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 – September 2018

Low organic growth

July – September 2018

- Revenue increased to MEUR 70.1 (69.2)
- Organic growth was 1.1%
- The gross margin was 43.0% (42.4)
- Adjusted EBITA amounted to MEUR 6.1 (6.3), corresponding to a margin of 8.6% (9.1)
- EBIT amounted to MEUR 4.6 (0.3), corresponding to a margin of 6.6% (0.5)
- Adjusted operating cash flow amounted to MEUR 1.0 (2.8)
- Vehicle Accessibility was negatively impacted by delayed deliveries due to new regulations. The negative effects on revenue and EBITA are estimated at c. MEUR -0.5 and c. MEUR -0.2 respectively
- Staffan Ternström was appointed President and CEO effective 14 August
- The organic revenue growth for the financial year is estimated to be in the low end of our mid-term target range of 4% to 6%

January – September 2018

- Revenue increased to MEUR 217.0 (213.9)
- Organic growth was 3.7%
- The gross margin was 42.5% (42.8)
- Adjusted EBITA amounted to MEUR 18.8 (20.0), corresponding to a margin of 8.7% (9.4)
- EBIT amounted to MEUR 12.8 (9.6), corresponding to a margin of 5.9% (4.5)
- Adjusted operating cash flow amounted to MEUR 9.1 (7.6)
- The net negative effect of postponed deliveries in Vehicle Accessibility is estimated at c. MEUR -2.0 in terms of revenue and c. MEUR -1.0 in terms of EBITA
- Expenses relating to the reorganisation amounted to MEUR 2.0 during the nine-month period and were expensed in full during the second quarter

Group in Summary	July - September			January - September			LTM	FY
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	70.1	69.2	1.2 %	217.0	213.9	1.4 %	287.4	284.3
Gross profit*	30.1	29.4	2.6 %	92.3	91.5	0.9 %	121.9	121.1
Gross margin,%*	*43.0 %*	*42.4 %*	-	*42.5 %*	*42.8 %*	-	*42.4 %*	*42.6 %*
Adjusted EBITA*	6.1	6.3	-4.2 %	18.8	20.0	-5.9 %	25.0	26.2
Adjusted EBITA margin,%*	*8.6 %*	*9.1 %*	-	*8.7 %*	*9.4 %*	-	*8.7 %*	*9.2 %*
Operating profit/loss (EBIT)	4.6	0.3	n/a	12.8	9.6	33.6 %	17.3	14.0
Operating margin, (EBIT margin),%*	*6.6 %*	*0.5 %*	-	*5.9 %*	*4.5 %*	-	*6.0 %*	*4.9 %*
Adjusted operating profit/loss (adjusted EBIT)*	4.6	5.2	-10.7 %	14.8	16.4	-9.6 %	19.5	21.1
Adjusted operating margin (adjusted EBIT margin),%*	*6.6 %*	*7.5 %*	-	*6.8 %*	*7.7 %*	-	*6.8 %*	*7.4 %*
Net profit/loss	3.5	-6.2	n/a	10.5	-3.6	n/a	10.6	-3.5
Earnings per share before and after dilution**, EUR	0.06	-0.16	n/a	0.18	-0.09	n/a	0.18	-0.08
Adjusted operating Cash Flow*	1.0	2.8	-65.7 %	9.1	7.6	19.3 %	13.1	11.6
Net debt / Adjusted EBITDA (LTM)*, times	3.2	6.4	-50.1 %	3.2	6.4	-50.1 %	3.2	3.0

** Alternative performance measures, refer to pages 19–21 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 business unit (the BD business) was divested on 1 August 2017 and, therefore, these operations were recognised under divested operations for 2017 and were not included in the above summary; refer to Note 5.

CEO's comments

My first impressions at Handicare

I have now been at Handicare for 70 days and have had the opportunity to meet many customers and employees. I have travelled to all our main sites and visited most of our key markets. After this intensive induction period I believe that I have a good overview of the most pronounced opportunities and risks to Handicare, but obviously my understanding of the business and its markets will develop over the coming quarters.

I also attended Rehacare, the largest international trade fair in the field of rehabilitation and care with more than 50,000 visitors and exhibitors from more than 40 countries. Handicare showcased primarily two new solutions: a new friction based stairlift for straight staircases, and the faster and simpler staircase design system used for the installation of stairlifts. The new system reduces design time for sales personnel by 60%. The launches were very well received and interest exceeded our expectations.

I am pleased to note that the company has good products and solutions and is comprised of committed and engaged employees. Furthermore, we hold strong positions in many markets, of which several have a good underlying growth. Given the above, I look into the future with confidence.

Third quarter

Sales of stairlifts continued to progress favourably in Europe and North America and we are strengthening our market positions. Vehicle Accessibility continued to have delivery issues with suppliers and, during the quarter, these were related to the new emission regulations. In total for Accessibility, which accounts for 65% of revenue in the Group, revenue grew organically by 2.8% and the adjusted EBITA margin increased to 15.4% (12.2).

Patient Handling revenue declined organically by 5.5%, even though Europe posted continued good organic growth. The adjusted EBITA margin declined to 8.7% (15.6) due to lower volumes and decreased gross margin in North America. A turnaround of the North American business is one of my top priorities for the coming quarters.

Puls continued to report increased revenue and improved margins.

Group revenue grew organically by 1.1%. The adjusted EBITA margin declined to 8.6% (9.1) as the performance in Patient Handling could not be offset by the continued positive margin trend in Accessibility and Puls.

Improvement program

In Patient Handling North America, the sales organisation and sales management will be strengthened. The work with Commercial Excellence will be intensified and upgraded. The transition to the new ERP system implemented during the quarter is expected to increase productivity and to improve performance management. The overarching purpose is to ensure a more efficient and focused market approach. I am convinced that these efforts will be successful but it will take a few quarters before we see the full effect of these initiatives.

