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Year-end report 2018

Solid organic growth but lower margin for the fourth quarter 2018

Fourth quarter 2018

- Revenue increased to MEUR 73.9 (70.4)
- Organic growth was 3.8% (1.4)
- The gross margin was 37.1% (42.1)
- Adjusted EBITA amounted to MEUR 3.0 (6.2), corresponding to a margin of 4.1% (8.8)
- EBIT amounted to MEUR 0.4 (4.4), corresponding to a margin of 0.5% (6.3)
- Adjusted operating cash flow amounted to MEUR 9.3 (4.0)
- Gross profit lower for the fourth quarter of 2018, mainly due to inventory adjustments (MEUR 1.4), the implementation of a new ERP system in Vehicle Accessibility and North America (MEUR 0.8), and an unfavourable price and product mix (MEUR 1.2)
- Expenses relating to the reorganisation, primarily in North America, amounted to MEUR 1.0 for the quarter and were recognised under Other specified items
- After the end of the reporting period, Tom Vorpahl was appointed Executive Vice President for the business in North America

Full-year 2018

- Revenue increased to MEUR 290.9 (284.3)
- Organic growth was 3.7% (4.9)
- The gross margin was 41.2% (42.6)
- Adjusted EBITA amounted to MEUR 21.8 (26.2), corresponding to a margin of 7.5% (9.2)
- EBIT amounted to MEUR 13.2 (14.0), corresponding to a margin of 4.6% (4.9)
- Adjusted operating cash flow amounted to MEUR 18.4 (11.6)
- The net effect of postponed deliveries in Vehicle Accessibility is estimated at approximately MEUR -2.0 in terms of revenue and about MEUR -1.0 in terms of EBITA
- Expenses relating to reorganisations amounted to MEUR 3.0 for the full year, of which MEUR 2.0 was expensed in the second quarter and the remaining MEUR 1.0 in the fourth quarter
- Earnings per share before/after dilution amounted to EUR 0.19 (-0.08); the Board of Directors proposes a dividend of 5 cent (5 cent) per share for 2018***
- Staffan Ternström was appointed Group President and CEO in August

Group in Summary	October - December			January - December		
MEUR	2018	2017	Δ%	2018	2017	Δ%
Revenue	73.9	70.4	4.9 %	290.9	284.3	2.3 %
Gross profit*	27.4	29.6	-7.5 %	119.7	121.1	-1.2 %
Gross margin,%*	*37.1 %*	*42.1 %*	-	*41.2 %*	*42.6 %*	-
Adjusted EBITA*	3.0	6.2	-50.8 %	21.8	26.2	-16.5 %
Adjusted EBITA margin,%*	*4.1 %*	*8.8 %*	-	*7.5 %*	*9.2 %*	-
Operating profit/loss (EBIT)	0.4	4.4	-91.1 %	13.2	14.0	-5.6 %
Operating margin, (EBIT margin),%*	*0.5 %*	*6.3 %*	-	*4.6 %*	*4.9 %*	-
Adjusted operating profit/loss (adjusted EBIT)*	1.4	4.7	-70.4 %	16.2	21.1	-23.1 %
Adjusted operating margin (adjusted EBIT margin),%*	*1.9 %*	*6.7 %*	-	*5.6 %*	*7.4 %*	-
Net profit/loss	0.9	0.1	n/a	11.4	-3.5	n/a
Earnings per share before and after dilution**, EUR	0.01	0.00	n/a	0.19	-0.08	n/a
Adjusted operating Cash Flow*	9.3	4.0	133.3 %	18.4	11.6	58.4 %
Net debt / Adjusted EBITDA (LTM)*, times	3.1	3.0	4.4 %	3.1	3.0	4.4 %

** 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.*
**** corresponding to circa 0.5 SEK (February 5, 2019)*
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

Solid organic growth but lower margins in 2018 with a mixed performance across our segments. Full year organic growth was 3.7% (4.9) and the adjusted EBITA margin decreased to 7.5% (9.2). We reported strong development in our stairlifts business, representing 50% of total revenue, with organic growth of 9%. We have gained market share in essentially all of our key markets. Developments in Patient Handling were mixed. The European business reported sustained organic growth whereas the North American business struggled. In Vehicle Accessibility we were impacted by the general turmoil in the European car industry, related to the new emission testing regulation, which lead to delayed delivery of vehicles.

Since joining Handicare in August, I have met many customers, employees and suppliers. I have spent significant time together with our sales force in all of our key markets. Moreover, with support from my management team, I have also performed a business review during the fourth quarter. Altogether this has given me a thorough understanding of the most notable opportunities and challenges at Handicare. I am pleased to note that the company has good products and solutions and that it is comprised of committed and engaged employees. Furthermore, we hold strong positions in many markets, of which several have a good growth. However, we need to further refine our go-to-market approach and organisation, most notably in North America. With these changes I am confident that we will be well positioned to capitalize on the underlying market growth and I am excited about the company's future prospects.

Fourth quarter

Revenue grew organically by 3.8% (1.4) in the fourth quarter on the back of solid growth in both Accessibility, 4.5%, and Patient Handling, 4.4%. Within Accessibility, our Stairlifts business continued to outgrow the market and reported organic growth of 6%. The strong trajectory in Stairlifts North America was maintained with organic growth of 16% in the quarter. Patient Handling posted organic growth in both Europe and North America. A trend shift was noted in the North America business which reported organic growth of 4.9%, albeit from a low base. Adjusted EBITA amounted to MEUR 3.0 (6.2) in the fourth quarter. The lower profit was primarily a result of inventory adjustments and issues related to the implementation of a new ERP-system. In addition, we experienced a decrease in average selling prices and an unfavourable product mix. The former as result of new product launches and year-end price campaigns targeted at increasing market share in specific geographies and segments.

