Handicare Group AB (publ)
Ingmar Bergmans gata 4
SE-114 34 Stockholm,
Sweden
Tel: +46 8 523 281 00
Corp. Reg. No.: 556982-7115
www.handicaregroup.com

Interim report
January – March 2018

Continued organic growth

First quarter 2018

- Revenue amounted to MEUR 71.6 (73.3)
- Organic growth was 2.7%
- The gross margin was 41.4% (42.7)
- Adjusted EBITA amounted to MEUR 5.1 (6.8), corresponding to a margin of 7.2% (9.3)
- EBIT amounted to MEUR 3.9 (4.6), corresponding to a margin of 5.5% (6.3)
- Postponed deliveries within Vehicle Accessibility had a negative impact on revenue and EBITA by c. MEUR 2 and MEUR 1, respectively.

Group in Summary	January - March			LTM	FY
MEUR	2018	2017	Δ%	2017/2018	2017
Revenue	71.6	73.3	-2.4 %	282.6	284.3
Gross profit*	29.6	31.3	-5.4 %	119.4	121.1
Gross margin,%*	*41.4 %*	*42.7 %*	-	*42.3 %*	*42.6 %*
Adjusted EBITA*	5.1	6.8	-24.6 %	24.5	26.2
Adjusted EBITA margin,%*	*7.2 %*	*9.3 %*	-	*8.7 %*	*9.2 %*
Operating profit/loss (EBIT)	3.9	4.6	-14.9 %	13.3	14.0
Operating margin, (EBIT margin),%*	*5.5 %*	*6.3 %*	-	*4.7 %*	*4.9 %*
Adjusted operating profit/loss (adjusted EBIT)*	3.9	5.4	-27.4 %	19.6	21.1
Adjusted operating margin (adjusted EBIT margin),%*	*5.5 %*	*7.4 %*	-	*6.9 %*	*7.4 %*
Net profit/loss	2.3	1.4	60.8 %	-2.6	-3.5
Earnings per share before and after dilution**, EUR	0.04	0.03	11.4 %	-0.05	-0.08
Adjusted operating Cash Flow*	0.3	0.3	-9.1 %	11.6	11.6
Net debt / Adjusted EBITDA*, times	3.3	8.2	-59.3 %	3.3	3.0

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations.*
*** To obtain comparability between the periods, the number of shares for historical periods has been adjusted for share splits and bonus issues.*
Part of the Puls strategic business unit (the BD business) was divested on 1 August 2017 and, therefore, these operations were recognised under discontinued operations for 2017 and are therefore not included in above table; refer to Note 5.

CEO's comments

Organic growth amounted to 2.7% and the adjusted EBITA margin to 7.2%. A distributor was acquired in Patient Handling, North America in the beginning of the quarter. In line with our strategy and with the aim of increasing the sales focus, our ambition is to further strengthen the sales organisation during the year.

The first quarter — continued growth in stairlifts and lower sales in Patient Handling
During the first quarter, revenue increased organically by 2.7% and the adjusted EBITA margin amounted to 7.2% (9.3). We continued to strengthen our market position in stairlifts. Organic growth totalled 10% for stairlifts and in North America alone, the increase was 33%. As previously announced in the Year-end report, Volkswagen did not deliver any minibuses to the Norwegian market in the first quarter. This impacted our Vehicle Accessibility delivery capacity and, accordingly, revenue was negatively affected by about MEUR 2 and EBITA by slightly more than 1 MEUR, compared with the corresponding quarter previous year. However, deliveries resumed in the second quarter and our assessment is that the main part of the lost revenues will be recovered during the remainder of the year. Sales in Patient Handling, North America, continued a cautious trend with lower quarter-on-quarter sales. However, compared with the fourth quarter of 2017, revenue grew organically by 14%. Patient Handling Europe developed in line with the previous year. Strong project sales in Puls resulted in organic growth in revenue of 29%.

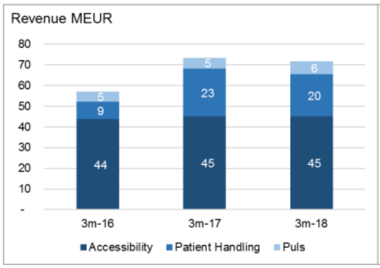
A distributor was acquired in Patient Handling, North America in the beginning of the year. Even though we value the company's sales organisation and geographic reach on the acquisition date, naturally, when making this type of acquisition, our aim is for the acquired company to only sell our products. The transition to our product portfolio has been started, however this means that revenue from this acquisition in the first quarter was limited.

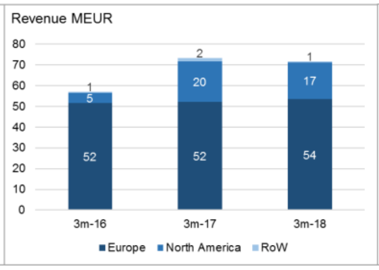
Increased sales focus within the organisation
Our medium-term ambition is to grow by 10% per year, of which 4–6% organic, with an adjusted EBITA margin exceeding 12%. We established our financial targets and "Commercial Excellence Strategy" in 2017 and have since worked consistently toward achieving a more sales-oriented organisation, through our internal sales excellence programme and through organisational changes. In 2018, we will take the next step to further strengthen the sales focus, by flattening the organisation between management and sales, and by reducing administrative resources in favour of expansion of the sales organisation. This will entail some initial costs, but in the longer term, will generate cost savings and higher sales.