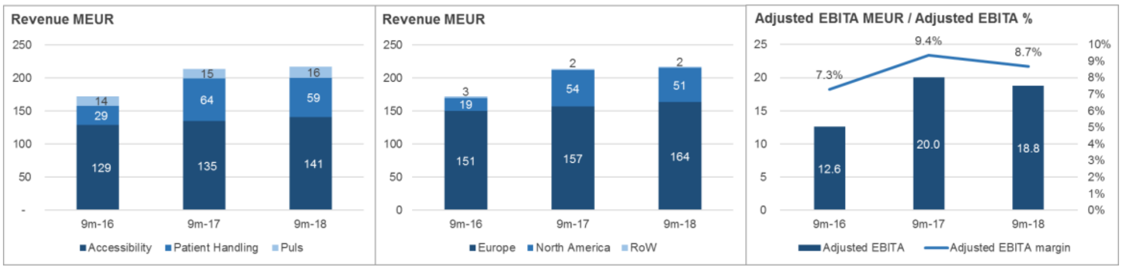
In the medium term, we will improve customer focus within the organisation and assign increased importance to always applying a customer- and end-user-centric approach. As a result, we will evaluate our offering in terms of products and solutions and the time to market for new launches. We will also review our pricing strategy and evaluate and optimise our sales channels. Evaluating new markets and acquisition targets continue to be an important part of our strategy.

Full year estimate

The outlook for Q4 is somewhat clouded by the continued uncertainty in terms of (i) deliveries of cars in our Vehicle Accessibility business and (ii) development in Patient Handling North America. For this reason we estimate that the organic revenue growth for the financial year will be in the low end of our mid-term target range of 4% to 6%.

Staffan Ternström
President and CEO

Group performance



Group MEUR	July - September 2018	 2017	 Δ%	January - September 2018	 2017	 Δ%	LTM 2017/2018	FY 2017
Revenue	70.1	69.2	1.2 %	217.0	213.9	1.4 %	287.4	284.3
Acquisitions / divestments	-0.5	-	-	-1.3	-	-	-1.3	-
Currency effects*		-0.4	-		-6.0	-	-0.3	-6.3
Revenue excl acquisitions/divestm., currency	**69.6**	**68.8**	**1.1 %**	**215.7**	**207.9**	**3.7 %**	**285.8**	**278.0**

**adjusted for translation effects, not transaction effects*

Group MEUR	July - September 2018	 2017	 Δ%	January - September 2018	 2017	 Δ%	LTM 2017/2018	FY 2017
Revenue	70.1	69.2	1.2 %	217.0	213.9	1.4 %	287.4	284.3
Cost of goods sold	-40.0	-39.9	n/a	-124.7	-122.5	n/a	-165.5	-163.2
Gross profit*	**30.1**	**29.4**	**2.6 %**	**92.3**	**91.5**	**0.9 %**	**121.9**	**121.1**
Operating costs	-23.1	-22.2	n/a	-70.6	-68.9	n/a	-93.1	-91.5
Adjusted EBITDA*	**7.0**	**7.2**	**-2.5 %**	**21.7**	**22.6**	**-3.9 %**	**28.8**	**29.7**
Depreciation of tangible fixed assets	-0.9	-0.8	n/a	-2.9	-2.6	n/a	-3.8	-3.5
Adjusted EBITA*	**6.1**	**6.3**	**-4.2 %**	**18.8**	**20.0**	**-5.9 %**	**25.0**	**26.2**
Other specified items	-	-4.9	n/a	-2.0	-6.8	n/a	-2.3	-7.1
EBITA	**6.1**	**1.5**	**312.4 %**	**16.8**	**13.2**	**27.4 %**	**22.7**	**19.1**
Key figures, %								
*Gross margin**	*43.0 %*	*42.4 %*		*42.5 %*	*42.8 %*		*42.4 %*	*42.6 %*
*Adjusted EBITDA margin**	*10.0 %*	*10.3 %*		*10.0 %*	*10.6 %*		*10.0 %*	*10.4 %*
*Adjusted EBITA margin**	*8.6 %*	*9.1 %*		*8.7 %*	*9.4 %*		*8.7 %*	*9.2 %*
*EBITA margin**	*8.6 %*	*2.1 %*		*7.8 %*	*6.2 %*		*7.9 %*	*6.7 %*

** Alternative performance measures, refer to pages 19–21 for definitions and calculations.*
BD operations were recognised under divested operations in 2017 and therefore not included in the table above.

July – September 2018
Revenue and earnings

Third-quarter revenue rose 1.2% to MEUR 70.1 (69.2). Organically, revenue increased 1.1%. Acquisitions in 2018 (see Note 3) contributed revenue of MEUR 0.5. Accessibility reported organic growth of 2.8%. Delivery delays in the third quarter had a negative estimated impact on Vehicle Accessibility of c. MEUR -0.5. Patient Handling recorded negative organic growth of 5.5% as a result of continued lower sales in North America. Puls reported organic growth of 12.6%.

EBITA amounted to MEUR 6.1 (1.5). Other specified items amounted to MEUR 0.0 (-4.9). Adjusted EBITA decreased to MEUR 6.1 (6.3). Earnings contribution from acquisitions amounted to MEUR -0.1. The adjusted EBITA margin was 8.6% (9.1). The lower margin was attributable to higher operating expenses while gross margin increased. The increase in the gross margin was mainly due to improved margins in Accessibility and Puls. IT projects and differences in variable remuneration drove the increase in operating expenses. According to plan, cost savings of c. MEUR 0.6 (compared with the second quarter of 2018) that related to the reorganisation were realised during the quarter.

The currency effect (only the translation effect) on adjusted EBITA was MEUR 0.0.

Net financial items improved to MEUR -0.9 (-4.7), 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 -0.7 (-3.4). Profit before tax was MEUR 3.7 (-4.3).

Tax for the period was MEUR -0.2 (-2.4). The tax expense for the preceding year related mainly to the sale of the BD business in Puls. Net profit for the period from continuing operations was MEUR 3.5 (-6.8). Profit for the period totalled MEUR 3.5 (-6.2), corresponding to earnings per share of EUR 0.06 (-0.16) before and after dilution.