New Executive Vice President of North America on-board and a number of initiatives implemented to improve profitability

Handicare is driving a number of initiatives to return to profitable growth. One of these initiatives is to optimise the organisation. As a result, Tom Vorpahl will replace Charley Wallace as the Executive Vice President North America on 11 February. Tom Vorpahl has extensive experience from the medical device industry and most recently he was Vice President at Mitchell Planning Associates, the largest hospital equipment planning and procurement firm in the US. Furthermore, we will take the final step in integrating the North American Patient Handling business into our global operations and quality organisations. This will further improve our quality processes and increase efficiency. Finally, we have divided the US and Canadian business into two separate commercial organisations to better capitalise on market specific opportunities.

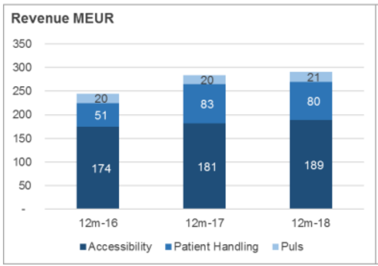
We continue to invest in our North American sales force and HUB strategy. Key investments in the fourth quarter included one new dealer development director, six new sales and technical service representatives and the opening of one new HUB. We are also in the process of fine tuning our HUB strategy, for example the number of full-service HUBs (including inventory and customer service) versus pure sales offices.

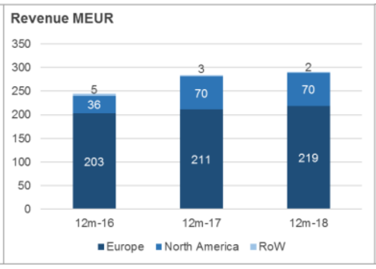
Key priorities for 2019

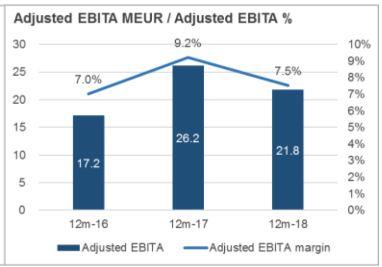
The financial development in the fourth quarter of 2018 is not impacting our outlook for 2019. The key priorities for 2019 are to deliver solid organic growth and improved margins. These will be supported by updates to our go-to-market approach. Key changes include price tiering and refining dealer management programs to increase dealer share of wallet and reduce dealer churn. We will also optimise performance management of our people and businesses. Evaluating new markets and acquisition targets continues to be an important part of our strategy.

Staffan Ternström
President and CEO

Group performance







Group MEUR	October - December 2018	 2017	 Δ%	January - December 2018	 2017	 Δ%
Revenue	73.9	70.4	4.9 %	290.9	284.3	2.3 %
Acquisitions / divestments	-0.6	-	-	-1.9	-	-
Currency effects*		0.2	-		-5.9	-
Revenue excl acquisitions/divestm., currency	**73.2**	**70.6**	**3.8 %**	**288.9**	**278.5**	**3.7 %**

**adjusted for translation effects, not transaction effects*

Group MEUR	October - December 2018	 2017	 Δ%	January - December 2018	 2017	 Δ%
Revenue	73.9	70.4	4.9 %	290.9	284.3	2.3 %
Cost of goods sold	-46.5	-40.8	n/a	-171.2	-163.2	n/a
Gross profit*	**27.4**	**29.6**	**-7.5 %**	**119.7**	**121.1**	**-1.2 %**
Operating costs	-23.4	-22.6	n/a	-94.0	-91.5	n/a
Adjusted EBITDA*	**4.0**	**7.1**	**-43.6 %**	**25.7**	**29.7**	**-13.4 %**
Depreciation of tangible fixed assets	-1.0	-0.9	n/a	-3.8	-3.5	n/a
Adjusted EBITA*	**3.0**	**6.2**	**-50.8 %**	**21.8**	**26.2**	**-16.5 %**
Other specified items	-1.0	-0.3	n/a	-3.0	-7.1	n/a
EBITA	**2.0**	**5.9**	**-65.4 %**	**18.8**	**19.1**	**-1.2 %**
Key figures, %						
*Gross margin**	*37.1 %*	*42.1 %*		*41.2 %*	*42.6 %*	
*Adjusted EBITDA margin**	*5.4 %*	*10.0 %*		*8.8 %*	*10.4 %*	
*Adjusted EBITA margin**	*4.1 %*	*8.8 %*		*7.5 %*	*9.2 %*	
*EBITA margin**	*2.7 %*	*8.3 %*		*6.5 %*	*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.

October – December 2018
Revenue and earnings

Fourth-quarter revenue rose 4.9% to MEUR 73.9 (70.4). Organically, revenue increased 3.8%. The acquisition in 2018 (see Note 3) contributed revenue of MEUR 0.6. Accessibility reported organic growth of 4.5%. Patient Handling recorded organic growth of 4.4% as a result of continued stable sales in Europe and increased sales in North America. Puls reported negative organic growth of 6.0%.

EBITA amounted to MEUR 2.0 (5.9). Other specified items amounted to MEUR -1.0 (-0.3) and were entirely attributable to the reorganisation announced (see page 9). Adjusted EBITA decreased to MEUR 3.0 (6.2). Earnings from acquisitions amounted to MEUR -0.1. The adjusted EBITA margin was 4.1% (8.8). The margin decrease was mainly due to inventory adjustments (MEUR 1.4), the implementation of a new ERP system in Vehicle Accessibility and North America (MEUR 0.8), and an unfavourable price and product mix (MEUR 1.2). In total, these items had an impact of MEUR -3.4 on gross profit, which impacted gross margin by -4.6 percentage points. Operating expenses declined in relation to revenue. According to plan, further cost savings of about MEUR 0.1 (compared with the third quarter of 2018) that related to the reorganisation were realised during the quarter.

