**2.0**	**-3.5**	**21.0**	**0.0**
Taxes paid	-0.1	-0.9	0.4	0.7
Cash Interest and Cost	-5.3	-4.5	-16.4	-12.9
Net financial items per the profit and loss statement	5.1	3.6	17.6	16.1
Other non cash-items	5.0	1.6	1.7	-0.1
Other specified items	0.3	9.2	7.1	18.2
Discontinued operations	-	0.1	-1.7	-1.4
Adjusted EBITDA	**7.1**	**5.7**	**29.7**	**20.7**
Change in net working capital	-1.8	12.5	-12.4	5.6
Acquired / divested fixed assets/intangible assets	-1.2	-5.7	-5.6	-11.1
Adjusted operating cash flow	**4.0**	**12.5**	**11.6**	**15.1**