January – September 2018
Revenue and earnings

Revenue for the nine-month period rose 1.4% to MEUR 217.0 (213.9). Organically, revenue increased 3.7%. Acquired entities contributed revenue of MEUR 1.3. Accessibility reported organic growth of 6.0%. In Vehicle Accessibility, problems with vehicle deliveries arose again in the third quarter and the total revenue loss relating to this for the nine-month period was estimated at MEUR -2.0 (compared with MEUR -1.5 for the first six months). Continued uncertainty prevails in terms of deliveries in the fourth quarter of 2018. However, the order book has trended positively and it is assessed as possible to recover most of the lost sales over a period of three quarters, once deliveries have normalised. Patient Handling reported negative organic growth of 4.2% due to lower sales in North America. Puls reported organic growth of 17.0%, partly driven by strong project sales.

EBITA amounted to MEUR 16.8 (13.2). Other specified items amounted to MEUR -2.0 (-6.8) and were entirely attributable to the announced reorganisation. Adjusted EBITA decreased to MEUR 18.8 (20.0). Earnings were negatively affected by under-absorption in Vehicle Accessibility with an estimated earnings impact of c. MEUR 1.0. The earnings contribution from acquisitions was negative, MEUR -0.2, due to the conversion to Handicare's product portfolio and thus lower sales, mainly during the first quarter. The adjusted EBITA margin was 8.7% (9.4). The weaker margin was attributable to a slightly lower gross margin and higher operating expenses. The reduction in the gross margin was primarily an effect of the product mix in Patient Handling, which reduced the Group's gross margin by 0.5 percentage points. According to plan, cost savings of c. MEUR 0.9 (compared with the cost base in the first quarter) that related to the reorganisation were realised in the second and third quarters.

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

Net financial items improved to MEUR -2.0 (-12.4), 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 -2.0 (-9.6). Profit before tax was MEUR 10.8 (-2.8).

Tax for the period was MEUR -0.3 (-2.1). The tax expense for the preceding year related mainly to the sale of the BD business in Puls. Net profit for the period from continuing operations was MEUR 10.5 (-4.9). Profit for the period totalled MEUR 10.5 (-3.6), corresponding to earnings per share of EUR 0.18 (-0.09) before and after dilution.

Cash flow and financial position

During the quarter, cash flow from operating activities amounted to MEUR 1.4 (2.2). The year-on-year decrease in cash flow was attributable to higher working capital. Payments related to Other specified items amounted to MEUR 0.9 (1.5) and were mainly attributable to reorganisation (see page 8).

Net investments in the quarter amounted to MEUR -1.1 (-1.2), of which investments in a new ERP system totalled MEUR -0.1 (-0.4).

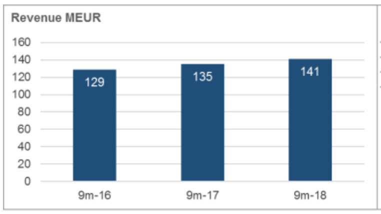
For the nine-month period, cash flow from operating activities amounted to MEUR 11.1 (8.5). The year-on-year increase in cash flow was attributable to lower working capital and increased earnings. Payments related to Other specified items amounted to MEUR 3.4 (4.1) and were primarily attributable to reorganisation (MEUR 1.9) and the listing (MEUR 1.5).

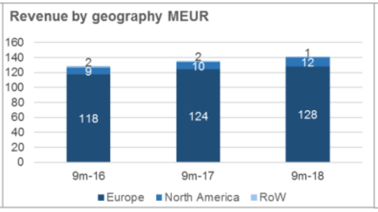
Net investments during the nine-month period amounted to MEUR -5.0 (-4.7), of which MEUR -1.1 (-0.3) pertained to acquisitions. Investments in a new ERP system amounted to MEUR -0.3 (-1.3).

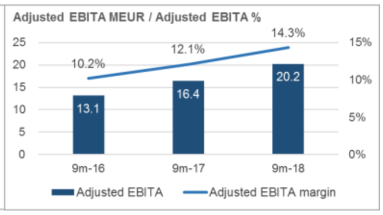
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 15.0 (5.5). Interest-bearing net debt totalled MEUR 92.0 (181.3) at the end of the period. The year-on-year decrease in net debt was attributable to the new share issue and the refinancing in conjunction with the listing, as well as cash flow from operating activities. The dividend for the 2017 financial year was paid during the second quarter, totalling MEUR 2.9.

Accessibility

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







Accessibility	July - September			January - September			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	46.6	45.4	2.7 %	141.1	135.2	4.4 %	187.2	181.3
Acquisitions / divestments	-	-	-	-	-	-	-	-
Currency effects*		-0.1	-		-2.0	-	-0.1	-2.1
Revenue excl acquisitions/divestm., currency	**46.6**	**45.3**	**2.8 %**	**141.1**	**133.2**	**6.0 %**	**187.1**	**179.2**

adjusted for translation effects, not transaction effects

Accessibility	July - September			January - September			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	46.6	45.4	2.7 %	141.1	135.2	4.4 %	187.2	181.3
Operating costs	-38.9	-39.3	n/a	-119.1	-117.2	n/a	-158.5	-156.6
Adjusted EBITDA*	**7.7**	**6.1**	**26.7 %**	**22.0**	**18.0**	**22.2 %**	**28.7**	**24.7**
Depreciation of tangible fixed assets	-0.6	-0.5	n/a	-1.8	-1.6	n/a	-2.4	-2.2
Adjusted EBITA*	**7.2**	**5.6**	**29.0 %**	**20.2**	**16.4**	**23.3 %**	**26.3**	**22.5**
Other specified items	-	-0.0	n/a	-1.1	-0.6	n/a	-1.1	-0.6
EBITA	**7.2**	**5.6**	**29.0 %**	**19.1**	**15.8**	**21.0 %**	**25.2**	**21.9**
Key figures, %								
Adjusted EBITDA margin*	16.6 %	13.4 %		15.6 %	13.3 %		15.3 %	13.6 %
Adjusted EBITA margin*	15.4 %	12.2 %		14.3 %	12.1 %		14.0 %	12.4 %
EBITA margin*	15.4 %	12.2 %		13.5 %	11.7 %		13.5 %	12.1 %

** Alternative performance measures, refer to pages 19–21 for definitions and calculations.*

July – September 2018

Third-quarter revenue rose 2.7% to MEUR 46.6 (45.4). Organic growth was 2.8%. The business unit reported good growth for stairlifts in Europe and very good growth in North America. In total, organic growth for stairlifts was 7% during the quarter. The growth rate was 15% in North America. Vehicle Accessibility was negatively impacted by delivery delays arising out of the new, more stringent, emission testing regulations that entered force during the quarter, and which had an estimated negative revenue impact of c. MEUR -0.5.

