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Interim report
January – June 2018

Strong organic growth and improved margins

April-June 2018

- Revenue increased to MEUR 75.3 (71.4)
- Organic growth was 7.3%
- The gross margin was 43.2% (43.2)
- Adjusted EBITA amounted to MEUR 7.6 (6.9), corresponding to a margin of 10.1% (9.7)
- EBIT amounted to MEUR 4.3 (4.6), corresponding to a margin of 5.7% (6.5)
- Adjusted operating cash flow amounted to MEUR 7.9 (4.5)
- Vehicle Accessibility recovered revenue of approximately MEUR 0.5 on the deliveries postponed in the first quarter
- Expenses relating to the announced (in the interim report for the first quarter) reorganisation amounted to MEUR 2.0 during the quarter
- In August, President and CEO Asbjørn Eskild announced his decision to leave Handicare Group. Staffan Ternström has been appointed President and CEO effective 14 August

January-June 2018

- Revenue increased to MEUR 146.9 (144.7)
- Organic growth was 5.0%
- The gross margin was 42.3% (42.9)
- Adjusted EBITA amounted to MEUR 12.8 (13.7), corresponding to a margin of 8.7% (9.5)
- EBIT amounted to MEUR 8.2 (9.3), corresponding to a margin of 5.6% (6.4)
- Adjusted operating cash flow amounted to MEUR 8.2 (4.8)
- The net effect of postponed deliveries in Vehicle Accessibility is estimated at approximately MEUR -1.5 in terms of revenue and about MEUR -0.8 in terms of EBITA
- Expenses relating to the reorganisation amounted to MEUR 2.0

Group in summary MEUR	April-June			January-June			LTM	FY
	2018	2017	∆%	2018	2017	∆%	2017/2018	2017
Revenue	75.3	71.4	5.5%	146.9	144.7	1.5%	286.5	284.3
Gross profit*	32.6	30.8	5.7%	62.2	62.1	0.1%	121.2	121.1
Gross margin, %*	*43.2%*	*43.2%*	-	*42.3%*	*42.9%*	-	*42.3%*	*42.6%*
Adjusted EBITA*	7.6	6.9	10.8%	12.8	13.7	-6.8%	25.2	26.2
Adjusted EBITA margin, %*	*10.1%*	*9.7%*	-	*8.7%*	*9.5%*	-	*8.8%*	*9.2%*
Operating profit/loss (EBIT)	4.3	4.6	-8.1%	8.2	9.3	-11.5%	13.0	14.0
Operating margin (EBIT margin), %*	*5.7%*	*6.5%*	-	*5.6%*	*6.4%*	-	*4.5%*	*4.9%*
Adjusted operating profit/loss (adjusted EBIT)*	6.3	5.8	8.0%	10.2	11.2	-9.1%	20.1	21.1
Adjusted operating margin (adjusted EBIT margin),%*	*8.3%*	*8.1%*	-	*6.9%*	*7.8%*	-	*7.0%*	*7.4%*
Net profit/loss	4.8	1.2	310.9%	7.0	2.6	174.1%	1.0	-3.5
Earnings per share before and after dilution**, EUR	0.08	0.03	133.6%	0.12	0.07	72.7%	0.02	-0.08
Adjusted operating cash flow*	7.9	4.5	74.5%	8.2	4.8	69.4%	15.0	11.6
Net debt / Adjusted EBITDA (LTM)*, times	3.1	7.1	-55.8%	3.1	7.1	-55.8%	3.1	3.0

** Alternative performance measures, refer to pages 20 to 22 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 divested operations for 2017; refer to Note 5.

Summary of the quarter

Organic growth amounted to 7.3% for the second quarter and 5.0% for the six-month period. The adjusted EBITA margin was 10.1% for the second quarter and 8.7% for the six-month period. The deliveries in Vehicle Accessibility that were postponed during the first quarter have started to be resumed, with corresponding revenue estimated at MEUR 0.5 for the second quarter. As previously announced, initiatives began during the quarter aimed at intensifying the sales focus and reducing administrative expenses. This generated costs of MEUR 2.0, which were charged to the quarter in their entirety.

We continued to strengthen our market position in stairlifts. Organic growth totalled 13% for stairlifts and the increase in North America alone was 47%. Volkswagen's deliveries of minibuses in Norway resumed in the second quarter. Our estimate is that we have recovered approximately MEUR 0.5 of the MEUR 2.0 in revenue lost in the first quarter. Our assessment is that most of the remaining revenue loss will be recovered during the coming three quarters.

The revenue development in Patient Handling remains challenging. We have identified and implemented a number of initiatives to increase revenues. Patient Handling Europe displayed organic growth. Continued strong project sales in Puls resulted in organic revenue growth of 9.4%.

A distributor was acquired in Patient Handling, North America at the start of the year. The ambition is to transition fully to our product portfolio. The adjustment to our product portfolio continued during the quarter and revenue in the second quarter grew compared with the first quarter.

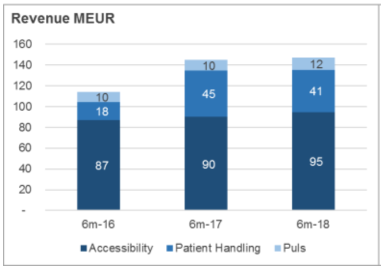
Lars Marcher - Chairman of the Board of Directors

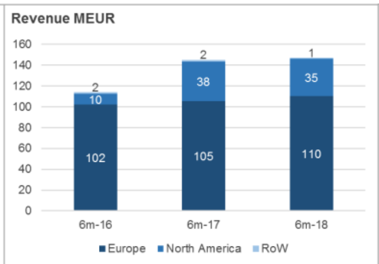
Our medium-term aim is to grow by 10% per year, of which 4–6% organic, and with an adjusted EBITA margin exceeding 12%. During the first six months, we launched initiatives to further strengthen our sales focus and to reduce the resources within administration. Costs of approximately MEUR 2.0 were incurred in the second quarter and these primarily pertain to redundancies. In the long term, this will benefit sales and result in cost-savings of at least MEUR 3.0 annually as of 2019. We continue to identify and evaluate new acquisition targets as M&A is an important part of our growth strategy.