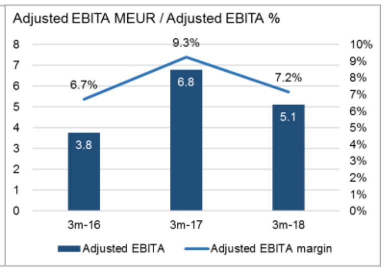
To sum up, I am particularly pleased with the development within stairlifts while I am cautiously optimistic about the development within Patient Handling. The macrotrends continue to benefit us and we remain well-positioned for profitable growth.

Asbjørn Eskild
President and CEO

Group performance







Group MEUR	January - March 2018	2017	Δ%	LTM 2017/2018	FY 2017
Revenue	71.6	73.3	-2.4 %	282.6	284.3
Acquisitions / divestments	-0.2	-	-	-0.2	-
Currency effects*		-3.8	-	-4.4	-8.2
Revenue excl acquisitions/divestments and currency	**71.4**	**69.5**	**2.7 %**	**278.0**	**276.1**

**adjusted for translation effects, not transaction effects*

Group MEUR	January - March 2018	2017	Δ%	LTM 2017/2018	FY 2017
Revenue	71.6	73.3	-2.4 %	282.6	284.3
Cost of goods sold	-42.0	-42.0	n/a	-163.2	-163.2
Gross profit*	**29.6**	**31.3**	**-5.4 %**	**119.4**	**121.1**
Operating costs	-23.4	-23.6	n/a	-91.3	-91.5
Adjusted EBITDA*	**6.2**	**7.7**	**-19.8 %**	**28.1**	**29.7**
Depreciation of tangible fixed assets	-1.0	-0.9	n/a	-3.6	-3.5
Adjusted EBITA*	**5.1**	**6.8**	**-24.6 %**	**24.5**	**26.2**
Other specified items	-	-0.8	n/a	-6.3	-7.1
EBITA	**5.1**	**6.0**	**-14.6 %**	**18.2**	**19.1**
Key figures, %					
*Gross margin**	*41.4 %*	*42.7 %*		*42.3 %*	*42.6 %*
*Adjusted EBITDA margin**	*8.6 %*	*10.5 %*		*10.0 %*	*10.4 %*
*Adjusted EBITA margin**	*7.2 %*	*9.3 %*		*8.7 %*	*9.2 %*
*EBITA margin**	*7.2 %*	*8.2 %*		*6.4 %*	*6.7 %*

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations.*
BD operations were recognised under discontinued operations in 2017 and are therefore not included in above table.

January – March 2018
Revenue and earnings

First-quarter revenue declined 2.4% to MEUR 71.6 (73.3). Organically, revenue increased 2.7%. At the beginning of the quarter, a distributor was acquired in Patient Handling, North America (see Note 3), which contributed MEUR 0.2 in revenue. Accessibility reported organic growth of 3.3%. As previously announced, growth figures were kept down by Volkswagen not delivering certain models of minibuses to the European market during the quarter. This resulted in estimated lost revenue in the first quarter of around MEUR 2 for Vehicle Accessibility. Volkswagen resumed deliveries after the end of the quarter and we expect that the main part of the lost revenues will be recovered during the remainder of 2018. Patient Handling reported negative organic growth of 4.3%, mainly due to lower Institutional sales in North America. Puls reported organic growth of 28.8%, partly driven by strong project sales.

EBITA amounted to MEUR 5.1 (6.0) and adjusted EBITA totalled MEUR 5.1 (6.8). Earnings were negatively affected by under-absorption in Vehicle Accessibility with an estimated earnings impact of slightly over MEUR -1. The acquired business made a negative contribution to earnings of MEUR -0.3 due to the transition to Handicare's product portfolio and, therefore limited sales in the quarter. The adjusted EBITA margin was 7.2% (9.3) The lower margin was attributable to the decline in revenue and the decreased gross margin. The lower gross margin was mainly due to under-absorption in Vehicle Accessibility, which lowered the Group's gross margin by 0.8 percentage points, and a lower gross margin in Patient Handling as a result of the product mix.

The currency effect (only the translation effect) on adjusted EBITA was MEUR -0.2.

Net financial items improved to an expense of MEUR -1.9 (-3.8), mainly due to the refinancing conducted in conjunction with the listing in autumn 2017. The total interest expense decreased to MEUR -0.7 (-5.6). The profit before tax was MEUR 2.0 (0.8).

Tax for the period was MEUR 0.2 (0.2). The net profit for the period from continuing operations was MEUR 2.3 (1.0). Profit for the period totalled MEUR 2.3 (1.4), corresponding to earnings per share of EUR 0.04 (0.03) before and after dilution.

Cash flow and financial position

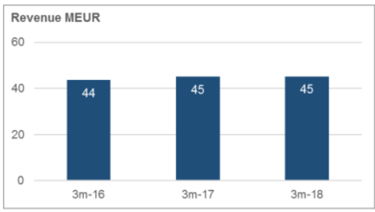
During the quarter, cash flow from operating activities amounted to MEUR -0.2 (1.6). The quarter-on-quarter decline in cash flow was attributable to a lower EBIT and a higher tax expense. During the quarter, payments pertaining to Other specified items, primarily IPO related, of around MEUR -1.5 have been made.