EBITA and adjusted EBITA totalled MEUR 7.2 (5.6). The adjusted EBITA margin rose to 15.4% (12.2) mainly due to a higher gross margin but also due to lower operating expenses relative to revenue. The gross margin was affected by improved margins in stairlifts and Vehicle Accessibility, in both cases driven by the product mix. Delayed deliveries for Vehicle Accessibility are estimated to have a negative EBITA effect of c. MEUR 0.2.

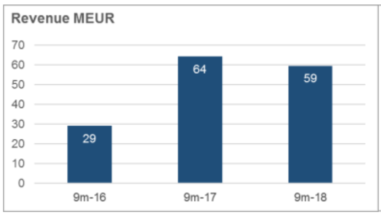
January – September 2018

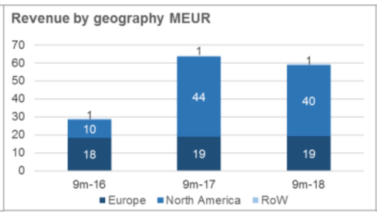
Revenue for the nine-month period rose 4.4% to MEUR 141.1 (135.2). Organic growth was 6.0%. In total, organic growth for stairlifts amounted to 10% during the period. The growth rate in North America was 31%. In Vehicle Accessibility, the problems with delivery from VW were resolved during the second quarter, but due to new regulations governing emissions tests, the segment again had delivery issues in the third quarter. The total revenue loss relating to this was estimated at c. MEUR -2.0 (compared with MEUR -1.5 for the first six months). Continued uncertainty prevails in terms of deliveries in the fourth quarter of 2018. However, the order book has trended positively and it is assessed as possible to recover most of the lost sales over a period of three quarters, once deliveries have normalised.

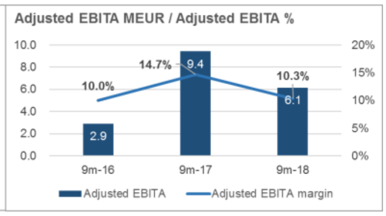
EBITA increased to MEUR 19.1 (15.8). Other specified items amounted to MEUR -1.1 (-0.6) and were entirely attributable to the reorganisation. Adjusted EBITA totalled 20.2 (16.4). The adjusted EBITA margin rose to 14.3% (12.1) due to lower operating expenses relative to revenue and a slight improvement in the gross margin. The delay in revenue within Vehicle Accessibility is estimated to have had a negative impact on earnings of c. MEUR -1.0 during the nine-month period.

Patient Handling

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







Patient handling	July - September			January - September			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	18.6	19.4	-4.2 %	59.4	64.1	-7.4 %	78.7	83.4
Acquisitions / divestments	-0.5	-	-	-1.3	-	-	-1.3	-
Currency effects*		-0.2	-		-3.5	-	-0.2	-3.7
Revenue excl acquisitions/divestm., currency	**18.2**	**19.2**	**-5.5 %**	**58.1**	**60.6**	**-4.2 %**	**77.2**	**79.7**

**adjusted for translations effects, not transaction effects*

Patient handling	July - September			January - September			LTM	FY
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**2017/2018**	**2017**
Revenue	18.6	19.4	-4.2 %	59.4	64.1	-7.4 %	78.7	83.4
Operating costs	-16.6	-16.1	n/a	-52.2	-53.8	n/a	-69.7	-71.3
Adjusted EBITDA*	**2.0**	**3.3**	**-40.4 %**	**7.2**	**10.3**	**-30.7 %**	**8.9**	**12.1**
Depreciation of tangible fixed assets	-0.4	-0.3	n/a	-1.0	-0.9	n/a	-1.3	-1.2
Adjusted EBITA*	**1.6**	**3.0**	**-46.3 %**	**6.1**	**9.4**	**-34.7 %**	**7.6**	**10.9**
Other specified items	-	-0.1	n/a	-0.7	-0.4	n/a	-0.7	-0.4
EBITA	**1.6**	**2.9**	**-43.7 %**	**5.5**	**9.0**	**-38.8 %**	**7.0**	**10.5**
Key figures %								
*Adjusted EBITDA margin**	*10.6 %*	*17.1 %*		*12.1 %*	*16.1 %*		*11.4 %*	*14.5 %*
*Adjusted EBITA margin**	*8.7 %*	*15.6 %*		*10.3 %*	*14.7 %*		*9.7 %*	*13.1 %*
*EBITA margin**	*8.7 %*	*14.9 %*		*9.2 %*	*14.0 %*		*8.9 %*	*12.5 %*

** Alternative performance measures, refer to pages 19–21 for definitions and calculations.*

July – September 2018

Third-quarter revenue declined 4.2% to MEUR 18.6 (19.4). Revenue from the distributor acquired at the beginning of the year in North America amounted to MEUR 0.5, down MEUR 0.2 compared with the second quarter. As expected, the conversion to Handicare's product portfolio is taking time. Organic growth amounted to -5.5% as a result of continued lower sales in North America. Europe reported good organic growth.

EBITA decreased to MEUR 1.6 (2.9). Other specified items amounted to MEUR 0.0 (-0.1). Adjusted EBITA decreased to MEUR 1.6 (3.0). The earnings contribution from the acquired distributor was negative at MEUR -0.1. The adjusted EBITA margin declined to 8.7% (15.6) due to lower sales and consequently reduced cost absorption, as well as a lower gross margin. The gross margin declined mainly as a result of the product mix.