No currency effect (only the translation effect) on adjusted EBITA in the quarter.

Net financial items improved to MEUR 0.8 (-5.1), mainly due to an MEUR 4.0 impairment of capitalised funding costs in the fourth quarter last year as a result of the refinancing carried out in conjunction with the listing. The total net interest expense decreased to MEUR -0.7 (-1.1). Profit before tax was MEUR 1.2 (-0.7).

Tax for the period was MEUR -0.4 (0.8). Profit for the period totalled MEUR 0.9 (0.1), corresponding to earnings per share of EUR 0.01 (0.00) before and after dilution.

January – December 2018

Revenue and earnings

Revenue for the full year rose 2.3% to MEUR 290.9 (284.3). Organically, revenue increased 3.7%. Acquired entities contributed revenue of MEUR 1.9. Accessibility reported organic growth of 5.6%. Vehicle Accessibility was negatively impacted by vehicle delivery problems. For the full year, lost revenue related to vehicle delivery problems amounted to MEUR -2.0. However, the order book has trended positively and it is assessed as possible to recover most of the lost sales in 2019, once deliveries have normalised. Patient Handling reported negative organic growth of 2.1% due to lower sales in North America. Puls reported organic growth of 11.0%, partly driven by strong project sales.

EBITA amounted to MEUR 18.8 (19.1). Other specified items amounted to MEUR -3.0 (-7.1) and were entirely attributable to the announced reorganisations, mainly in North America. Adjusted EBITA decreased to MEUR 21.8 (26.2). The adjusted EBITA margin was 7.5% (9.2). The deterioration in the margin was attributable to a lower gross margin, while operating expenses in relation to revenue remained essentially unchanged. The decreased gross margin was due to under-absorption in Vehicle Accessibility with an estimated earnings impact of about MEUR -1.0 and a decline in margin in PH NA (due to the low margin in the fourth quarter). The earnings contribution from acquisitions was MEUR -0.3. According to plan, cost savings of about MEUR 1.0 (compared with the cost base in the first quarter) that related to the reorganisation were realised in the fourth quarter.

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

Net financial items improved to MEUR -1.2 (-17.6), mainly due to the refinancing conducted in conjunction with the listing in autumn 2017. The total net interest expense decreased to MEUR -2.8 (-10.5). Profit before tax was MEUR 12.1 (-3.5).

Tax for the period was MEUR -0.7 (-1.2). 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 11.4 (-4.8). Profit for the period totalled MEUR 11.4 (-3.5), corresponding to earnings per share of EUR 0.19 (-0.08) before and after dilution.

Cash flow and financial position

During the quarter, cash flow from operating activities amounted to MEUR 11.5 (0.2). The year-on-year increase in cash flow is attributable to lower working capital. Payments related to Other specified items amounted to MEUR -0.5 (-4.2) and were mainly attributable to severance payments.

Net investments in the quarter amounted to MEUR -2.0 (-1.2), of which investments in a new ERP system totalled MEUR -0.1 (-0.3).

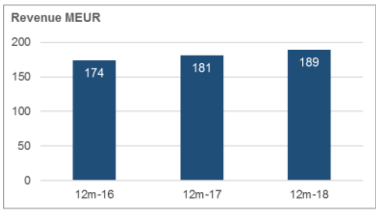
For the full year, cash flow from operating activities was MEUR 22.6 (8.6). The year-on-year increase in cash flow was attributable to lower working capital and increased earnings. Payments related to Other specified items amounted to MEUR -3.9 (-8.3) and were primarily attributable to reorganisation (MEUR -2.4) and the listing (MEUR -1.5).

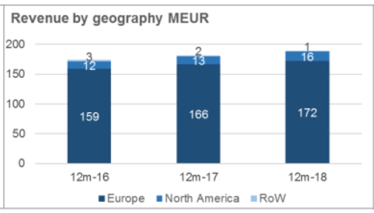
Net investments during the full year amounted to MEUR -7.0 (-5.9), of which MEUR -1.1 (-0.3) pertained to acquisitions. Investments in new ERP systems amounted to MEUR -0.4 (-1.6).

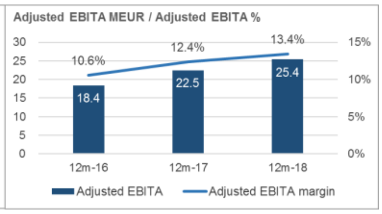
Cash and cash equivalents at the end of the period amounted to MEUR 23.6 (12.9). Interest-bearing net debt totalled MEUR 80.5 (89.0) at the end of the period. The year-on-year decrease in net debt was attributable to increased cash flow from operating activities. The dividend for the 2017 financial year 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	October - December			January - December		
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**
Revenue	48.3	46.1	4.7 %	189.4	181.3	4.5 %
Acquisitions / divestments	-	-	-	-	-	-
Currency effects*		0.1	-		-1.9	-
Revenue excl acquisitions/divestm., currency	**48.3**	**46.2**	**4.5 %**	**189.4**	**179.4**	**5.6 %**

**adjusted for translation effects, not transaction effects*

Accessibility	October - December			January - December		
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**
Revenue	48.3	46.1	4.7 %	189.4	181.3	4.5 %
Operating costs	-42.5	-39.4	n/a	-161.6	-156.6	n/a
Adjusted EBITDA*	**5.7**	**6.7**	**-14.2 %**	**27.8**	**24.7**	**12.3 %**
Depreciation of tangible fixed assets	-0.5	-0.6	n/a	-2.3	-2.2	n/a
Adjusted EBITA*	**5.2**	**6.1**	**-14.5 %**	**25.4**	**22.5**	**13.1 %**
Other specified items	-	-	n/a	-1.1	-0.6	n/a
EBITA	**5.2**	**6.1**	**-14.5 %**	**24.3**	**21.9**	**11.1 %**

Key figures, %						
*Adjusted EBITDA margin**	*11.9 %*	*14.5 %*		*14.7 %*	*13.6 %*	
*Adjusted EBITA margin**	*10.8 %*	*13.2 %*		*13.4 %*	*12.4 %*	
*EBITA margin**	*10.8 %*	*13.2 %*		*12.8 %*	*12.1 %*	

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

October – December 2018

Fourth-quarter revenue rose 4.7% to MEUR 48.3 (46.1). Organic growth was 4.5%. The business unit reported stable growth for stairlifts in Europe and very strong growth in North America. In total, organic growth for stairlifts was 6% during the quarter. The growth rate was 16% in North America. Vehicle Accessibility year-on-year reported unchanged revenue.