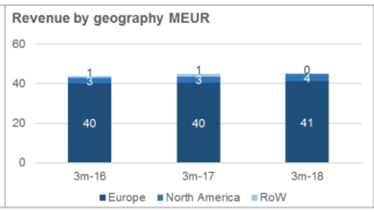
Net investments in the quarter entailed a cash outflow of MEUR -2.5 (-1.7), of which an outflow of MEUR -1.1 (0.0) pertained to acquisitions. Investments in new business systems amounted to an expense of MEUR -0.2 (-0.3).

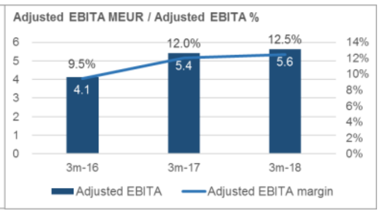
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 11.4 (6.4). Interest-bearing net debt totalled MEUR 94.2 (195.4) at the end of the period. The decrease in net debt was mainly attributable to the new issue and the refinancing in conjunction with the IPO as well as to the sale of the BD business.

Accessibility

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







Accessibility MEUR	January - March 2018	January - March 2017	Δ%	LTM 2017/2018	FY 2017
Revenue	45.1	45.0	0.2 %	181.4	181.3
Acquisitions / divestments	-	-	-	-	-
Currency effects*	-	-1.3	-	-1.0	-2.4
Revenue excl acquisitions/divestments and currency	**45.1**	**43.7**	**3.3 %**	**180.4**	**179.0**

**adjusted for translation effects, not transaction effects*

Accessibility MEUR	January - March 2018	January - March 2017	Δ%	LTM 2017/2018	FY 2017
Revenue	45.1	45.0	0.2 %	181.4	181.3
Operating costs	-38.8	-39.0	n/a	-156.4	-156.6
Adjusted EBITDA*	**6.3**	**6.0**	**5.9 %**	**25.1**	**24.7**
Depreciation of tangible fixed assets	-0.7	-0.6	n/a	-2.4	-2.2
Adjusted EBITA*	**5.6**	**5.4**	**4.1 %**	**22.7**	**22.5**
Other specified items	-	-0.0	n/a	-0.6	-0.6
EBITA	**5.6**	**5.4**	**4.6 %**	**22.1**	**21.9**
Key figures, %					
*Adjusted EBITDA margin**	*14.0 %*	*13.3 %*		*13.8 %*	*13.6 %*
*Adjusted EBITA margin**	*12.5 %*	*12.0 %*		*12.5 %*	*12.4 %*
*EBITA margin**	*12.5 %*	*12.0 %*		*12.2 %*	*12.1 %*

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations.*

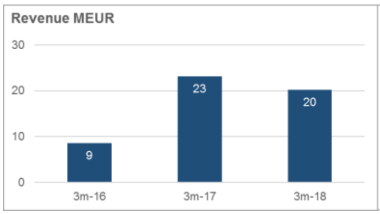
January – March 2018

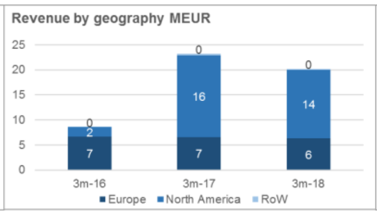
First-quarter revenue rose 0.2% to MEUR 45.1 (45.0). Organic growth was 3.3%. Quarter-on-quarter, revenue was negatively impacted by around MEUR 2 due to Volkswagen not delivering certain models of minibuses to the European market in the first quarter. Deliveries restarted after the end of the quarter and the assessment is that the main part of the lost revenues will be recovered during the remainder of the year. The strategic business unit (SBU) reported good growth for stairlifts in Europe and very good growth in North America. In total, organic growth for stairlifts was 10% during the quarter. The growth rate was 33% in North America.

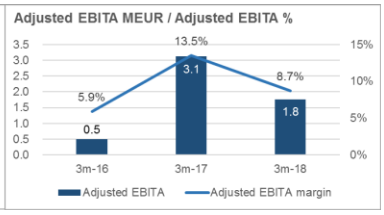
EBITA and adjusted EBITA increased to MEUR 5.6 (5.4). The EBITA margin rose to 12.5% (12.0) due to lower operating expenses relative to revenue. The gross margin declined as a result of lower sales and as a consequence, under-absorption in Vehicle Accessibility. This is assessed as having had a negative impact of slightly more than MEUR -1 on EBITA.

Patient Handling

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







Patient handling	January - March			LTM	FY
MEUR	2018	2017	Δ%	2017/2018	2017
Revenue	20.2	23.1	-12.6 %	80.5	83.4
Acquisitions / divestments	-0.2	-	-	-0.2	-
Currency effects*	-	-2.2	-	-3.2	-5.3
Revenue excl acquisitions/divestments and currency	**20.1**	**21.0**	**-4.3 %**	**77.2**	**78.1**

**adjusted for translations effects, not transaction effects*

Patient handling	January - March			LTM	FY
MEUR	2018	2017	Δ%	2017/2018	2017
Revenue	20.2	23.1	-12.6 %	80.5	83.4
Operating costs	-18.1	-19.7	n/a	-69.7	-71.3
Adjusted EBITDA*	**2.1**	**3.4**	**-38.9 %**	**10.8**	**12.1**
Depreciation of tangible fixed assets	-0.3	-0.3	n/a	-1.2	-1.2
Adjusted EBITA*	**1.8**	**3.1**	**-43.3 %**	**9.5**	**10.9**
Other specified items	-	-0.3	n/a	-0.1	-0.4
EBITA	**1.8**	**2.8**	**-36.2 %**	**9.5**	**10.5**
Key figures %					
*Adjusted EBITDA margin**	*10.4 %*	*14.9 %*		*13.4 %*	*14.5 %*
*Adjusted EBITA margin**	*8.7 %*	*13.5 %*		*11.9 %*	*13.1 %*
*EBITA margin**	*8.7 %*	*12.0 %*		*11.7 %*	*12.5 %*