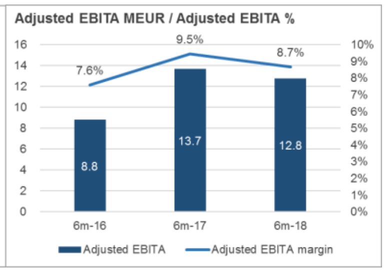
We would like to thank Asbjørn Eskild for his contribution to Handicare and welcome Staffan Ternström as the new President and CEO. Staffan has extensive experience from the medical device industry and I am convinced that he is well suited to lead Handicare in the next phase. Staffan's first day is 14 August 2018. With sales growth that is well in line with our financial targets and an improved margin as well as favourable macro trends I am highly confident that we will achieve our financial targets in the medium term.

Asbjørn Eskild (outgoing President and CEO): "As this is my last quarterly report as President and CEO of Handicare, I would like to thank our owners, Board of Directors, and employees for all their support during my period as CEO. I am proud of what we have accomplished and the second quarter implies that Handicare is on track. It has been a great privilege to work with all motivated and committed leaders and employees at Handicare. I wish Staffan all the best in his new role as CEO."

Group performance







Group MEUR	April - June 2018	 2017	 Δ%	January - June 2018	 2017	 Δ%	LTM 2017/2018	FY 2017
Revenue	75.3	71.4	5.5 %	146.9	144.7	1.5 %	286.5	284.3
Acquisitions / divestments	-0.7	-	-	-0.8	-	-	-0.8	-
Currency effects*		-1.8	-		-5.6	-	0.1	-5.5
Revenue excl acquisitions/divestm., currency	**74.7**	**69.6**	**7.3 %**	**146.1**	**139.1**	**5.0 %**	**285.8**	**278.8**

**adjusted for translation effects, not transaction effects*

Group MEUR	April - June 2018	 2017	 Δ%	January - June 2018	 2017	 Δ%	LTM 2017/2018	FY 2017
Revenue	75.3	71.4	5.5 %	146.9	144.7	1.5 %	286.5	284.3
Cost of goods sold	-42.8	-40.6	n/a	-84.7	-82.6	n/a	-165.4	-163.2
Gross profit*	**32.6**	**30.8**	**5.7 %**	**62.2**	**62.1**	**0.1 %**	**121.2**	**121.1**
Operating costs	-24.0	-23.1	n/a	-47.4	-46.7	n/a	-92.2	-91.5
Adjusted EBITDA*	**8.6**	**7.8**	**10.5 %**	**14.7**	**15.4**	**-4.5 %**	**29.0**	**29.7**
Depreciation of tangible fixed assets	-0.9	-0.9	n/a	-2.0	-1.7	n/a	-3.7	-3.5
Adjusted EBITA*	**7.6**	**6.9**	**10.8 %**	**12.8**	**13.7**	**-6.8 %**	**25.2**	**26.2**
Other specified items	-2.0	-1.2	n/a	-2.0	-2.0	n/a	-7.1	-7.1
EBITA	**5.6**	**5.7**	**-1.6 %**	**10.8**	**11.7**	**-8.3 %**	**18.1**	**19.1**
Key figures, %								
*Gross margin**	*43.2 %*	*43.2 %*		*42.3 %*	*42.9 %*		*42.3 %*	*42.6 %*
*Adjusted EBITDA margin**	*11.4 %*	*10.9 %*		*10.0 %*	*10.7 %*		*10.1 %*	*10.4 %*
*Adjusted EBITA margin**	*10.1 %*	*9.7 %*		*8.7 %*	*9.5 %*		*8.8 %*	*9.2 %*
*EBITA margin**	*7.5 %*	*8.0 %*		*7.3 %*	*8.1 %*		*6.3 %*	*6.7 %*

** Alternative performance measures, refer to pages 20 to 22 for definitions and calculations.*

BD operations were recognised under divested operations in 2017 and are therefore not included in the table above.

April – June 2018

Revenue and earnings

Second-quarter revenue rose 5.5% to MEUR 75.3 (71.4). Organically, revenue increased 7.3%. The distributor in Patient Handling, North America, that was acquired in the first quarter (see Note 3) contributed revenue of MEUR 0.7. Accessibility reported organic growth of 11.8%. Vehicle Accessibility recovered approximately MEUR 0.5 of the postponed deliveries from the first quarter (approximately MEUR 2.0, related to delivery problems from VW). Patient Handling recorded negative organic growth of 2.8%, mainly as a result of continued lower institutional sales in North America. Puls reported organic growth of 9.4%.

EBITA amounted to MEUR 5.6 (5.7). Other specified items amounted to MEUR -2.0 (-1.2) and were entirely attributable to the reorganisation announced (see page 8). Adjusted EBITA increased to MEUR 7.6 (6.9). The earnings contribution from the acquired distributor totalled MEUR 0.1. The adjusted EBITA margin was 10.1% (9.7). The improved margin was attributable to lower operating expenses in relation to revenue. The gross margin remained unchanged at 43.2%. According to plan, cost savings of about MEUR 0.3 related to the reorganisation were realised during the quarter.

The currency effect (only the translation effect) on adjusted EBITA was MEUR -0.1.

Net financial items improved to MEUR 0.8 (-3.9), mainly as a result of refinancing undertaken in conjunction with the listing in autumn 2017 and positive currency effects. The total net interest expense decreased to MEUR -0.7 (-2.6). Profit before tax was MEUR 5.0 (0.7).

Tax for the period amounted to MEUR -0.3 (0.1). The net profit for the period from continuing operations was MEUR 4.8 (0.9). Profit for the period totalled MEUR 4.8 (1.2), corresponding to earnings per share of EUR 0.08 (0.03) before and after dilution.