EBITA and adjusted EBITA totalled MEUR 5.2 (6.1). The adjusted EBITA margin declined to 10.8% (13.2) as a result of the lower gross margin. The deterioration in the gross margin was mainly due to inventory adjustments, problems following the implementation of a new ERP system in Vehicle Accessibility and North America, and an unfavourable price and product mix. In total, these items had an earnings impact of MEUR -1.8. Operating expenses (excluding the costs of goods sold) declined in relation to revenue during the period.

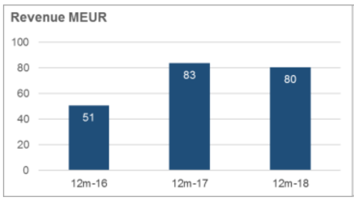
January – December 2018

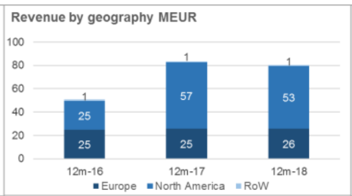
Revenue for the full year rose 4.5% to MEUR 189.4 (181.3). Organic growth was 5.6%. In total, organic growth for stairlifts was 9% during the period. The growth rate was 27% in North America. Vehicle Accessibility experienced delivery problems from Volkswagen in the first and third quarters. The total revenue loss relating to this amounted to around MEUR -2.0.

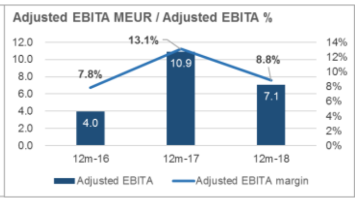
EBITA increased to MEUR 24.3 (21.9). Other specified items amounted to MEUR -1.1 (-0.6) and were attributable to the reorganisation. Adjusted EBITA totalled 25.4 (22.5). The adjusted EBITA margin rose to 13.4% (12.4) due to lower operating expenses relative to revenue since the gross margin declined slightly. The delay in revenue within Vehicle Accessibility is deemed to have had a negative impact on earnings of approximately MEUR -1.0 during 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	**October - December**			**January - December**		
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**
Revenue	20.9	19.3	8.2 %	80.3	83.4	-3.8 %
Acquisitions / divestments	-0.6	-	-	-1.9	-	-
Currency effects*		0.1	-		-3.4	-
Revenue excl acquisitions/divestm., currency	**20.3**	**19.4**	**4.4 %**	**78.3**	**80.0**	**-2.1 %**

**adjusted for translations effects, not transaction effects*

Patient handling	**October - December**			**January - December**		
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**
Revenue	20.9	19.3	8.2 %	80.3	83.4	-3.8 %
Operating costs	-19.6	-17.5	n/a	-71.8	-71.3	n/a
Adjusted EBITDA*	**1.3**	**1.8**	**-26.0 %**	**8.5**	**12.1**	**-30.0 %**
Depreciation of tangible fixed assets	-0.4	-0.3	n/a	-1.4	-1.2	n/a
Adjusted EBITA*	**0.9**	**1.5**	**-37.1 %**	**7.1**	**10.9**	**-35.1 %**
Other specified items	-1.0	-	n/a	-1.7	-0.4	n/a
EBITA	**-0.1**	**1.5**	**n/a**	**5.4**	**10.5**	**-48.1 %**
Key figures %						
*Adjusted EBITDA margin**	*6.3 %*	*9.3 %*		*10.6 %*	*14.5 %*	
*Adjusted EBITA margin**	*4.5 %*	*7.7 %*		*8.8 %*	*13.1 %*	
*EBITA margin**	*-0.3 %*	*7.7 %*		*6.8 %*	*12.5 %*	

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

October – December 2018

Fourth-quarter revenue rose 8.2% to MEUR 20.9 (19.3). Revenue from the distributor acquired at the beginning of the year in North America amounted to MEUR 0.6, an increase of MEUR 0.2 compared with the third quarter. Organic growth was 4.4% as a result of continued healthy organic growth in Europe and a favourable trend in North America, compared with a weak fourth quarter for 2017.

EBITA decreased to MEUR -0.1 (1.5). Other specified items amounted to MEUR -1.0 (0.0) and were entirely attributable to the reorganisation (see page 9). Adjusted EBITA decreased to MEUR 0.9 (1.5). The earnings contribution from the acquired distributor totalled MEUR -0.1. The adjusted EBITA margin declined to 4.5% (7.7) due to the lower gross margin. The gross margin was impacted by inventory adjustments and problems with the implementation of a new ERP system in North America. In total, these items had an earnings impact of MEUR -1.6. Operating expenses (excluding the costs of goods sold) declined in relation to revenue during the period.

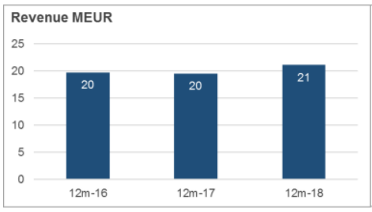
January – December 2018

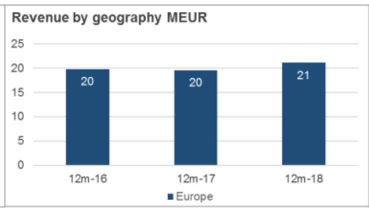
Revenue for the full year decreased 3.8% to MEUR 80.3 (83.4). Revenue from the acquired distributor amounted to MEUR 1.9 during the year. Organic growth amounted to -2.1% as a result of lower sales in North America. Europe reported healthy organic growth.