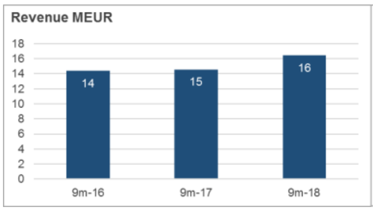
January – September 2018

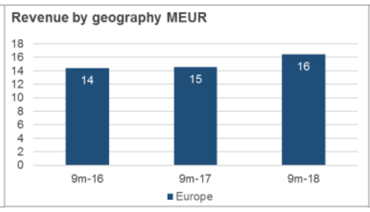
Revenue for the nine-month period declined 7.4% to MEUR 59.4 (64.1). Revenue from the acquired distributor amounted to MEUR 1.3 during the nine-month period. Organic growth amounted to -4.2% as a result of lower sales in North America. Europe reported good organic growth.

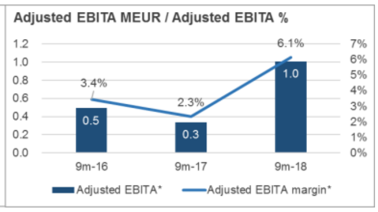
EBITA decreased to MEUR 5.5 (9.0). Other specified items amounted to MEUR -0.7 (-0.4) and were entirely attributable to the reorganisation. Adjusted EBITA decreased to MEUR 6.1 (9.4). The earnings contribution from the acquired distributor was negative, MEUR -0.2, due to the conversion to Handicare's product portfolio and thus lower sales, mainly during the first quarter. The adjusted EBITA margin declined to 10.3% (14.7), mainly due to lower sales and consequently reduced cost absorption. The gross margin declined somewhat as a result of the product mix, primarily in the third quarter.

Puls

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







Puls	July - September			January - September			LTM	FY
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	4.9	4.4	9.9 %	16.4	14.6	12.9 %	21.4	19.5
Acquisitions / divestments	-	-	-	-	-	-	-	-
Currency effects*		-0.1	-		-0.5	-	-0.0	-0.5
Revenue excl acquisitions/divestm., currency	**4.9**	**4.3**	**12.6 %**	**16.4**	**14.0**	**17.0 %**	**21.4**	**19.0**

**adjusted for translations effects, not transaction effects*

Puls	July - September			January - September			LTM	FY
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	4.9	4.4	9.9 %	16.4	14.6	12.9 %	21.4	19.5
Operating costs	-4.7	-4.7	n/a	-15.4	-14.2	n/a	-20.2	-19.0
Adjusted EBITDA*	**0.2**	**-0.3**	**n/a**	**1.1**	**0.3**	**208.3 %**	**1.2**	**0.5**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.0	-0.0	n/a	-0.1	-0.0
Adjusted EBITA*	**0.1**	**-0.3**	**n/a**	**1.0**	**0.3**	**198.0 %**	**1.2**	**0.5**
Other specified items	-	-	-	-	-	-	-	-
EBITA	**0.1**	**-0.3**	**n/a**	**1.0**	**0.3**	**198.0 %**	**1.2**	**0.5**
Key figures %								
*Adjusted EBITDA margin**	*3.1 %*	*-5.9 %*		*6.4 %*	*2.4 %*		*5.7%*	*2.6 %*
*Adjusted EBITA margin**	*2.7 %*	*-5.9 %*		*6.1 %*	*2.3 %*		*5.5%*	*2.6 %*
*EBITA margin**	*2.7 %*	*-5.9 %*		*6.1 %*	*2.3 %*		*5.5%*	*2.6 %*

** Alternative performance measures, refer to pages 19–21 for definitions and calculations.*
BD operations were recognised under divested operations in 2017 and are therefore not included in the table above.

July – September 2018

Third-quarter revenue rose 9.9% to MEUR 4.9 (4.4). Organic growth was 12.6%. This growth was partly attributable to strong project sales.

EBITA and adjusted EBITA totalled MEUR 0.1 (-0.3). The EBITA margin increased to 2.7% (-5.9) as a result of higher sales and an improved gross margin. The increase in gross margin was driven by the product mix. Furthermore, the gross margin was impacted in the third quarter of 2017 by an inventory adjustment of MEUR -0.2, which was made in conjunction with the divestment of the BD operations.

January – September 2018

Revenue for the nine-month period rose 12.9% to MEUR 16.4 (14.6). Organic growth was 17.0%. The growth rate was largely attributable to strong project sales.

EBITA and adjusted EBITA totalled MEUR 1.0 (0.3). The EBITA margin rose to 6.1% (2.3) due to higher sales, an improved gross margin and lower operating expenses relative to revenue. The gross margin increased as a result of the product mix.

The restructuring programme that was initiated during the first quarter, which impacted some ten employees, is progressing according to plan and all the affected personnel had left the operations as of September 2018. This has not entailed any significant restructuring costs.

Group-wide expenses
Group-wide expenses, excluding Other specified items, amounted to MEUR -2.9 (-2.0) for the quarter and MEUR -8.5 (-6.1) for the nine-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 -0.3 for the quarter and MEUR -1.3 for the nine-month period) were recognised as central expenses, whereas they were recognised under each business unit in the preceding year. Expenses for the third quarter of 2017 also included a lower share of variable remuneration. No amortisation or depreciation was included in Group-wide expenses.

Employees
At the end of the period, the number of FTEs was 1,159 (1,146). The average number of FTEs was 1,161 (1,182) for the quarter, and 1,161 (1,181) for the nine-month period.

Parent Company
Third-quarter revenue amounted to MEUR 2.1 (2.0). Profit before tax was MEUR 0.2 (-3.6) and profit for the period was MEUR 0.2 (-3.6).

For the nine-month period, Parent Company revenue amounted to MEUR 6.4 (5.9). Profit before tax was MEUR 2.7 (-2.5) and profit for the period was MEUR 2.7 (-2.5).

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 third quarter and will continue in the fourth quarter of 2018. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision as of 30 September 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. Total costs, mainly severance costs, amounted to MEUR 2.0, which was charged in its entirety to the second quarter and recognised under Other specified items. Net cost savings are estimated at c. MEUR 3 per year, with full effect from the first quarter of 2019. According to plan, cost savings of c. MEUR 0.6 were realised in the third quarter of 2018. Total cost savings realised now amount to c. MEUR 0.9 compared with the first quarter of 2018.

Organisational changes
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. Staffan Ternström was appointed President and CEO effective 14 August.