January – June 2018
Revenue and earnings

Revenue rose 1.5% to MEUR 146.9 (144.7) in the first half of the year. Organically, revenue increased 5.0%. The distributor acquired during the first quarter contributed revenue of MEUR 0.8. Accessibility reported organic growth of 7.6%. In Vehicle Accessibility, the problems with delivery from VW were resolved during the second quarter, and for the six-month period, the total revenue loss relating to this was estimated to be MEUR 1.5 (compared with MEUR 2.0 for the first quarter). Most of the remainder of the revenue loss is expected to be recovered during the coming three quarters. Patient Handling reported negative organic growth of 3.6%, mainly due to lower institutional sales in North America. Puls reported organic growth of 19.0%, partly driven by strong project sales, mainly during the first quarter.

EBITA amounted to MEUR 10.8 (11.7). Other specified items amounted to MEUR -2.0 (-2.0) and were entirely attributable to the reorganisation announced. Adjusted EBITA decreased to MEUR 12.8 (13.7). Earnings were negatively affected by under-absorption in Vehicle Accessibility with an estimated earnings impact of about MEUR -0.8. The earnings contribution from the acquired distributor was MEUR -0.1 due to the transition to Handicare's product portfolio and thus lower sales, mainly during the first quarter. The adjusted EBITA margin was 8.7% (9.5). The reduced margin is mainly attributable to the lower gross margin. The reduction in the gross margin was an effect of under-absorption in Vehicle Accessibility, which reduced the Group's gross margin by 0.4 percentage points, and a somewhat changed segment mix. Operating expenses, in relation to revenue, were unchanged.

The currency effect (only the translation effect) on adjusted EBITA was MEUR -0.3.

Net financial items improved to MEUR -1.1 (-7.7), mainly as a result of refinancing undertaken in conjunction with the listing in autumn 2017 and positive currency effects. The total net interest expense decreased to MEUR -1.3 (-6.2). Profit before tax was MEUR 7.1 (1.5).

Tax for the period was MEUR 0.0 (0.4). The net profit for the period from continuing operations was MEUR 7.0 (1.9). Profit for the period totalled MEUR 7.0 (2.6), corresponding to earnings per share of EUR 0.12 (0.07) before and after dilution.

Cash flow and financial position

During the quarter, cash flow from operating activities amounted to MEUR 10.0 (4.7). The year-on-year increase in cash flow was attributable to higher earnings and lower working capital. Payments related to Other specified items amounted to MEUR 0.9 (1.5) and were attributable to the reorganisation (see page 8).

Net investments in the quarter entailed a cash outflow of MEUR -1.4 (-1.7), of which an outflow of MEUR -0.1 (-0.6) pertained to investments in an ERP system.

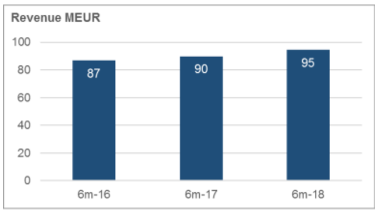
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 15.7 (6.2). Interest-bearing net debt totalled MEUR 90.8 (186.6) at the end of the period. The decrease in net debt was attributable to the new share issue and the refinancing in conjunction with the listing, the sale of the BD business and cash flow from operating activities. The dividend for the 2017 financial year was paid during the second quarter, totalling MEUR 2.9.

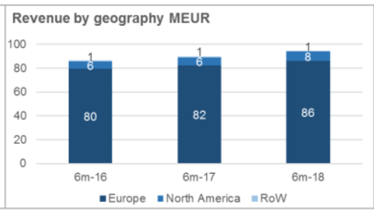
For the six-month period, cash flow from operating activities amounted to MEUR 9.8 (6.3). The year-on-year increase in cash flow is attributable to lower working capital. Payments related to Other specified items amounted to MEUR 2.4 (2.5) and were attributable to the reorganisation (MEUR 0.9) and the listing (MEUR 1.5).

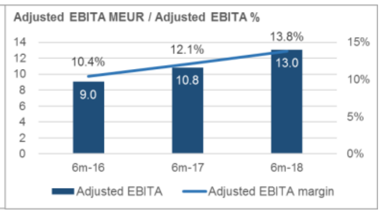
Net investments during the period entailed a cash outflow of MEUR -3.9 (-3.4), of which an outflow of MEUR -1.1 (0.0) pertained to acquisitions. Investments in a new ERP system amounted to MEUR -0.2 (-0.8).

Accessibility

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







Accessibility	April - June			January - June			LTM	FY
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	49.4	44.9	10.2 %	94.6	89.9	5.2 %	186.0	181.3
Acquisitions / divestments	-	-	-	-	-	-	-	-
Currency effects*		-0.6	-		-2.0	-	0.5	-1.5
Revenue excl acquisitions/divestm., currency	**49.4**	**44.2**	**11.8 %**	**94.6**	**87.9**	**7.6 %**	**186.5**	**179.9**

**adjusted for translation effects, not transaction effects*

Accessibility	April - June			January - June			LTM	FY
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	49.4	44.9	10.2 %	94.6	89.9	5.2 %	186.0	181.3
Operating costs	-41.5	-38.9	n/a	-80.3	-78.0	n/a	-158.9	-156.6
Adjusted EBITDA*	**8.0**	**6.0**	**33.9 %**	**14.3**	**11.9**	**19.9 %**	**27.1**	**24.7**
Depreciation of tangible fixed assets	-0.6	-0.5	n/a	-1.3	-1.1	n/a	-2.4	-2.2
Adjusted EBITA*	**7.4**	**5.4**	**36.8 %**	**13.0**	**10.8**	**20.4 %**	**24.7**	**22.5**
Other specified items	-1.1	-0.6	n/a	-1.1	-0.6	n/a	-1.1	-0.6
EBITA	**6.3**	**4.8**	**30.1 %**	**11.9**	**10.2**	**16.7 %**	**23.6**	**21.9**
Key figures, %								
Adjusted EBITDA margin*	16.1 %	13.3 %		15.1 %	13.3 %		14.6 %	13.6 %
Adjusted EBITA margin*	15.0 %	12.1 %		13.8 %	12.1 %		13.3 %	12.4 %
EBITA margin*	12.7 %	10.8 %		12.6 %	11.4 %		12.7 %	12.1 %

** Alternative performance measures, refer to pages 20 to 22 for definitions and calculations.*

April – June 2018

Second-quarter revenue rose 10.2% to MEUR 49.4 (44.9). Organic growth was 11.8%. The segment reported strong growth for stairlifts in Europe and very strong growth in North America. In total, organic growth for stairlifts was 13% during the quarter. The growth rate was 47% in North America. Vehicle Accessibility recovered approximately MEUR 0.5 of the postponed revenue from the first quarter (approximately MEUR 2.0).