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations.*

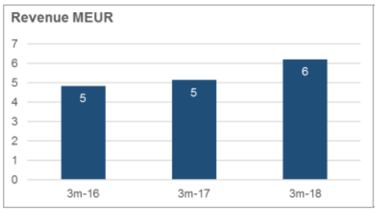
January – March 2018

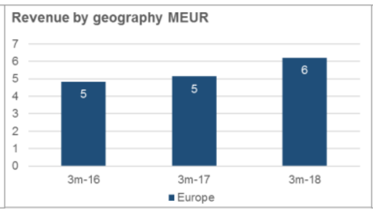
First-quarter revenue declined 12.6% to MEUR 20.2 (23.1). During the quarter, a distributor was acquired in North America. Revenue from the acquisition was limited to MEUR 0.2 due to the transition to Handicare's product portfolio. Handicare had no sales to the acquired distributor during 2017, and consequently the transition to Handicares product portfolio will take longer than would otherwise be the case. Organic growth was a negative -4.3% as a result of lower Institutional sales in North America. Revenue remained essentially unchanged in Europe.

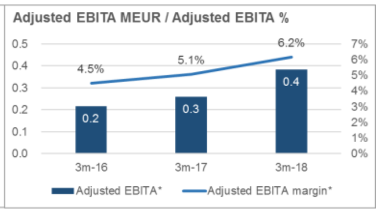
EBITA decreased to MEUR 1.8 (2.8) and adjusted EBITA to MEUR 1.8 (3.1). The acquired business made a negative contribution to earnings of MEUR -0.3 as a result of limited revenue in the quarter. The adjusted EBITA margin declined to 8.7% (13.5), mainly due to lower sales. The gross margin declined somewhat as a result of the product mix.

Puls

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







Puls	January - March			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	6.2	5.1	20.7 %	20.6	19.5
Acquisitions / divestments	-	-	-	-	-
Currency effects*	-	-0.3	-	-0.2	-0.5
Revenue excl acquisitions/divestments and currency	**6.2**	**4.8**	**28.8 %**	**20.4**	**19.0**

**adjusted for translations effects, not transaction effects*

Puls	January - March			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	6.2	5.1	20.7 %	20.6	19.5
Operating costs	-5.8	-4.9	n/a	-19.9	-19.0
Adjusted EBITDA*	**0.4**	**0.3**	**52.7 %**	**0.6**	**0.5**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.0	-0.0
Adjusted EBITA*	**0.4**	**0.3**	**47.5 %**	**0.6**	**0.5**
Other specified items	-	-	-	-	-
EBITA	**0.4**	**0.3**	**47.5 %**	**0.6**	**0.5**
Key figures %					
*Adjusted EBITDA margin**	*6.4 %*	*5.1 %*		*3.1%*	*2.6 %*
*Adjusted EBITA margin**	*6.2 %*	*5.1 %*		*3.0%*	*2.6 %*
*EBITA margin**	*6.2 %*	*5.1 %*		*3.0%*	*2.6 %*

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations.*
BD operations were recognised under discontinued operations in 2017 and are therefore not included in above table.

January – March 2018

First-quarter revenue rose 20.7% to MEUR 6.2 (5.1). Organic growth was 28.8%. The high rate of growth was partially due to strong project sales.

EBITA and adjusted EBITA totalled MEUR 0.4 (0.3). The adjusted EBITA margin rose to 6.2% (5.1), mainly due to improved sales. The gross margin remained essentially unchanged.

A restructuring programme, to adjust operations after the sale of the BD business during the fall of 2017, was initiated in the quarter and some ten employees are affected by this measure. This entails no significant restructuring costs. The majority of the savings from this program will be realised in the second half of 2018.

Group-wide expenses
Group-wide expenses amounted to MEUR -2.7 (-2.0). The increase was mainly attributable to the centralisation of certain functions, such as IT and Finance, and costs associated with being a listed company. During the quarter, certain costs for IT and finance (MEUR 0.5) were reported as central costs, which in previous periods were included in the respective SBUs. No amortisation or depreciation was included in Group-wide expenses.

Employees
At the end of the period, the number of full-time equivalents was 1,177 (1,192). The average number of FTEs was 1,165 (1,184) for the quarter.

Parent Company
First-quarter revenue amounted to MEUR 2.1 (2.0). The profit before tax was MEUR 1.7 (0.7). The profit for the period was MEUR 1.7 (0.7).

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.

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 2017 Annual Report.

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. The negotiations with the counterparty could not be concluded in the first quarter and will continue in the second quarter of 2018. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision made as of 31 March 2018.

Events after the reporting period
In March 2017, Handicare reorganised itself as a function and sales focused organisation in line with the Commercial Excellence strategy. We are now taking the next step to further strengthen the sales focus, by flattening the organisation between management and sales, and by reducing administrative resources in favour of expansion of the sales organisation. Altogether, the aim is to reduce the total costs in parallel with increasing revenue over time. In total, about 50 people are affected, of which the majority are in North America. In the second quarter, total costs of MEUR 1.5 are expected for these measures, which largely pertain to redundancy costs. Net cost savings are estimated at around MEUR 3.0 per year, with full effect from the first quarter of 2019.