Events after the reporting period
In autumn 2018, in his role as President and CEO of the company, Staffan Ternström reviews the business units and the Group's governance. This is expected to entail certain costs over the next two quarters.

Condensed consolidated income statement

Group	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Revenue	70.1	69.2	217.0	213.9	284.3
Cost of material	-31.9	-32.1	-100.2	-98.9	-131.9
Employee benefits expenses	-18.2	-17.7	-55.6	-55.3	-72.8
Other operating costs	-13.1	-12.3	-39.5	-37.1	-50.0
Depreciation and amortization	-2.3	-2.0	-6.9	-6.2	-8.5
Other specified items*	-	-4.9	-2.0	-6.8	-7.1
Operating profit/loss (EBIT)	**4.6**	**0.3**	**12.8**	**9.6**	**14.0**
Financial items, net	-0.9	-4.7	-2.0	-12.4	-17.6
Profit/loss before tax	**3.7**	**-4.3**	**10.8**	**-2.8**	**-3.5**
Tax	-0.2	-2.4	-0.3	-2.1	-1.2
Profit/loss after tax from continuing operations	**3.5**	**-6.8**	**10.5**	**-4.9**	**-4.8**
Profit from discontinued operations**	-	0.6	-	1.3	1.3
Net profit/loss for the period	**3.5**	**-6.2**	**10.5**	**-3.6**	**-3.5**
Profit/loss after tax from continuing operations					
Attributable to ordinary shareholders of the parent	3.5	-6.6	10.5	-4.6	-4.8
Attributable to non-controlling interest	-	-0.2	-	-0.3	-
Profit from discontinued operations					
Attributable to ordinary shareholders of the parent	-	0.6	-	1.2	1.3
Attributable to non-controlling interest	-	0.0	-	0.1	-
Earnings per share (EUR) before and after dilution	0.06	-0.16	0.18	-0.09	-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	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Net profit/loss	3.5	-6.2	10.5	-3.6	-3.5
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	-	-	-	-	0.0
Translation differences (can be reversed)	1.1	-2.0	-1.1	0.4	-0.6
Net investment hedges (can be reversed)	-0.2	0.5	1.5	-1.0	-2.5
Income tax attributable to components in other comprehensive income (can be reversed)	0.1	-0.1	-0.4	0.2	0.7
Total comprehensive income/loss for the period	**4.4**	**-7.8**	**10.6**	**-3.9**	**-5.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	4.4	-7.3	10.6	-3.6	-5.9
Comprehensive income/loss attributable to non-controlling interests	-	-0.4	-	-0.3	-

Condensed consolidated balance sheet

Group MEUR	30 Sep 2018	30 Sep 2017	31 Dec 2017
Intangible assets	50.3	51.1	49.2
Goodwill	164.8	165.3	163.5
Tangible fixed assets	9.9	11.3	10.9
Deferred tax assets	7.7	6.0	6.2
Financial receivables	0.2	35.5	0.3
Total non-current assets	**233.0**	**269.1**	**230.0**
Inventory	39.2	36.1	35.7
Accounts receivable	45.4	42.2	41.7
Tax receivables	0.2	1.7	1.5
Other receivables	4.6	4.8	5.0
Cash and cash equivalents	15.0	5.5	12.9
Total current assets	**104.3**	**90.4**	**96.7**
Total assets	**337.4**	**359.5**	**326.8**
Shareholders' equity attributable to parent shareholders	**172.4**	**70.4**	**164.7**
Non controlling interest	-	3.6	-
Total equity	**172.4**	**74.0**	**164.7**
Provisions for pensions	0.4	0.6	0.4
Deferred tax liabilities	8.9	10.9	8.6
Advance payments	2.3	2.2	2.4
Other liabilities	0.7	2.5	1.6
Interest-bearing loans	105.6	206.3	100.3
Total long-term liabilities	**117.9**	**222.5**	**113.3**
Interest-bearing loans	0.1	10.9	0.1
Accounts payable	27.0	25.2	24.9
Other liabilities	1.9	2.6	1.4
Accrued expenses and deferred income	18.1	24.3	22.4
Total current liabilities	**47.1**	**63.0**	**48.8**
Total shareholders' equity and liabilities	**337.4**	**359.5**	**326.8**

Condensed consolidated cash-flow statement

Group MEUR	July - September 2018	 2017	January - September 2018	 2017	FY 2017
Profit/loss before tax*	3.7	-3.7	10.8	-1.2	-1.9
Depreciation, amortization and impairment	2.3	2.0	6.9	6.2	8.6
Reversal of interest expense/ income	0.8	3.4	2.2	11.1	16.4
Other non-cash items	-0.4	3.7	1.2	3.2	-1.7
Taxes paid	-0.2	0.1	-1.3	-0.4	-0.4
Cash flow before changes in working capital	**6.3**	**5.5**	**19.8**	**19.0**	**21.0**
Inventory	-1.6	-1.3	-2.8	-2.4	-2.5
Accounts receivable	0.8	-0.7	-3.1	0.3	0.3
Accounts payable	-2.2	-1.6	2.0	-3.7	-3.6
Other current receivables/liabilities	-1.9	0.2	-4.7	-4.8	-6.6
Cash flow from operating activities	**1.4**	**2.2**	**11.1**	**8.5**	**8.6**
Acquired / divested operations	-	-0.3	-1.1	-0.3	-0.3
Acquired / divested fixed assets/intangible assets	-1.1	-1.0	-3.9	-4.4	-5.6
Cash flow from investing activities	**-1.1**	**-1.2**	**-5.0**	**-4.7**	**-5.9**
Changes in interest-bearing loans	-0.0	1.0	1.2	0.7	-48.9
Interest, net	-0.7	-2.4	-2.0	-6.0	-6.9
Dividend paid/capital injection	0.0	-	-2.9	-	58.1
Cash flow from financing activities	**-0.8**	**-1.3**	**-3.7**	**-5.3**	**2.4**
Cash flow for the period	**-0.5**	**-0.4**	**2.5**	**-1.5**	**5.1**
Cash and cash equivalents at the beginning of the period	15.7	6.2	12.9	6.7	6.7
Cash flow for the period	-0.5	-0.4	2.5	-1.5	5.1
Translation differences	-0.2	-0.3	-0.4	0.3	1.1
Cash and cash equivalents at end of the period	**15.0**	**5.5**	**15.0**	**5.5**	**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	-3.4	-0.2	-3.6
Other comprehensive income	-0.2	-0.1	-0.3
Closing balance Sep 30, 2017	**70.4**	**3.6**	**74.0**
Opening balance January 1, 2018	**164.7**	**-**	**164.7**
Dividend	-2.9	-	-2.9
Profit for the year	10.5	-	10.5
Other comprehensive income	0.0	-	0.0
Closing balance Sep 30, 2018	**172.4**	**-**	**172.4**