EBITA amounted to MEUR 6.3 (4.8). Other specified items amounted to MEUR -1.1 (-0.6) and were related to the reorganisation (see page 8). Adjusted EBITA totalled MEUR 7.4 (5.4). The adjusted EBITA margin rose to 15.0% (12.1) due to lower operating expenses relative to revenue. The gross margin remained essentially unchanged.

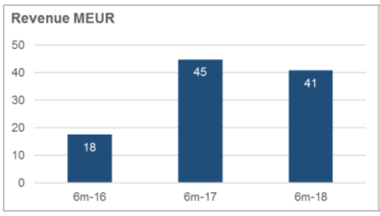
January – June 2018

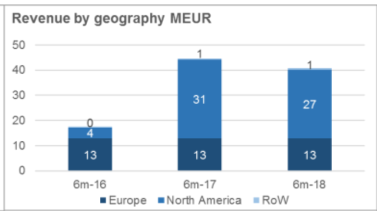
Revenue for the six-month period rose 5.2% to MEUR 94.6 (89.9). Organic growth was 7.6%. In total, organic growth for stairlifts amounted to 10% during the period, while the rate of growth in North America was 40%. In Vehicle Accessibility, the problems with delivery from VW were resolved during the second quarter and for the six-month period, the total revenue loss relating to this was estimated to be about MEUR 1.5 (compared with MEUR 2.0 for the first quarter). Our assessment is that most of the remainder of the sales loss will be recovered during the coming three quarters.

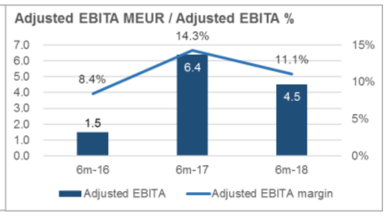
EBITA increased to MEUR 11.9 (10.2). Other specified items amounted to MEUR -1.1 (-0.6). Adjusted EBITA totalled 13.0 (10.8). The adjusted EBITA margin rose to 13.8% (12.1) due to lower operating expenses relative to revenue. The gross margin was somewhat lower year-on-year as a result of the under-absorption in Vehicle Accessibility due to delayed revenue of approximately MEUR 1.5. The delay in revenue is deemed to have had a negative impact on earnings of approximately MEUR 0.8 during the first half of the year.

Patient Handling

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







Patient handling	April - June			January - June			LTM	FY
MEUR	**2018**	**2017**	**∆%**	**2018**	**2017**	**∆%**	**2017/2018**	**2017**
Revenue	20.5	21.5	-4.7 %	40.7	44.7	-8.8 %	79.5	83.4
Acquisitions / divestments	-0.7	-	-	-0.8	-	-	-0.8	-
Currency effects*		-1.1	-		-3.3	-	-0.4	-3.7
Revenue excl acquisitions/divestm., currency	**19.8**	**20.4**	**-2.8 %**	**39.9**	**41.4**	**-3.6 %**	**78.3**	**79.8**

**adjusted for translations effects, not transaction effects*

Patient handling	April - June			January - June			LTM	FY
MEUR	**2018**	**2017**	**∆%**	**2018**	**2017**	**∆%**	**2017/2018**	**2017**
Revenue	20.5	21.5	-4.7 %	40.7	44.7	-8.8 %	79.5	83.4
Operating costs	-17.4	-18.0	n/a	-35.6	-37.6	n/a	-69.2	-71.3
Adjusted EBITDA*	**3.1**	**3.6**	**-13.8 %**	**5.2**	**7.0**	**-26.1 %**	**10.3**	**12.1**
Depreciation of tangible fixed assets	-0.3	-0.3	n/a	-0.7	-0.6	n/a	-1.3	-1.2
Adjusted EBITA*	**2.7**	**3.3**	**-15.8 %**	**4.5**	**6.4**	**-29.3 %**	**9.0**	**10.9**
Other specified items	-0.7	0.0	n/a	-0.7	-0.3	n/a	-0.8	-0.4
EBITA	**2.1**	**3.3**	**-36.7 %**	**3.9**	**6.1**	**-36.5 %**	**8.2**	**10.5**
Key figures %								
*Adjusted EBITDA margin**	*15.0 %*	*16.6 %*		*12.7 %*	*15.7 %*		*12.9 %*	*14.5 %*
*Adjusted EBITA margin**	*13.4 %*	*15.2 %*		*11.1 %*	*14.3 %*		*11.4 %*	*13.1 %*
*EBITA margin**	*10.2 %*	*15.4 %*		*9.5 %*	*13.6 %*		*10.4 %*	*12.5 %*

** Alternative performance measures, refer to pages 20 to 22 for definitions and calculations.*

April – June 2018

Second-quarter revenue declined 4.7% to MEUR 20.5 (21.5). Revenue from the distributor acquired at the beginning of the year in North America amounted to MEUR 0.7, an increase of MEUR 0.5 compared with the first quarter. The transition to Handicare's product portfolio is proceeding according to plan. Organic growth amounted to -2.8% as a result of continued lower institutional sales in North America. Europe reported healthy organic growth.

EBITA decreased to MEUR 2.1 (3.3). Other specified items amounted to MEUR -0.7 (0.0) and were related to the reorganisation (see page 8). Adjusted EBITA decreased to MEUR 2.7 (3.3). The earnings contribution from the acquired distributor was MEUR 0.1. The adjusted EBITA margin declined to 13.4% (15.2) due to lower sales. The gross margin increased by 1.0 percentage point as a result of the product mix.