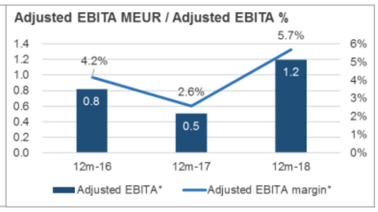
EBITA decreased to MEUR 5.4 (10.5). Other specified items amounted to MEUR -1.7 (-0.4) and were entirely attributable to reorganisations, primarily in North America. Adjusted EBITA decreased to MEUR 7.1 (10.9). The earnings contribution from the acquired distributor was MEUR -0.3. The adjusted EBITA margin declined to 8.8% (13.1), mainly due to a lower gross margin. The gross margin decreased primarily due to the weak margin in the fourth quarter. In relation to revenue, operating expenses (excluding the costs of goods sold) remained essentially unchanged year-on-year.

Puls

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







Puls	October - December			January - December		
MEUR	2018	2017	Δ%	2018	2017	Δ%
Revenue	4.7	5.0	-6.2 %	21.1	19.5	8.0 %
Acquisitions / divestments	-	-	-	-	-	-
Currency effects*		-0.0	-		-0.5	-
Revenue excl acquisitions/divestm., currency	**4.7**	**5.0**	**-6.0 %**	**21.1**	**19.0**	**11.0 %**

**adjusted for translations effects, not transaction effects*

Puls	October - December			January - December		
MEUR	2018	2017	Δ%	2018	2017	Δ%
Revenue	4.7	5.0	-6.2 %	21.1	19.5	8.0 %
Operating costs	-4.5	-4.8	n/a	-19.8	-19.0	n/a
Adjusted EBITDA*	**0.2**	**0.2**	**22.3 %**	**1.3**	**0.5**	**147.4 %**
Depreciation of tangible fixed assets	-0.0	-0.0	n/a	-0.1	-0.0	n/a
Adjusted EBITA*	**0.2**	**0.2**	**14.5 %**	**1.2**	**0.5**	**137.9 %**
Other specified items	-	-	-	-	-	-
EBITA	**0.2**	**0.2**	**14.5 %**	**1.2**	**0.5**	**137.9 %**
Key figures %						
*Adjusted EBITDA margin**	*4.4 %*	*3.4 %*		*6.0 %*	*2.6 %*	
*Adjusted EBITA margin**	*4.0 %*	*3.3 %*		*5.7 %*	*2.6 %*	
*EBITA margin**	*4.0 %*	*3.3 %*		*5.7 %*	*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.

October – December 2018

Fourth-quarter revenue decreased 6.2% to MEUR 4.7 (5.0). Organic growth was -6.0%. The negative growth was primarily attributable to fluctuations in project sales, which were strong in the first three quarters of the year.

EBITA and adjusted EBITA totalled MEUR 0.2 (0.2). The EBITA margin increased to 4.0% (3.3) as a result of an improved gross margin. The increase in the gross margin was driven by favourable product mix.

January – December 2018

Revenue for the full year rose 8.0% to MEUR 21.1 (19.5). Organic growth was 11.0%. The high growth rate was largely attributable to strong project sales in the first three quarters.

EBITA and adjusted EBITA totalled MEUR 1.2 (0.5). The EBITA margin rose to 5.7% (2.6) due to higher sales and an improved gross margin. The increase in the gross margin was driven by favourable product mix. Further, cost savings related to the reorganisation contributed to the improved result.

Group-wide expenses

Group-wide expenses, excluding Other specified items, amounted to MEUR -3.3 (-1.6) for the quarter and MEUR -11.8 (-7.7) for the full year. This was an increase by MEUR 0.4 vs the third quarter 2018, driven by consultancy costs. The increase compared to the same quarter last year was mainly attributable to the centralisation of certain functions, such as IT and Finance, costs associated with being a listed company and changes in the provision for variable compensation in the fourth quarter 2017. In 2018, certain expenses for IT and Finance (MEUR -0.2 for the quarter and MEUR -1.5 for the full year) were recognised as central expenses, whereas they were recognised under each business unit in the preceding year. Expenses for the fourth quarter of 2018 also included double CEO compensation. No amortisation or depreciation was included in Group-wide expenses.

Employees

At the end of the period, the number of FTEs was 1,190 (1,142). The average number of FTEs was 1,180 (1,151) for the quarter, and 1,167 (1,174) for the full year.

Parent Company

Fourth quarter revenue amounted to MEUR 5.4 (2.6). Profit before tax was MEUR -3.1 (-1.6) and profit for the period was MEUR -3.1 (-2.1).

For the full year, Parent Company revenue amounted to MEUR 11.8 (8.5). Profit before tax was MEUR -0.3 (-4.0) and profit for the period was MEUR -0.3 (-4.6).

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 fourth quarter and will continue in the first quarter of 2019. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision as of 31 December 2018.

Dividend, Annual General Meeting and Annual report

Dividend

The Board proposes the distribution to shareholders of a dividend of 5 cent (5 cent) for the 2018 financial year, corresponding to a total dividend payment of approximately MEUR 2.9 based on the number of outstanding shares at the end of 2018. The proposed record date is May 10, 2019.

Annual General Meeting

The 2018 Annual General Meeting will be held in Stockholm on 8 May 2019. The announcement of the 2018 Annual General Meeting will be available at www.handicaregroup.com from 8 April 2019.

Annual report

The annual report will be made available on the Handicare website, www.handicaregroup.com, during week 13.