Condensed Parent Company income statement

Parent Company MEUR	July - September 2018	 2017	January - September 2018	 2017	FY 2017
Revenue	2.1	2.0	6.4	5.9	8.5
Employee benefits expenses	-1.2	-0.7	-3.3	-2.9	-3.5
Other operating costs	-0.4	-4.8	-1.4	-5.4	-9.3
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0	-0.0
Operating profit/loss (EBIT)	**0.5**	**-3.5**	**1.8**	**-2.4**	**-4.3**
Financial items, net	-0.3	-0.1	1.0	-0.1	0.2
Profit/loss before tax	**0.2**	**-3.6**	**2.7**	**-2.5**	**-4.0**
Appropriations	-	-	-	-	-0.5
Tax	-	-	-	-0.0	-0.0
Net profit/loss for the period	**0.2**	**-3.6**	**2.7**	**-2.5**	**-4.6**

Condensed Parent Company balance sheet

Parent Company MEUR	30 Sep 2018	30 Sep 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	**272.8**	**166.7**	**272.7**
Receivables from Group companies	2.6	2.4	0.9
Other receivables	1.0	0.1	0.5
Cash and cash equivalents	0.0	0.1	0.3
Total current assets	**3.6**	**2.6**	**1.7**
Total assets	**276.4**	**169.3**	**274.4**
Shareholders´ equity	**253.7**	**150.5**	**253.8**
Liabilities from Group companies	21.3	13.5	17.3
Accounts payable	0.4	0.1	0.6
Other liabilities	0.1	-0.0	0.1
Accrued expenses and deferred income	0.9	5.2	2.6
Total current liabilities	**22.7**	**18.8**	**20.6**
Total shareholders´ equity and liabilities	**276.4**	**169.3**	**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 19–21.

In 2018, the Group is applying IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers 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 is applying IFRS 9 retroactively. The new model for calculating impairment provisions for credit losses under IFRS 9 is based on expected credit losses rather than incurred credit losses as is the case under IAS 39. IFRS 9 has not had any impact on the Group's net income or balance sheet, since the new rules have had no significant impact on the Group's provision for future credit losses.

IFRS 15 specifies how and when revenue is to be recognised and 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 fulfilment of performance obligations and the 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 are consistent with the risk transition applied in previous accounting policies. 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 or 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. Handicare will disclose the effects on the Group's accounts and key performance indicators in conjunction with the year-end report for 2018.

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	July - September		January - September		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Accessibility	46.6	45.4	141.1	135.2	187.2	181.3
Patient Handling	18.6	19.4	59.4	64.1	78.7	83.4
Puls	4.9	4.4	16.4	14.6	21.4	19.5
Group-wide functions	0.0	0.0	0.0	0.0	0.1	0.1
Revenue - Group	**70.1**	**69.2**	**217.0**	**213.9**	**287.4**	**284.3**

Group	July - September		January - September		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Accessibility	7.2	5.6	20.2	16.4	26.3	22.5
Patient Handling	1.6	3.0	6.1	9.4	7.6	10.9
Puls	0.1	-0.3	1.0	0.3	1.2	0.5
Group-wide functions	-2.9	-2.0	-8.5	-6.1	-10.1	-7.7
Adj EBITA - Group	**6.1**	**6.3**	**18.8**	**20.0**	**25.0**	**26.2**

Group	July - September		January - September		LTM	FY
MEUR	2018	2017	2018	2017	2017/2018	2017
Adj EBITA - Group	6.1	6.3	18.8	20.0	25.0	26.2
Other specified items	-	-4.9	-2.0	-6.8	-2.3	-7.1
Amortization	-1.4	-1.1	-4.0	-3.6	-5.4	-5.0
Financial items, net	-0.9	-4.7	-2.0	-12.4	-7.2	-17.6
EBT - Group	**3.7**	**-4.3**	**10.8**	**-2.8**	**10.1**	**-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 2018, 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 has had limited sales. The distributor's sales to hospitals and care facilities comprise an excellent base and fit well with Handicare's US hub strategy. In 2017, the distributor had sales of c. 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 1.3 MEUR in the nine-month period, with a negative earnings impact of MEUR -0.2.

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 2018, Handicare, in conjunction with its reorganisation in the second quarter, charged costs of MEUR 2.0 (mainly severance costs) to earnings. These costs were reported under Other specified items. In the preceding year, the costs were mainly attributable to the reorganisation conducted in March 2017, costs for outsourcing IT and listing costs, and amounted to MEUR -6.8 in total.

Group	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Restructuring costs	-	-0.3	-2.0	-1.9	-1.9
Transaction costs	-	-	-	-0.1	-0.1
Integration costs	-	-0.0	-	-0.4	-0.4
IPO costs	-	-4.5	-	-4.5	-4.8
Other effeciency projects	-	-0.0	-	0.0	0.0
Other specified items	**-**	**-4.9**	**-2.0**	**-6.8**	**-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.