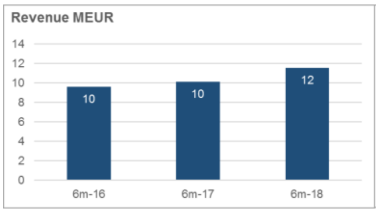
January – June 2018

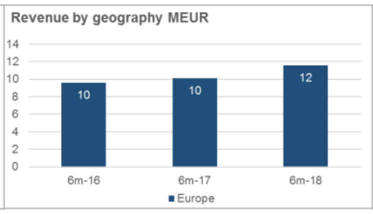
Revenue for the six-month period declined by 8.8% to MEUR 40.7 (44.7). Revenue from the acquired distributor amounted to MEUR 0.8 during the first six months. Organic growth was - 3.6% as a result of lower institutional sales in North America. Europe reported organic growth.

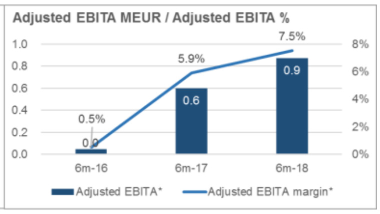
EBITA decreased to MEUR 3.9 (6.1). Other specified items amounted to MEUR -0.7 (-0.3). Adjusted EBITA decreased to MEUR 4.5 (6.4). The earnings contribution from the acquired distributor was MEUR -0.1 due to the transition to Handicare's product portfolio and thus lower sales, mainly during the first quarter. The adjusted EBITA margin declined to 11.1% (14.3), mainly due to lower sales. The gross margin remained essentially unchanged.

Puls

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







Puls	April - June			January - June			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	5.4	5.0	7.5 %	11.6	10.1	14.2 %	21.0	19.5
Acquisitions / divestments	-	-	-	-	-	-	-	-
Currency effects*		-0.1	-		-0.4	-	0.0	-0.4
Revenue excl acquisitions/divestm., currency	**5.4**	**4.9**	**9.4 %**	**11.6**	**9.7**	**19.0 %**	**21.0**	**19.1**

**adjusted for translations effects, not transaction effects*

Puls	April - June			January - June			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	5.4	5.0	7.5 %	11.6	10.1	14.2 %	21.0	19.5
Operating costs	-4.9	-4.7	n/a	-10.7	-9.5	n/a	-20.2	-19.0
Adjusted EBITDA*	**0.5**	**0.3**	**48.1 %**	**0.9**	**0.6**	**50.1 %**	**0.8**	**0.5**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.0	-0.0	n/a	-0.0	-0.0
Adjusted EBITA*	**0.5**	**0.3**	**43.9 %**	**0.9**	**0.6**	**45.5 %**	**0.8**	**0.5**
Other specified items	-	-	-	-	-	-	-	-
EBITA	**0.5**	**0.3**	**43.9 %**	**0.9**	**0.6**	**45.5 %**	**0.8**	**0.5**
Key figures %								
*Adjusted EBITDA margin**	*9.4 %*	*6.9 %*		*7.8 %*	*6.0 %*		*3.9%*	*2.6 %*
*Adjusted EBITA margin**	*9.1 %*	*6.8 %*		*7.5 %*	*5.9 %*		*3.7%*	*2.6 %*
*EBITA margin**	*9.1 %*	*6.8 %*		*7.5 %*	*5.9 %*		*3.7%*	*2.6 %*

** Alternative performance measures, refer to pages 20 to 22 for definitions and calculations.*
BD operations were recognised under divested operations in 2017 and are therefore not included in the table above.

April – June 2018

Second-quarter revenue rose 7.5% to MEUR 5.4 (5.0). Organic growth was 9.4%. The growth was partly driven by strong project sales.

EBITA and adjusted EBITA totalled MEUR 0.5 (0.3). The EBITA margin increased to 9.1% (6.8) as a result of higher sales and an improved gross margin of approximately 2.0 percentage points. The increase in gross margin was driven by the product mix.

January – June 2018

Revenue for the first six months increased 14.2% to MEUR 11.6 (10.1). Organic growth was 19.0%. The high growth rate is largely attributable to strong project sales, mainly during the first quarter.

EBITA and adjusted EBITA totalled MEUR 0.9 (0.6). The EBITA margin increased to 7.5% (5.9) driven by both increased sales and improved gross margin. The gross margin increased by nearly 1.0 percentage point driven by the product mix.

The restructuring programme that was initiated during the first quarter, which impacted some ten employees, is progressing according to plan. This entails no significant restructuring costs. The majority of the savings from this programme will be realised in the second half of 2018.

Group-wide expenses

Group-wide expenses, excluding Other specified items, amounted to MEUR -3.0 (-2.1) for the quarter and MEUR -5.7 (-4.1) for the six-month period. The increase was mainly attributable to the centralisation of certain functions, such as IT and Finance, and costs associated with being a listed company. In 2018, certain expenses for IT and Finance (MEUR -0.5 for the quarter and MEUR -1.0 for the six-month period) were recognised as central expenses, whereas they were recognised under each business area in the preceding year. No amortization or depreciation was included in Group-wide expenses.

Employees

At the end of the period, the number of FTEs was 1,162 (1,179). The average number of FTEs was 1,163 (1,178) for the quarter, and 1,160 (1,179) for the six-month period.

Parent Company

Second-quarter revenue amounted to MEUR 2.2 (1.9). Profit before tax was MEUR 0.8 (0.5). Profit for the period was MEUR 0.8 (0.5).

For the six-month period, Parent Company revenue amounted to MEUR 4.3 (3.9). Profit before tax was MEUR 2.5 (1.2). Profit for the period was MEUR 2.5 (1.2).

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 second quarter and will continue in the third quarter of 2018. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision as of 30 June 2018.

Commercial Excellence Strategy

In March 2017, Handicare reorganised itself as a function and sales focused organisation in line with the Commercial Excellence strategy. During the second quarter of 2018, the Group initiated the next step to further strengthen the focus on sales, partly by eliminating one level between management and the sales organisation, and partly 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. It is estimated that the costs for these measures, mainly severance costs, will amount to a total of MEUR 2.0, which was charged in its entirety to the second quarter and recognised under the item Other specified items. Net cost savings are estimated at least MEUR 3.0 per year, with full effect from the first quarter of 2019. According to plan, cost savings of approximately MEUR 0.3 were realised during the second quarter of 2018.

During the second quarter, the following changes occurred in Group management:

- 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.