In line with the above, the following Group management changes have been made in the second quarter:

- Peter Lindquist, Executive Vice President, Commercial, Europe and Asia Pacific, has left the Handicare Group.
- Clare Brophy, previously responsible for Stairlifts direct sales, will assume charge of Commercial Stairlifts Europe & Asia and join the Group management.
- Helena Skarle, previously responsible for IT and strategic development, will take over responsibility for Commercial Patient Handling Europe & Asia and is already a member of Group management.

Condensed consolidated income statement

Group MEUR	January - March 2018	 2017	FY 2017
Revenue	71.6	73.3	284.3
Cost of material	-33.7	-34.1	-131.9
Employee benefits expenses	-18.8	-18.6	-72.8
Other operating costs	-12.9	-12.9	-50.0
Depreciation and amortization	-2.2	-2.3	-8.5
Other specified items*	-	-0.8	-7.1
Operating profit/loss (EBIT)	**3.9**	**4.6**	**14.0**
Financial items, net	-1.9	-3.8	-17.6
Profit/loss before tax	**2.0**	**0.8**	**-3.5**
Tax	0.2	0.2	-1.2
Profit/loss after tax from continuing operations	**2.3**	**1.0**	**-4.8**
Profit from discontinued operations**	-	0.4	1.3
Net profit/loss for the period	**2.3**	**1.4**	**-3.5**
Profit/loss after tax from continuing operations			
Attributable to ordinary shareholders of the parent	2.3	1.0	-4.8
Attributable to non-controlling interest	-	0.1	-
Profit from discontinued operations			
Attributable to ordinary shareholders of the parent	-	0.3	1.3
Attributable to non-controlling interest	-	0.0	-
Earnings per share (EUR) before and after dilution	0.04	0.03	-0.08
Average number of shares before and after dilution (000's)***	58 939	38 473	58 939

* See Note 4

** See Note 5

*** To obtain comparability between the periods, the number of shares for historical periods has been adjusted for share splits and bonus issues.

Condensed consolidated statement of comprehensive income

Group MEUR	January - March 2018	 2017	FY 2017
Net profit/loss	2.3	1.4	-3.5
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	-	-	0.0
Translation differences (can be reversed)	-3.1	0.9	-0.6
Net investment hedges (can be reversed)	1.7	-0.3	-2.5
Income tax attributable to components in other comprehensive income (can be reversed)	-0.4	0.1	0.7
Total comprehensive income/loss for the period	**0.4**	**2.1**	**-5.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	0.4	2.0	-5.9
Comprehensive income/loss attributable to non-controlling interests	-	0.1	-

Condensed consolidated balance sheet

Group* MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
Intangible assets	51.0	59.5	49.2
Goodwill	162.9	171.4	163.5
Tangible fixed assets	10.5	12.2	10.9
Deferred tax assets	6.0	8.4	6.2
Financial receivables	0.2	34.2	0.3
Total non-current assets	**230.6**	**285.8**	**230.0**
Inventory	36.0	36.9	35.7
Accounts receivable	43.7	47.1	41.7
Tax receivables	1.5	1.8	1.5
Other receivables	4.5	4.6	5.0
Cash and cash equivalents	11.4	6.4	12.9
Total current assets	**97.2**	**96.8**	**96.7**
Total assets	**327.8**	**382.6**	**326.8**
Shareholders' equity attributable to parent shareholders	**165.0**	**75.9**	**164.7**
Non controlling interest	-	4.1	-
Total equity	**165.0**	**80.0**	**164.7**
Provisions for pensions	0.4	0.8	0.4
Deferred tax liabilities	8.7	11.2	8.6
Advance payments	2.4	2.3	2.4
Other liabilities	1.0	3.4	1.6
Interest-bearing loans	104.0	219.2	100.3
Total long-term liabilities	**116.5**	**236.8**	**113.3**
Interest-bearing loans	0.1	10.1	0.1
Accounts payable	25.2	27.4	24.9
Other liabilities	2.2	3.3	1.4
Accrued expenses and deferred income	18.9	25.0	22.4
Total current liabilities	**46.3**	**65.8**	**48.8**
Total shareholders' equity and liabilities	**327.8**	**382.6**	**326.8**

** Balance sheet as per 31 March 2017 has not been adjusted for the sale of the BD business.*

Condensed consolidated cash-flow statement

Group MEUR	January - March 2018	 2017	FY 2017
Profit/loss before tax*	2.0	1.3	-1.9
Depreciation, amortization and impairment	2.2	2.3	8.6
Reversal of interest expense/ income	0.7	3.8	16.4
Other non-cash items	0.1	0.0	-1.7
Taxes paid	-0.8	-0.1	-0.4
Cash flow before changes in working capital	**4.2**	**7.4**	**21.0**
Inventory	-0.6	-0.6	-2.5
Accounts receivable	-2.5	-3.1	0.3
Accounts payable	0.2	-2.1	-3.6
Other current receivables/liabilities	-1.6	0.1	-6.6
Cash flow from operating activities	**-0.2**	**1.6**	**8.6**
Acquired / divested operations	-1.1	-	-0.3
Acquired / divested fixed assets/intangible assets	-1.4	-1.7	-5.6
Cash flow from investing activities	**-2.5**	**-1.7**	**-5.9**
Changes in interest-bearing loans	1.3	1.9	-48.9
Interest, net	-0.6	-2.3	-6.9
Dividend paid/capital injection	-	-	58.1
Cash flow from financing activities	**0.7**	**-0.4**	**2.4**
Cash flow for the period	**-2.0**	**-0.4**	**5.1**
Cash and cash equivalents at the beginning of the period	12.9	6.7	6.7
Cash flow for the period	-2.0	-0.4	5.1
Translation differences	0.6	0.1	1.1
Cash and cash equivalents at end of the period	**11.4**	**6.4**	**12.9**