Divested operations BD	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Revenue	-	1.2	-	10.4	10.4
Cost of material	-	-0.8	-	-7.2	-7.2
Employee benefits expenses	-	-0.2	-	-1.1	-1.1
Other operating cost	-	-0.1	-	-0.9	-0.9
Depreciation and amortization	-	-0.0	-	-0.1	-0.1
Operating profit/loss (EBIT)	**-**	**0.1**	**-**	**1.1**	**1.1**
Financial items, net	-	0.5	-	0.5	0.5
Profit/loss before tax	**-**	**0.7**	**-**	**1.6**	**1.6**
Tax	-	-0.0	-	-0.3	-0.3
Net profit	**-**	**0.6**	**-**	**1.3**	**1.3**

Note 6 – Financial net debt

Group MEUR	30 Sep 2018	30 Sep 2017	31 Dec 2017
Shareholder loans	-	69.1	-
Interest-bearing long-term loans	102.9	139.9	100.2
Interest-bearing current loans	-	11.0	-
Other interest-bearing debt	4.1	2.0	1.7
Deduct: Vendor loan note	-	-35.2	-
Deduct: cash and cash equivalents	-15.0	-5.5	-12.9
Interest-bearing net debt	**92.0**	**181.3**	**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 Sep 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 8.

Stockholm, October 24, 2018
Handicare Group AB (publ)

Staffan Ternström
President and CEO

Auditors' review report

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

Introduction

We have reviewed the condensed interim report for Handicare Group AB (publ) as at 30 September 2018 and for the nine months period then ended. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

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

Conclusion

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

Stockholm, October 24, 2018

Ernst & Young AB

Stefan Andersson-Berglund
Authorised Public Accountant

Telephone conference
A telephone conference, hosted by Staffan Ternström, President and CEO, and Stephan Révay, CFO, will be held at 10:00 a.m. CET on 24 October 2018. To participate, please register in advance using the following link
http://emea.directeventreg.com/registration/8364337

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

Dates for financial reports

Year-end report 2018	19 February 2019
Interim report January – March 2019	25 April 2019
Annual Report	week 13 2019
Annual General Meeting	8 May 2019
Interim report April – June 2019	14 August 2019
Interim report July – September 2019	24 October 2019
Year-end report 2019	12 February 2020

For more information, contact:

Staffan Ternström, CEO, Tel: +46 725 490 029

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 24 October 2018.

Forward-looking statements
To the extent this report contains forward-looking statements, these statements are 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 September 2018, revenue amounted to MEUR 287 and the adjusted EBITA margin was 8.7%. Employees numbered around 1,200 and the share is listed on Nasdaq Stockholm. For more information, www.handicaregroup.com.

Quarterly data

Group MEUR	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Revenue	58.7	71.9	73.3	71.4	69.2	70.4	71.6	75.3	70.1
Cost of goods sold	-34.7	-42.8	-42.0	-40.6	-39.9	-40.8	-42.0	-42.8	-40.0
Gross profit*	**24.1**	**29.1**	**31.3**	**30.8**	**29.4**	**29.6**	**29.6**	**32.6**	**30.1**
Operating costs	-18.9	-23.3	-23.6	-23.1	-22.2	-22.6	-23.4	-24.0	-23.1
Adjusted EBITDA*	**5.1**	**5.7**	**7.7**	**7.8**	**7.2**	**7.1**	**6.2**	**8.6**	**7.0**
Depreciation of tangible fixed assets	-0.6	-1.1	-0.9	-0.9	-0.8	-0.9	-1.0	-0.9	-0.9
Adjusted EBITA*	**4.5**	**4.6**	**6.8**	**6.9**	**6.3**	**6.2**	**5.1**	**7.6**	**6.1**
Other specified items	-5.1	-9.2	-0.8	-1.2	-4.9	-0.3	-	-2.0	-
EBITA	**-0.6**	**-4.6**	**6.0**	**5.7**	**1.5**	**5.9**	**5.1**	**5.6**	**6.1**
Key figures, %									
Gross margin*	41.0 %	40.4 %	42.7 %	43.2 %	42.4 %	42.1 %	41.4 %	43.2 %	43.0 %
Adjusted EBITDA margin*	8.7 %	8.0 %	10.5 %	10.9 %	10.3 %	10.0 %	8.6 %	11.4 %	10.0 %
Adjusted EBITA margin*	7.7 %	6.4 %	9.3 %	9.7 %	9.1 %	8.8 %	7.2 %	10.1 %	8.6 %
EBITA margin	-1.0 %	-6.4 %	8.2 %	8.0 %	2.1 %	8.3 %	7.2 %	7.5 %	8.6 %

** Alternative performance measures, refer to pages 19–21 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, 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 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	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Revenue	**70.1**	**69.2**	**217.0**	**213.9**	**284.3**
Direct material	-30.8	-31.2	-96.8	-96.3	-128.0
Direct Labor	-6.5	-6.4	-19.4	-19.2	-25.3
Freight (inbound / outbound)	-2.7	-2.3	-8.5	-7.0	-10.0
Gross profit	**30.1**	**29.4**	**92.3**	**91.5**	**121.1**

Group	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Operating profit/loss (EBIT)	**4.6**	**0.3**	**12.8**	**9.6**	**14.0**
Amortisation / impairment of intangible assets	1.4	1.1	4.0	3.6	5.0
Other specified items	-	4.9	2.0	6.8	7.1
Adjusted EBITA	**6.1**	**6.3**	**18.8**	**20.0**	**26.2**
Depreciation of tangible fixed assets	0.9	0.8	2.9	2.6	3.5
Adjusted EBITDA	**7.0**	**7.2**	**21.7**	**22.6**	**29.7**

Group	July - September		January - September		FY
MEUR	2018	2017	2018	2017	2017
Cash flow before changes in working capital	**6.3**	**5.5**	**19.8**	**19.0**	**21.0**
Taxes paid	0.2	-0.1	1.3	0.4	0.4
Cash Interest and Cost	-0.8	-3.4	-2.2	-11.1	-16.4
Net financial items per the profit and loss statement	0.9	4.7	2.0	12.4	17.6
Other non cash-items	0.4	-3.7	-1.2	-3.2	1.7
Other specified items	-	4.9	2.0	6.8	7.1
Discontinued operations	-	-0.7	-	-1.7	-1.7
Adjusted EBITDA	**7.0**	**7.2**	**21.7**	**22.6**	**29.7**
Change in net working capital	-4.9	-3.3	-8.7	-10.6	-12.4
Acquired / divested fixed assets/intangible assets	-1.1	-1.0	-3.9	-4.4	-5.6
Adjusted operating cash flow	**1.0**	**2.8**	**9.1**	**7.6**	**11.6**