Events after the reporting period

On 6 August President and CEO Asbjørn Eskild announced his decision to leave Handicare Group for personal reasons. Asbjørn has a six-month period of notice. On 13 August Staffan Ternström was appointed President and CEO effective 14 August. Handicare's existing business plan and financial targets remain unchanged.

Condensed consolidated income statement

Group MEUR	April - June 2018	 2017	January - June 2018	 2017	FY 2017
Revenue	75.3	71.4	146.9	144.7	284.3
Cost of material	-34.6	-32.7	-68.3	-66.8	-131.9
Employee benefits expenses	-18.6	-19.0	-37.4	-37.6	-72.8
Other operating costs	-13.5	-11.9	-26.5	-24.8	-50.0
Depreciation and amortization	-2.3	-2.0	-4.5	-4.2	-8.5
Other specified items*	-2.0	-1.2	-2.0	-2.0	-7.1
Operating profit/loss (EBIT)	**4.3**	**4.6**	**8.2**	**9.3**	**14.0**
Financial items, net	0.8	-3.9	-1.1	-7.7	-17.6
Profit/loss before tax	**5.0**	**0.7**	**7.1**	**1.5**	**-3.5**
Tax	-0.3	0.1	-0.0	0.4	-1.2
Profit/loss after tax from continuing operations	**4.8**	**0.9**	**7.0**	**1.9**	**-4.8**
Profit from discontinued operations**	-	0.3	-	0.7	1.3
Net profit/loss for the period	**4.8**	**1.2**	**7.0**	**2.6**	**-3.5**
Profit/loss after tax from continuing operations					
Attributable to ordinary shareholders of the parent	4.8	1.1	7.0	2.0	-4.8
Attributable to non-controlling interest	-	-0.2	-	-0.1	-
Profit from discontinued operations					
Attributable to ordinary shareholders of the parent	-	0.3	-	0.6	1.3
Attributable to non-controlling interest	-	0.0	-	0.0	-
Earnings per share (EUR) before and after dilution	0.08	0.03	0.12	0.07	-0.08
Average number of shares before and after dilution (000's)***	58 939	38 473	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	April - June 2018	 2017	January - June 2018	 2017	FY 2017
Net profit/loss	4.8	1.2	7.0	2.6	-3.5
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	-	-	-	-	0.0
Translation differences (can be reversed)	0.9	1.5	-2.2	2.4	-0.6
Net investment hedges (can be reversed)	0.1	-1.2	1.8	-1.5	-2.5
Income tax attributable to components in other comprehensive income (can be reversed)	-0.0	0.3	-0.5	0.4	0.7
Total comprehensive income/loss for the period	**5.8**	**1.7**	**6.1**	**3.9**	**-5.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	5.8	1.7	6.1	3.7	-5.9
Comprehensive income/loss attributable to non-controlling interests	-	0.0	-	0.1	-

Condensed consolidated balance sheet

Group* MEUR	30 Jun 2018	30 Jun 2017	31 Dec 2017
Intangible assets	51.0	52.2	49.2
Goodwill	163.8	173.3	163.5
Tangible fixed assets	10.3	11.9	10.9
Deferred tax assets	6.5	6.6	6.2
Financial receivables	0.2	34.8	0.3
Total non-current assets	**231.8**	**278.8**	**230.0**
Inventory	37.4	36.1	35.7
Accounts receivable	46.0	41.6	41.7
Tax receivables	1.6	1.7	1.5
Other receivables	3.8	4.1	5.0
Cash and cash equivalents	15.7	6.2	12.9
Total current assets	**104.5**	**89.8**	**96.7**
Total assets	**336.3**	**368.5**	**326.8**
Shareholders' equity attributable to parent shareholders	**167.9**	**77.6**	**164.7**
Non controlling interest	-	4.1	-
Total equity	**167.9**	**81.8**	**164.7**
Provisions for pensions	0.4	0.7	0.4
Deferred tax liabilities	8.9	8.8	8.6
Advance payments	2.1	2.2	2.4
Other liabilities	1.0	2.3	1.6
Interest-bearing loans	105.0	212.8	100.3
Total long-term liabilities	**117.4**	**226.9**	**113.3**
Interest-bearing loans	0.1	9.1	0.1
Accounts payable	29.2	26.7	24.9
Other liabilities	1.8	2.0	1.4
Accrued expenses and deferred income	19.9	22.1	22.4
Total current liabilities	**50.9**	**59.9**	**48.8**
Total shareholders' equity and liabilities	**336.3**	**368.5**	**326.8**

** The balance at 30 June 2017 has not been adjusted for the sale of the BD operation.*

Condensed consolidated cash-flow statement

Group MEUR	April - June 2018	 2017	January - June 2018	 2017	FY 2017
Profit/loss before tax*	5.0	1.2	7.1	2.5	-1.9
Depreciation, amortization and impairment	2.3	2.0	4.5	4.3	8.6
Reversal of interest expense/ income	0.7	3.9	1.4	7.7	16.4
Other non-cash items	1.5	-0.5	1.6	-0.5	-1.7
Taxes paid	-0.4	-0.4	-1.1	-0.5	-0.4
Cash flow before changes in working capital	**9.3**	**6.1**	**13.5**	**13.5**	**21.0**
Inventory	-0.6	-0.5	-1.1	-1.1	-2.5
Accounts receivable	-1.4	4.1	-3.9	1.0	0.3
Accounts payable	4.0	0.0	4.2	-2.1	-3.6
Other current receivables/liabilities	-1.2	-5.2	-2.9	-5.0	-6.6
Cash flow from operating activities	**10.0**	**4.7**	**9.8**	**6.3**	**8.6**
Acquired / divested operations	-	-	-1.1	-	-0.3
Acquired / divested fixed assets/intangible assets	-1.4	-1.7	-2.8	-3.4	-5.6
Cash flow from investing activities	**-1.4**	**-1.7**	**-3.9**	**-3.4**	**-5.9**
Changes in interest-bearing loans	-0.0	-2.2	1.3	-0.3	-48.9
Interest, net	-0.7	-1.4	-1.3	-3.6	-6.9
Dividend paid/capital injection	-2.9	-	-2.9	-	58.1
Cash flow from financing activities	**-3.6**	**-3.5**	**-2.9**	**-3.9**	**2.4**
Cash flow for the period	**5.0**	**-0.6**	**3.0**	**-1.0**	**5.1**
Cash and cash equivalents at the beginning of the period	11.4	6.4	12.9	6.7	6.7
Cash flow for the period	5.0	-0.6	3.0	-1.0	5.1
Translation differences	-0.8	0.5	-0.2	0.6	1.1
Cash and cash equivalents at end of the period	**15.7**	**6.2**	**15.7**	**6.2**	**12.9**