** January-March 2017 includes profit/loss before tax from discontinued operations.*

Condensed consolidated statement of changes in sharehold-ers' equity

Group MEUR	Equity attributable to equity holders of the Parent company	Non-controlling intrerest	Total equity
Opening balance January 1, 2017	**73.9**	**4.0**	**77.9**
Profit for the year	1.3	0.1	1.4
Other comprehensive income	0.7	0.0	0.7
Closing balance March 31, 2017	**75.9**	**4.1**	**80.0**
Opening balance January 1, 2017	**164.7**	**-**	**164.7**
Profit for the year	2.3	-	2.3
Other comprehensive income	-1.9	-	-1.9
Closing balance March 30, 2017	**165.0**	**-**	**165.0**

Condensed Parent Company income statement

Parent Company MEUR	January - March 2018	 2017	FY 2017
Revenue	2.1	2.0	8.5
Employee benefits expenses	-1.0	-1.0	-3.5
Other operating costs	-0.2	-0.1	-4.8
Depreciation and amortization	-0.0	-0.0	-0.0
Other specified items	-	-0.1	-4.5
Operating profit/loss (EBIT)	**0.9**	**0.7**	**-4.3**
Financial items, net	0.8	-0.0	0.2
Profit/loss before tax	**1.7**	**0.7**	**-4.0**
Appropriations	-	-	-0.5
Tax	-	-0.0	-0.0
Net profit/loss for the period	**1.7**	**0.7**	**-4.6**

Condensed Parent Company balance sheet

Parent Company MEUR	31 Mar 2018	31 Mar 2017	31 Dec 2017
Shares in Group companies	272.1	166.7	272.1
Tangible fixed assets	0.0	0.0	0.0
Long-term receivables	0.6	-	0.6
Total non-current assets	**272.7**	**166.7**	**272.7**
Receivables from Group companies	0.2	0.2	0.9
Other receivables	3.3	5.7	0.5
Cash and cash equivalents	0.1	0.0	0.3
Total current assets	**3.6**	**5.9**	**1.7**
Total assets	**276.4**	**172.6**	**274.4**
Shareholders´ equity	**255.5**	**153.7**	**253.8**
Liabilities from Group companies	19.4	17.3	17.3
Accounts payable	0.3	0.1	0.6
Other liabilities	0.2	0.1	0.1
Accrued expenses and deferred income	1.0	1.4	2.6
Total current liabilities	**20.9**	**18.9**	**20.6**
Total shareholders´ equity and liabilities	**276.4**	**172.6**	**274.4**

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 2017 Annual Report and are to be read together with said policies. Moreover, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments apply from 1 January 2018 (see also below). In addition to the financial measures prepared in accordance with IFRS, Handicare presents non-IFRS 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 alternative 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 18–20.

The Group is applying IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time.

IFRS 9 introduces new rules regarding the classification and measurement of financial instruments, the impairment of financial instruments and hedge accounting. The Group applies IFRS 9 retroactively. The new model for calculating impairment provision for credit losses is based on expected credit losses rather than incurred credit losses as in the case under IAS 39. IFRS 9 has not had an impact on the Groups net income nor balance sheet since the new rules had no significant impact on the Group's provision for future credit losses.

IFRS 15 specifies how and when revenue should be recognized as well as requires more detailed revenue disclosures. The standard provides a principle based five-step model to be applied to all contracts with customers. In the new model revenue recognition is based on the fulfillment of performance obligations and allocation of selling prices to these. The transition to the new model has not resulted in any significant changes in Handicare's accounting policies, since the performance obligations according to IFRS 15 is consistent with the risk transition applied in previous accounting principles. Handicare applies the standard and the full retrospective method, however, no restatement has been required as IFRS 15 had no impact on the Group's net income nor balance sheet.

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

IFRS 16 Leases. IFRS 16 Leases will enter force for the financial year commencing 1 January 2019. The standard has been 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 several of the Group's existing operating leases will be recognised in the balance sheet from 2019.

Analysis of the effect IFRS 16 will have on the Group's financial statements is ongoing. 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.

Currently, no other interpretations or standards that have yet to enter force are expected to entail any material impact on the consolidated financial statements.

Note 2 – Segment overview

Group MEUR	January - March 2018	 2017	LTM 2017/2018	FY 2017
Accessibility	45,1	45,0	181,4	181,3
Patient Handling	20,2	23,1	80,5	83,4
Puls	6,2	5,1	20,6	19,5
Group-wide functions	0,0	0,0	0,1	0,1
Revenue - Group	**71,6**	**73,3**	**282,6**	**284,3**

Group MEUR	January - March 2018	 2017	LTM 2017/2018	FY 2017
Accessibility	5,6	5,4	22,7	22,5
Patient Handling	1,8	3,1	9,5	10,9
Puls	0,4	0,3	0,6	0,5
Group-wide functions	-2,7	-2,0	-8,4	-7,7
Adj EBITA - Group	**5,1**	**6,8**	**24,5**	**26,2**

Group MEUR	January - March 2018	 2017	LTM 2017/2018	FY 2017
Adj EBITA - Group	5,1	6,8	24,5	26,2
Other specified items	-	-0,8	-6,3	-7,1
Amortization	-1,2	-1,4	-4,9	-5,0
Financial items, net	-1,9	-3,8	-15,6	-17,6
EBT - Group	**2,0**	**0,8**	**-2,3**	**-3,5**

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 this is not included.