Events during the reporting period

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. Total cost savings realised now amount to c. MEUR 1.0 compared with the first quarter of 2018.

Changes to the Group Management team
Staffan Ternström was appointed President and CEO effective August 14, 2018.

Restructuring program
Handicare is driving a number of initiatives to secure profitable growth. One of these initiatives include optimising the organisation which will lead to a number of identified changes, primarily in North America, in the first quarter 2019. The associated non-recurring costs are estimated at 1.0 MEUR and are charged in full to the fourth quarter 2018 (recognised under Other specified items).

Events after the reporting period

Continued solid growth but lower than expected profit for the fourth quarter 2018
On January 21, 2019, Handicare announced that revenues were expected to be at a solid level in the fourth quarter but that lower than expected profits were anticipated for the fourth quarter 2018. The lower than expected profit is primarily a result of inventory adjustments and costs related to organisational changes following the business review performed in connection with the appointment of the new CEO.

Changes to the Group Management team
Pernilla Lindén was appointed Executive Vice President Strategy and Business Excellence effective January 1, 2019.

Mattias Hakeröd was appointed Executive Vice President Human Resources effective January 7, 2019.

Tom Vorpahl was appointed Executive Vice President North America effective February 11, 2019.
Tom Vorpahl replaces Charley Wallace who will be leaving Handicare.

Condensed consolidated income statement

Group MEUR	October - December 2018	 2017	January - December 2018	 2017
Revenue	73.9	70.4	290.9	284.3
Cost of material	-37.7	-33.0	-137.9	-131.9
Employee benefits expenses	-18.0	-17.5	-73.6	-72.8
Other operating costs	-14.1	-12.9	-53.7	-50.0
Depreciation and amortization	-2.6	-2.4	-9.5	-8.5
Other specified items*	-1.0	-0.3	-3.0	-7.1
Operating profit/loss (EBIT)	**0.4**	**4.4**	**13.2**	**14.0**
Financial items, net	0.8	-5.1	-1.2	-17.6
Profit/loss before tax	**1.2**	**-0.7**	**12.1**	**-3.5**
Tax	-0.4	0.8	-0.7	-1.2
Profit/loss after tax from continuing operations	**0.9**	**0.1**	**11.4**	**-4.8**
Profit from discontinued operations**	-	-	-	1.3
Net profit/loss for the period	**0.9**	**0.1**	**11.4**	**-3.5**
Profit/loss after tax from continuing operations				
Attributable to ordinary shareholders of the parent	0.9	0.1	11.4	-4.8
Attributable to non-controlling interest	-	-	-	-
Profit from discontinued operations				
Attributable to ordinary shareholders of the parent	-	-	-	1.3
Attributable to non-controlling interest	-	-	-	-
Earnings per share (EUR) before and after dilution	0.01	0.00	0.19	-0.08
Average number of shares before and after dilution (000's)***	58 939	58 939	58 939	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	October - December 2018	 2017	January - December 2018	 2017
Net profit/loss	0.9	0.1	11.4	-3.5
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	0.1	0.0	0.1	0.0
Translation differences (can be reversed)	-1.0	-1.0	-2.1	-0.6
Net investment hedges (can be reversed)	-1.4	-1.6	0.1	-2.5
Income tax attributable to components in other comprehensive income (can be reversed)	0.3	0.5	-0.0	0.7
Total comprehensive income/loss for the period	**-1.1**	**-2.0**	**9.5**	**-5.9**
Comprehensive income/loss attributable to Parent Company´s shareholders	-1.1	-2.0	9.5	-5.9
Comprehensive income/loss attributable to non-controlling interests	-	-	-	-

Condensed consolidated balance sheet

Group MEUR	31 Dec 2018	31 Dec 2017
Intangible assets	49.1	49.2
Goodwill	162.8	163.5
Tangible fixed assets	9.7	10.9
Deferred tax assets	8.0	6.2
Financial receivables	0.2	0.3
Total non-current assets	**229.7**	**230.0**
Inventory	35.6	35.7
Accounts receivable	43.7	41.7
Tax receivables	0.1	1.5
Other receivables	3.3	5.0
Cash and cash equivalents	23.6	12.9
Total current assets	**106.3**	**96.7**
Total assets	**336.0**	**326.8**
Shareholders' equity attributable to parent shareholders	**171.3**	**164.7**
Non controlling interest	-	-
Total equity	**171.3**	**164.7**
Provisions for pensions	0.2	0.4
Deferred tax liabilities	8.3	8.6
Advance payments	2.4	2.4
Other liabilities	0.4	1.6
Interest-bearing loans	103.0	100.3
Total long-term liabilities	**114.3**	**113.3**
Interest-bearing loans	0.0	0.1
Accounts payable	30.5	24.9
Other liabilities	1.1	1.4
Accrued expenses and deferred income	18.7	22.4
Total current liabilities	**50.4**	**48.8**
Total shareholders' equity and liabilities	**336.0**	**326.8**