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

Condensed consolidated statement of changes in sharehold-ers' equity

Group MEUR	Attributable to equity holders of the Parent	Non-controlling intrerest	Total equity
Opening balance January 1, 2017	**73.9**	**4.0**	**77.9**
Profit for the year	2.7	-0.1	2.6
Other comprehensive income	1.1	0.2	1.3
Closing balance June 30, 2017	**77.6**	**4.1**	**81.8**
Opening balance January 1, 2018	**164.7**	**-**	**164.7**
Dividend	-2.9	-	-2.9
Profit for the year	7.0	-	7.0
Other comprehensive income	-0.9	-	-0.9
Closing balance June 30, 2018	**167.9**	**-**	**167.9**

Condensed Parent Company income statement

Parent Company MEUR	April - June 2018	 2017	January - June 2018	 2017	FY 2017
Revenue	2.2	1.9	4.3	3.9	8.5
Employee benefits expenses	-1.1	-1.1	-2.0	-2.2	-3.5
Other operating costs	-0.8	-0.4	-1.0	-0.6	-9.3
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0	-0.0
Operating profit/loss (EBIT)	**0.3**	**0.4**	**1.2**	**1.1**	**-4.3**
Financial items, net	0.5	0.1	1.3	0.0	0.2
Profit/loss before tax	**0.8**	**0.5**	**2.5**	**1.2**	**-4.0**
Appropriations	-	-	-	-	-0.5
Tax	-	-	-	-0.0	-0.0
Net profit/loss for the period	**0.8**	**0.5**	**2.5**	**1.2**	**-4.6**

Condensed Parent Company balance sheet

Parent Company MEUR	30 Jun 2018	30 Jun 2017	31 Dec 2017
Shares in Group companies	272.1	166.7	272.1
Tangible fixed assets	0.1	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	0.3	6.9	0.9
Other receivables	2.9	2.6	0.5
Cash and cash equivalents	0.0	0.1	0.3
Total current assets	**3.2**	**9.7**	**1.7**
Total assets	**276.0**	**176.4**	**274.4**
Shareholders´ equity	**253.4**	**154.2**	**253.8**
Liabilities from Group companies	21.6	20.4	17.3
Accounts payable	0.3	0.6	0.6
Other liabilities	0.0	0.1	0.1
Accrued expenses and deferred income	0.7	1.1	2.6
Total current liabilities	**22.5**	**22.2**	**20.6**
Total shareholders´ equity and liabilities	**276.0**	**176.4**	**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 20–22.

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	April - June		January - June		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Accessibility	49.4	44.9	94.6	89.9	186.0	181.3
Patient Handling	20.5	21.5	40.7	44.7	79.5	83.4
Puls	5.4	5.0	11.6	10.1	21.0	19.5
Group-wide functions	0.0	0.0	0.0	0.0	0.1	0.1
Revenue - Group	**75.3**	**71.4**	**146.9**	**144.7**	**286.5**	**284.3**

Group	April - June		January - June		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Accessibility	7.4	5.4	13.0	10.8	24.7	22.5
Patient Handling	2.7	3.3	4.5	6.4	9.0	10.9
Puls	0.5	0.3	0.9	0.6	0.8	0.5
Group-wide functions	-3.0	-2.1	-5.7	-4.1	-9.3	-7.7
Adj EBITA - Group	**7.6**	**6.9**	**12.8**	**13.7**	**25.2**	**26.2**

Group	April - June		January - June		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Adj EBITA - Group	7.6	6.9	12.8	13.7	25.2	26.2
Other specified items	-2.0	-1.2	-2.0	-2.0	-7.1	-7.1
Amortization	-1.4	-1.1	-2.6	-2.5	-5.1	-5.0
Financial items, net	0.8	-3.9	-1.1	-7.7	-11.0	-17.6
EBT - Group	**5.0**	**0.7**	**7.1**	**1.5**	**2.0**	**-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 a segment overview 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. In 2017, the distributor had sales of approximately MEUR 4.2. 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 0.8 in the first half of 2018, with a negative earnings impact of MEUR -0.1.

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

During the second quarter of 2018, Handicare, in conjunction with its reorganisation (see page 8), charged costs of MEUR 2.0 (mainly severance costs) to earnings. These costs were reported under Other specified items. For the corresponding quarter in 2017, the costs were mainly attributable to the reorganisation conducted in March 2017 and the costs for outsourcing IT, and amounted to MEUR -1.2.

Group	April - June		January - June		FY
MEUR	2018	2017	2018	2017	2017
Restructuring costs	-2.0	-1.1	-2.0	-1.6	-1.9
Transaction costs	-	-0.0	-	-0.1	-0.1
Integration costs	-	-0.0	-	-0.3	-0.4
IPO costs	-	-0.0	-	-	-4.8
Other effeciency projects	-	-	-	0.0	0.0
Other specified items	**-2.0**	**-1.2**	**-2.0**	**-2.0**	**-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	April - June		January - June		FY
MEUR	2018	2017	2018	2017	2017
Revenue	-	4.3	-	9.2	10.4
Cost of material	-	-3.1	-	-6.5	-7.2
Employee benefits expenses	-	-0.4	-	-1.0	-1.1
Other operating cost	-	-0.3	-	-0.7	-0.9
Depreciation and amortization	-	-0.0	-	-0.1	-0.1
Operating profit/loss (EBIT)	**-**	**0.4**	**-**	**0.9**	**1.1**
Financial items, net	-	-	-	-	0.5
Profit/loss before tax	**-**	**0.4**	**-**	**0.9**	**1.6**
Tax	-	-0.1	-	-0.3	-0.3
Net profit	**-**	**0.3**	**-**	**0.7**	**1.3**

Note 6 – Financial net debt

Group MEUR	30 Jun 2018	30 Jun 2017	31 Dec 2017
Shareholder loans	-	77.7	-
Interest-bearing long-term loans	102.4	138.5	100.2
Interest-bearing current loans	-	9.0	-
Other interest-bearing debt	4.1	2.2	1.7
Deduct: Vendor loan note	-	-34.5	-
Deduct: cash and cash equivalents	-15.7	-6.2	-12.9
Interest-bearing net debt	**90.8**	**186.6**	**89.0**

Not 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 June 30, 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 9.