Note 3 – Acquisitions

In January, Handicare acquired the assets of a distributor in North America. 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 posted sales of around MEUR 4.2, in 2017. Handicare had no sales to the distributor in 2017.

Business combination	MEUR
Tangible fixed assets	0.1
Customer contracts and customer relations	2.2
Inventory	0.4
Other liabilities	-
Total identifiable net assets	**2.6**
Goodwill	0.8
Total net assets	**3.4**
Less:	
Acquired cash, net	-
Contingent consideration	-2.3
Net cash flow - investments	**1.1**

Goodwill pertains to expected synergy effects from the merger of the Group's and the distributor's US operations. Acquisition-related costs amounted to TEUR -80 and were charged to earnings in 2017. The operations have been consolidated into the Group from the start of the year. Sales totalled MEUR 0.2 MEUR in the first quarter, with a negative earnings impact of MEUR -0.3.

A larger share of the purchase price is conditional and is determined by the distributor's future sales. The size of the earn-out is based on sales growth over a 48-month period. The fair value of the purchase price is estimated at MEUR 2.3 and is based on a discount rate of 3% and probability-adjusted, assumed future sales.

Note 4 – Other specified items

In the first quarter of 2018, Handicare had no other specified items. For the corresponding quarter in 2017, costs amounted to MEUR -0.8 and pertained primarily to costs related to the reorganisation carried out in March 2017 and costs for outsourcing IT.

Group	January - March		FY
MEUR	2018	2017	2017
Restructuring costs	-	-0.5	-1.9
Transaction costs	-	-0.0	-0.1
Integration costs	-	-0.3	-0.4
IPO costs	-	0.0	-4.8
Other effeciency projects	-	0.0	0.0
Other specified items	**-**	**-0.8**	**-7.1**

Note 5 – Divestments

At 1 August 2017, the BD business (part of the Puls segment) was divested to Cidron Liberty Systems Limited. The purchase consideration amounted to 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. The BD operations have been classified as a discontinued operation and the results for 2017 have been accordingly adjusted. The statement of financial position has not been adjusted.

Divested operations BD	January - March		FY
MEUR	2018	2017	2017
Revenue	-	4.9	10.4
Cost of material	-	-3.4	-7.2
Employee benefits expenses	-	-0.6	-1.1
Other operating cost	-	-0.4	-0.9
Depreciation and amortization	-	-0.0	-0.1
Operating profit/loss (EBIT)	**-**	**0.5**	**1.1**
Financial items, net	-	-	0.5
Profit/loss before tax	**-**	**0.5**	**1.6**
Tax	-	-0.1	-0.3
Net profit	**-**	**0.4**	**1.3**

Note 6 – Financial net debt

Group	31 Mar	31 Mar	31 Dec
MEUR	2018	2017	2017
Shareholder loans	-	79.2	-
Interest-bearing long-term loans	101.6	144.4	100.2
Interest-bearing current loans	-	10.0	-
Other interest-bearing debt	4.0	2.0	1.7
Deduct: Vendor loan note	-	-33.8	-
Deduct: cash and cash equivalents	-11.4	-6.4	-12.9
Interest-bearing net debt	**94.2**	**195.4**	**89.0**

Note 7 – Number of shares

Number of shares December 31 2016	**50 002**
Share split September	38 254 198
Bonus issue October	168 646
Share issue in-kind October	2 345 686
Share issue in-kind October	6 681 468
New share issue October	11 439 000
Number of shares December 31 2017	**58 939 000**
Change 2018	-
Number of shares March 31 2018	**58 939 000**

Note 8 – Events after the end of the reporting period

For an account of events after the end of the period, see page 8.

Stockholm, 8 May 2018
Handicare Group AB (publ)

Asbjørn Eskild
President and CEO

Audit review
This interim 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 a.m. CET on 8 May 2018.
To participate, please register in advance using the following link
http://emea.directeventreg.com/registration/7897376

A presentation will be available at www.handicaregroup.com/investors.

Dates for financial reports

Interim report January – June 2018	14 August 2018
Interim report January – September 2018	24 October 2018
Year-end report 2018	19 February 2019

For more information, contact:

Asbjørn Eskild, CEO, Tel: +47 905 633 04

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 May 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 Stockholm, Sweden and manufacturing is located at six sites distributed across North America, Asia and Europe. In the 12-month period to March 2018, revenue amounted to MEUR 283 and the adjusted EBITA margin was 8.7%. Employees numbered around 1,200 and the share is listed on Nasdaq Stockholm. For more information, see www.handicaregroup.com.