Condensed consolidated cash-flow statement

Group MEUR	October - December 2018	October - December 2017	January - December 2018	January - December 2017
Profit/loss before tax*	1.2	-0.7	12.1	-1.9
Depreciation, amortization and impairment	2.6	2.4	9.5	8.6
Reversal of interest expense/ income	0.8	5.3	3.0	16.4
Other non-cash items	-0.2	-5.0	1.0	-1.7
Taxes paid	-0.2	0.1	-1.6	-0.4
Cash flow before changes in working capital	**4.2**	**2.0**	**23.9**	**21.0**
Inventory	3.3	-0.2	0.5	-2.5
Accounts receivable	1.3	-0.0	-1.8	0.3
Accounts payable	3.7	0.1	5.7	-3.6
Other current receivables/liabilities	-1.0	-1.8	-5.7	-6.6
Cash flow from operating activities	**11.5**	**0.2**	**22.6**	**8.6**
Acquired / divested operations	-	-0.0	-1.1	-0.3
Acquired / divested fixed assets/intangible assets	-2.0	-1.2	-5.9	-5.6
Cash flow from investing activities	**-2.0**	**-1.2**	**-7.0**	**-5.9**
Changes in interest-bearing loans	0.0	-49.6	1.2	-48.9
Interest, net	-0.7	-0.9	-2.8	-6.9
Dividend paid/capital injection	-	58.1	-2.9	58.1
Cash flow from financing activities	**-0.7**	**7.6**	**-4.4**	**2.4**
Cash flow for the period	**8.8**	**6.5**	**11.2**	**5.1**
Cash and cash equivalents at the beginning of the period	15.0	5.5	12.9	6.7
Cash flow for the period	8.8	6.5	11.2	5.1
Translation differences	-0.2	0.8	-0.5	1.1
Cash and cash equivalents at end of the period	**23.6**	**12.9**	**23.6**	**12.9**

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

Condensed consolidated statement of changes in shareholders' equity

Group MEUR	Attributable to equity holders of the Parent	Non-controlling interrest	Total equity
Opening balance January 1, 2017	**73.9**	**4.0**	**77.9**
Capital injection from shareholders	92.7	-	92.7
Profit for the year	-3.5	-	-3.5
Other comprehensive income	-2.4	-	-2.4
Transaction with NCI owners	4.0	-4.0	-
Closing balance December 31, 2017	**164.7**	**-**	**164.7**
Opening balance January 1, 2018	**164.7**	**-**	**164.7**
Dividend	-2.9	-	-2.9
Profit for the year	11.4	-	11.4
Other comprehensive income	-1.9	-	-1.9
Closing balance December 31, 2018	**171.3**	**-**	**171.3**

Condensed Parent Company income statement

Parent Company	October - December		January - December	
MEUR	2018	2017	2018	2017
Revenue	5.4	2.6	11.8	8.5
Employee benefits expenses	-1.3	-0.6	-4.6	-3.5
Other operating costs	-7.0	-3.9	-8.4	-9.3
Depreciation and amortization	-0.0	-0.0	-0.0	-0.0
Operating profit/loss (EBIT)	**-3.0**	**-1.9**	**-1.2**	**-4.3**
Financial items, net	-0.1	0.3	0.9	0.2
Profit/loss before tax	**-3.1**	**-1.6**	**-0.3**	**-4.0**
Appropriations	-	-0.5	-	-0.5
Tax	-	-0.0	-	-0.0
Net profit/loss for the period	**-3.1**	**-2.1**	**-0.3**	**-4.6**

Condensed Parent Company balance sheet

Parent Company	31 Dec	31 Dec
MEUR	2018	2017
Intangible assets	0.4	-
Shares in Group companies	272.1	272.1
Tangible fixed assets	0.1	0.0
Long-term receivables	0.6	0.6
Total non-current assets	**273.1**	**272.7**
Receivables from Group companies	0.2	0.9
Accounts receivable	0.0	-
Other receivables	0.3	0.5
Cash and cash equivalents	0.0	0.3
Total current assets	**0.5**	**1.7**
Total assets	**273.7**	**274.4**
Shareholders´ equity	**250.6**	**253.8**
Liabilities from Group companies	21.6	17.3
Accounts payable	0.5	0.6
Other liabilities	0.1	0.1
Accrued expenses and deferred income	0.9	2.6
Total current liabilities	**23.0**	**20.6**
Total shareholders´ equity and liabilities	**273.7**	**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. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The implementation of the standard entails the recognition of almost all leases in the lessee's balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, the lessee recognises a right-of-use asset (the right to use a leased asset) and a lease liability for the obligation to make lease payments.

Over the year, Handicare has reviewed the Group's leases to evaluate the effects on the Group's financial reporting. IFRS 16 allows some degree of choice with regard to the approach. Handicare will apply the modified retrospective approach, which means that the comparative figures will not be restated. The accumulated effect of the initial application of the standard will be recognised on the date of initial application, in other words, 1 January 2019. Handicare will measure right-of-use assets in the Group's leases at amounts corresponding to the lease liability after adjustment for any prepayments or accrued lease fees pertaining to the lease. The right-of-use assets will also be adjusted for any onerous lease agreement. The Group has chosen to use the exemptions contained in the standard with regard to short-term leases and leases of low-value assets. These will be recognised as straight-line expenses over the lease period. The Group has leases for office equipment (computers, printers and photocopiers) that are classified as low-value right-of-use assets.

For leases that were previously classified as financial leases under IAS 17, the carrying amounts for the right-of-use assets and the lease liability on the transition at 1 January 2019 will be the same as the carrying amounts for the asset and the lease liability at 31 December 2018 in accordance with IAS 17.

On the transition to IFRS 16 at 1 January 2019 the Group's non-current assets will preliminary increase by MEUR 29 and its liabilities by MEUR 29.

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	October - December		January - December	
MEUR	2018	2017	2018	2017
Accessibility	48.3	46.1	189.4	181.3
Patient Handling	20.9	19.3	80.3	83.4
Puls	4.7	5.0	21.1	19.5
Group-wide functions	0.1	0.0	0.1	0.1
Revenue - Group	**73.9**	**70.4**	**290.9**	**284.3**

Group	October - December		January - December	
MEUR	2018	2017	2018	2017
Accessibility	5.2	6.1	25.4	22.5
Patient Handling	0.9	1.5	7.1	10.9
Puls	0.2	0.2	1.2	0.5
Group-wide functions	-3.3	-1.6	-11.8	-7.7
Adj EBITA - Group	**3.0**	**6.2**	**21.8**	**26.2**

Group	October - December		January - December	
MEUR	2018	2017	2018	2017
Adj EBITA - Group	3.0	6.2	21.8	26.2
Other specified items	-1.0	-0.3	-3.0	-7.1
Amortization	-1.6	-1.5	-5.6	-5.0
Financial items, net	0.8	-5.1	-1.2	-17.6
EBT - Group	**1.2**	**-0.7**	**12.1**	**-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 1.9 MEUR in 2018, with a negative earnings impact of MEUR -0.3.