The Board of Directors and the President and CEO certify that the interim report provides a true and fair view of the Parent Company's and the Group's operations, position and results and describes the substantial risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 13 August 2018
Handicare Group AB (publ)

Lars Marcher
Chairman
of the Board

Joakim Andreasson
Board member

Jonas Arlebäck
Board member

Maria Carell
Board member

Johan Ek
Board member

Elisabeth Thand Ringqvist
Board member

Claes Magnus Åkesson
Board member

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 Lars Marcher, Chairman of the Board of Directors, and Stephan Révay, CFO, will be held at 10:00 a.m. CET on 14 August 2018.
To participate, please register in advance using the following link
http://emea.directeventreg.com/registration/9295958

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

Dates for financial reports

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

For more information, contact:

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 required to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 14 August 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 June 2018, revenue amounted to MEUR 287 and the adjusted EBITA margin was 8.8%. Employees numbered around 1,200 and the share is listed on Nasdaq Stockholm. For more information, www.handicaregroup.com.

Quarterly data

Group MEUR	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Revenue	57.7	58.7	71.9	73.3	71.4	69.2	70.4	71.6	75.3
Cost of goods sold	-34.1	-34.7	-42.8	-42.0	-40.6	-39.9	-40.8	-42.0	-42.8
Gross profit*	**23.6**	**24.1**	**29.1**	**31.3**	**30.8**	**29.4**	**29.6**	**29.6**	**32.6**
Operating costs	-18.4	-18.9	-23.3	-23.6	-23.1	-22.2	-22.6	-23.4	-24.0
Adjusted EBITDA*	**5.2**	**5.1**	**5.7**	**7.7**	**7.8**	**7.2**	**7.1**	**6.2**	**8.6**
Depreciation of tangible fixed assets	-0.9	-0.6	-1.1	-0.9	-0.9	-0.8	-0.9	-1.0	-0.9
Adjusted EBITA*	**4.3**	**4.5**	**4.6**	**6.8**	**6.9**	**6.3**	**6.2**	**5.1**	**7.6**
Other specified items	-2.2	-5.1	-9.2	-0.8	-1.2	-4.9	-0.3	-	-2.0
EBITA	**2.1**	**-0.6**	**-4.6**	**6.0**	**5.7**	**1.5**	**5.9**	**5.1**	**5.6**
Key figures, %									
Gross margin*	40.9 %	41.0 %	40.4 %	42.7 %	43.2 %	42.4 %	42.1 %	41.4 %	43.2 %
Adjusted EBITDA margin*	9.0 %	8.7 %	8.0 %	10.5 %	10.9 %	10.3 %	10.0 %	8.6 %	11.4 %
Adjusted EBITA margin*	7.4 %	7.7 %	6.4 %	9.3 %	9.7 %	9.1 %	8.8 %	7.2 %	10.1 %
EBITA margin	3.6 %	-1.0 %	-6.4 %	8.2 %	8.0 %	2.1 %	8.3 %	7.2 %	7.5 %

** Alternative performance measures, refer to pages 20 to 22 for definitions and calculations.*
BD operations were recognised under divested operations in all periods and are therefore not included in the table above.

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, 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 amortization.	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 amortization.	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 details, see the section Definitions in the company's 2017 Annual Report.	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	April - June		January - June		FY
MEUR	2018	2017	2018	2017	2017
Revenue	**75.3**	**71.4**	**146.9**	**144.7**	**284.3**
Direct material	-33.4	-31.9	-66.0	-65.1	-128.0
Direct Labor	-6.4	-6.4	-12.9	-12.8	-25.3
Freight (inbound / outbound)	-2.9	-2.2	-5.8	-4.7	-10.0
Gross profit	**32.6**	**30.8**	**62.2**	**62.1**	**121.1**

Group	April - June		January - June		FY
MEUR	2018	2017	2018	2017	2017
Operating profit/loss (EBIT)	**4.3**	**4.6**	**8.2**	**9.3**	**14.0**
Amortisation / impairment of intangible assets	1.4	1.1	2.6	2.5	5.0
Other specified items	2.0	1.2	2.0	2.0	7.1
Adjusted EBITA	**7.6**	**6.9**	**12.8**	**13.7**	**26.2**
Depreciation of tangible fixed assets	0.9	0.9	2.0	1.7	3.5
Adjusted EBITDA	**8.6**	**7.8**	**14.7**	**15.4**	**29.7**

Group	April - June		January - June		FY
MEUR	2018	2017	2018	2017	2017
Cash flow before changes in working capital	**9.3**	**6.1**	**13.5**	**13.5**	**21.0**
Taxes paid	0.4	0.4	1.1	0.5	0.4
Cash Interest and Cost	-0.7	-3.9	-1.4	-7.7	-16.4
Net financial items per the profit and loss statement	-0.8	3.9	1.1	7.7	17.6
Other non cash-items	-1.5	0.5	-1.6	0.5	1.7
Other specified items	2.0	1.2	2.0	2.0	7.1
Discontinued operations	-	-0.5	-	-1.0	-1.7
Adjusted EBITDA	**8.6**	**7.8**	**14.7**	**15.4**	**29.7**
Change in net working capital	0.7	-1.5	-3.8	-7.2	-12.4
Acquired / divested fixed assets/intangible assets	-1.4	-1.7	-2.8	-3.4	-5.6
Adjusted operating cash flow	**7.9**	**4.5**	**8.2**	**4.8**	**11.6**