Quarterly data

Group MEUR	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Revenue	56.3	57.7	58.7	71.9	73.3	71.4	69.2	70.4	71.6
Cost of goods sold	-33.2	-34.1	-34.7	-42.8	-42.0	-40.6	-39.9	-40.8	-42.0
Gross profit*	**23.1**	**23.6**	**24.1**	**29.1**	**31.3**	**30.8**	**29.4**	**29.6**	**29.6**
Operating costs	-18.5	-18.4	-18.9	-23.3	-23.6	-23.1	-22.2	-22.6	-23.4
Adjusted EBITDA*	**4.6**	**5.2**	**5.1**	**5.7**	**7.7**	**7.8**	**7.2**	**7.1**	**6.2**
Depreciation of tangible fixed assets	-0.8	-0.9	-0.6	-1.1	-0.9	-0.9	-0.8	-0.9	-1.0
Adjusted EBITA*	**3.8**	**4.3**	**4.5**	**4.6**	**6.8**	**6.9**	**6.3**	**6.2**	**5.1**
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**	**5.1**
Key figures, %									
*Gross margin**	*41.0 %*	*40.9 %*	*41.0 %*	*40.4 %*	*42.7 %*	*43.2 %*	*42.4 %*	*42.1 %*	*41.4 %*
*Adjusted EBITDA margin**	*8.2 %*	*9.0 %*	*8.7 %*	*8.0 %*	*10.5 %*	*10.9 %*	*10.3 %*	*10.0 %*	*8.6 %*
*Adjusted EBITA margin**	*6.7 %*	*7.4 %*	*7.7 %*	*6.4 %*	*9.3 %*	*9.7 %*	*9.1 %*	*8.8 %*	*7.2 %*
*EBITA margin**	*3.8 %*	*3.6 %*	*-1.0 %*	*-6.4 %*	*8.2 %*	*8.0 %*	*2.1 %*	*8.3 %*	*7.2 %*

** Alternative performance measures, refer to pages 18 to 20 for definitions and calculations*

The BD business was recognised under discontinued operations in all periods and are therefore not included in above table.

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 Group management to monitor the return on direct manufacturing costs.
Gross profit	Revenue less direct costs (direct material, direct labour and freight costs) for the manufacture and sale of products.	This measure is used by Group management to monitor the contribution for covering indirect costs.
EBIT margin	Operating profit (EBIT) as a percentage of revenue.	Handicare believes that EBIT margin, together with revenue growth, is a useful measure for monitoring 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, together with revenue growth, is a useful measure for monitoring value creation.
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Handicare believes EBITDA provides an understanding of operating earnings generated by the business, regardless of how it is funded.
EBITDA margin	EBITDA as a percentage of revenue.	Handicare believes that EBITDA margin, together with revenue growth, is a useful measure for monitoring value creation.
Capital expenditure (CAPEX)	Investments in both tangible and intangible fixed assets, excluding financial assets.	Handicare uses capital expenditure as a figure for showing the total investments in operating assets.
Adjusted EBITA	EBITA excluding other specified items. Other specified items cover transaction costs, integration costs, restructuring costs, IPO costs, recall costs and other efficiency projects.	Handicare believes that Adjusted EBITA is a useful measure for showing the company's profit generated from

		operating activities and monitors adjusted EBITA as the main measure of profit and loss 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 operating activities.
Adjusted EBITDA	EBITDA excluding other specified items. Other specified items cover transaction costs, integration costs, restructuring costs, IPO costs, recall costs and other efficiency projects.	Handicare believes that adjusted EBITDA is a useful measure for showing the company's profit generated by operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Handicare believes that the adjusted EBITDA margin is a useful measure for showing the company's profitability generated by operating activities.
Adjusted operating cash flow	Cash flow from operating activities (including changes in working capital) excluding other specified items. Other specified items cover transaction costs, integration costs, restructuring costs, IPO costs, recall costs and other efficiency projects.	Adjusted cash flow from operating activities is used to monitor the cash flow of operations, regardless of financing structure.
Adjusted operating cash flow/Adjusted EBITDA	Adjusted operating cash flow from operating activities as a percentage of Adjusted EBITDA.	Adjusted operating cash flow from operating activities/Adjusted EBITDA is used to monitor the yield on working capital and investments.
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 show financial risk and is useful to Group management for monitoring the company's level of 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. For more information see Annual report 2017 and Definitions.	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.
Equity/assets ratio	Equity in relation to total assets.	Handicare believes this is a good measure for showing the proportion of total assets financed by equity, and is used by Group management to monitor the company's long-term financial strength and ability to withstand losses.

Reconciliation of significant alternative performance measures

Group	January - March		FY
MEUR	2018	2017	2017
Revenue	**71.6**	**73.3**	**284.3**
Direct material	-32.6	-33.2	-128.0
Direct Labor	-6.5	-6.3	-25.3
Freight (inbound / outbound)	-2.9	-2.5	-10.0
Gross profit	**29.6**	**31.3**	**121.1**

Group	January - March		FY
MEUR	2018	2017	2017
Operating profit/loss (EBIT)	**3.9**	**4.6**	**14.0**
Amortisation / impairment of intangible assets	1.2	1.4	5.0
Other specified items	-	0.8	7.1
Adjusted EBITA	**5.1**	**6.8**	**26.2**
Depreciation of tangible fixed assets	1.0	0.9	3.5
Adjusted EBITDA	**6.2**	**7.7**	**29.7**

Group	January - March		FY
MEUR	2018	2017	2017
Cash flow before changes in working capital	**4.2**	**7.4**	**21.0**
Taxes paid	0.8	0.1	0.4
Cash Interest and Cost	-0.7	-3.8	-16.4
Net financial items per the profit and loss statement	1.9	3.8	17.6
Other non cash-items	-0.1	-0.0	1.7
Other specified items	-	0.8	7.1
Discontinued operations	-	-0.5	-1.7
Adjusted EBITDA	**6.2**	**7.7**	**29.7**
Change in net working capital	-4.5	-5.7	-12.4
Acquired / divested fixed assets/intangible assets	-1.4	-1.7	-5.6
Adjusted operating cash flow	**0.3**	**0.3**	**11.6**