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

Note 4 – Other specified items

During 2018, in conjunction with reorganisations, Handicare charged costs of MEUR 3.0 (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 -7.1 in total.

Group	October - December		January - December	
MEUR	2018	2017	2018	2017
Restructuring costs	-1.0	-	-3.0	-1.9
Transaction costs	-	-	-	-0.1
Integration costs	-	-	-	-0.4
IPO costs	-	-0.3	-	-4.8
Other effeciency projects	-	-	-	0.0
Other specified items	**-1.0**	**-0.3**	**-3.0**	**-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.

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

Note 6 – Financial net debt

Group	31 Dec	31 Dec
MEUR	2018	2017
Interest-bearing long-term loans	100.3	100.2
Other interest-bearing debt	3.8	1.7
Deduct: cash and cash equivalents	-23.6	-12.9
Interest-bearing net debt	**80.5**	**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 December 31, 2018	**58 939 000**

Note 8 – Events after the end of the reporting period

For an account of events after the end of the period, see page 9.

Stockholm, February 6, 2019
Handicare Group AB (publ)

Staffan Ternström
President and CEO

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

Telephone conference
A telephone conference, hosted by Staffan Ternström, President and CEO, and Stephan Révay, CFO, will be held at 10:00 a.m. CET on 6 February 2019. To participate, please register in advance using the following link http://emea.directeventreg.com/registration/3359669

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

Dates for financial reports

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:

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

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 6 February 2019.

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 full year 2018, revenue amounted to MEUR 291 and the adjusted EBITA margin was 7.5%. Employees numbered around 1,200 and the share is listed on Nasdaq Stockholm. For more information, www.handicaregroup.com.

Quarterly data

Group MEUR	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Revenue	71.9	73.3	71.4	69.2	70.4	71.6	75.3	70.1	73.9
Cost of goods sold	-42.8	-42.0	-40.6	-39.9	-40.8	-42.0	-42.8	-40.0	-46.5
Gross profit*	**29.1**	**31.3**	**30.8**	**29.4**	**29.6**	**29.6**	**32.6**	**30.1**	**27.4**
Operating costs	-23.3	-23.6	-23.1	-22.2	-22.6	-23.4	-24.0	-23.1	-23.4
Adjusted EBITDA*	**5.7**	**7.7**	**7.8**	**7.2**	**7.1**	**6.2**	**8.6**	**7.0**	**4.0**
Depreciation of tangible fixed assets	-1.1	-0.9	-0.9	-0.8	-0.9	-1.0	-0.9	-0.9	-1.0
Adjusted EBITA*	**4.6**	**6.8**	**6.9**	**6.3**	**6.2**	**5.1**	**7.6**	**6.1**	**3.0**
Other specified items	-9.2	-0.8	-1.2	-4.9	-0.3	-	-2.0	-	-1.0
EBITA	**-4.6**	**6.0**	**5.7**	**1.5**	**5.9**	**5.1**	**5.6**	**6.1**	**2.0**
Key figures, %									
Gross margin*	40.4 %	42.7 %	43.2 %	42.4 %	42.1 %	41.4 %	43.2 %	43.0 %	37.1 %
Adjusted EBITDA margin*	8.0 %	10.5 %	10.9 %	10.3 %	10.0 %	8.6 %	11.4 %	10.0 %	5.4 %
Adjusted EBITA margin*	6.4 %	9.3 %	9.7 %	9.1 %	8.8 %	7.2 %	10.1 %	8.6 %	4.1 %
EBITA margin	-6.4 %	8.2 %	8.0 %	2.1 %	8.3 %	7.2 %	7.5 %	8.6 %	2.7 %

** 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	October - December		January - December	
MEUR	2018	2017	2018	2017
Revenue	**73.9**	**70.4**	**290.9**	**284.3**
Direct material	-36.5	-31.7	-133.3	-128.0
Direct Labor	-6.8	-6.1	-26.2	-25.3
Freight (inbound / outbound)	-3.1	-2.9	-11.7	-10.0
Gross profit	**27.4**	**29.6**	**119.7**	**121.1**

Group	October - December		January - December	
MEUR	2018	2017	2018	2017
Operating profit/loss (EBIT)	**0.4**	**4.4**	**13.2**	**14.0**
Amortisation / impairment of intangible assets	1.6	1.5	5.6	5.0
Other specified items	1.0	0.3	3.0	7.1
Adjusted EBITA	**3.0**	**6.2**	**21.8**	**26.2**
Depreciation of tangible fixed assets	1.0	0.9	3.8	3.5
Adjusted EBITDA	**4.0**	**7.1**	**25.7**	**29.7**

Group	October - December		January - December	
MEUR	2018	2017	2018	2017
Cash flow before changes in working capital	**4.2**	**2.0**	**23.9**	**21.0**
Taxes paid	0.2	-0.1	1.6	0.4
Cash Interest and Cost	-0.8	-5.3	-3.0	-16.4
Net financial items per the profit and loss statement	-0.8	5.1	1.2	17.6
Other non cash-items	0.2	5.0	-1.0	1.7
Other specified items	1.0	0.3	3.0	7.1
Discontinued operations	-	-	-	-1.7
Adjusted EBITDA	**4.0**	**7.1**	**25.7**	**29.7**
Change in net working capital	7.3	-1.8	-1.3	-12.4
Acquired / divested fixed assets/intangible assets	-2.0	-1.2	-5.9	-5.6
Adjusted operating cash flow	**9.3**	**4.0**	**18.4**	**11.6**