Making everyday life easier

Annual Report 2018

Handicare in brief

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WHAT

Handicare offers solutions and support to increase the independence of physically challenged or elderly people, and to enable them to live an active life — on their terms — and to facilitate work for their care providers and family.

Our offering encompasses a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and solutions, and medical equipment.

TO WHO

70%

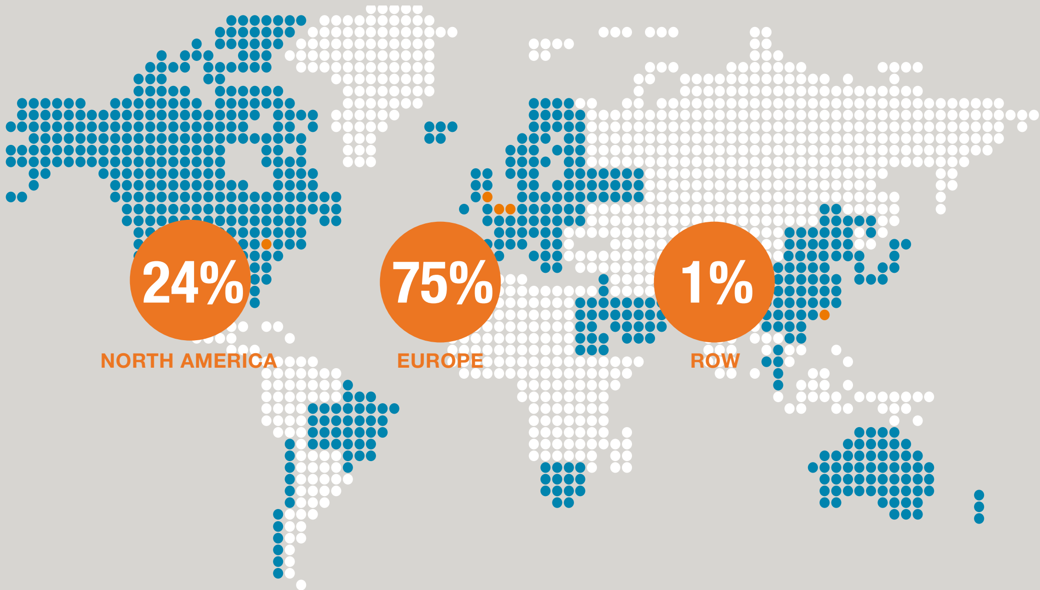
For care in the home, "Homecare"

30%

For hospitals and institutions, "Institutional"

WHERE

We are a global company with sales in more than 20 countries. Our head office is located in Stockholm, Sweden, and sales are conducted through our own sales offices in Europe and North America as well as through distributors and dealers around the globe. Manufacturing and assembly are located at our five facilities distributed across North America, Asia and Europe.



ACCESSIBILITY

PATIENT HANDLING

PULS

2018 IN BRIEF

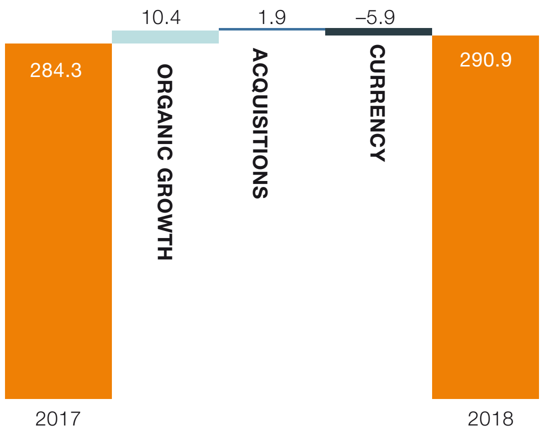
- Revenue rose 2.3 percent to MEUR 290.9 (284.3).
- Organic growth was 3.7 percent (4,9).
- The adjusted EBITA margin rose to 7.5 percent (9.2).
- Adjusted operating cash flow amounted to MEUR 18.4 (11.6)
- Staffan Ternström was appointed as new President and CEO in August.
- We acquired a strategically important distributor in Colorado, in the US.
- During the year we launched a revolutionary new stairlift for straight staircases, and a faster, simpler staircase measurement system for the installation of stairlifts.
- Our North American sales organisation was divided into two parts: one to focus on Canada and one to focus on the US. Operations in the US were further divided into Homecare and Institutional.
- The Board of Directors proposes a dividend of EUR 0.05 per share.

KEY FIGURES

MEUR	2018	2017
Revenue	290.9	284.3
Adjusted EBITA	21.8	26.2
Adjusted EBITA margin, %	7.5	9.2
Net profit/loss for the year	11.4	–3.5
Earnings per share before and after dilution, EUR	0.19	–0.08
Adjusted operating cash flow	18.4	11.6
Net debt/Adjusted EBITDA, multiple	3.1	3.0
Dividend per share, EUR	0.05[1)]	0.05

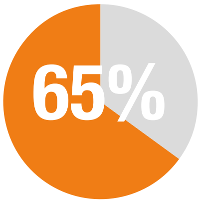
1) Proposal from the Board

REVENUE GROWTH
MEUR

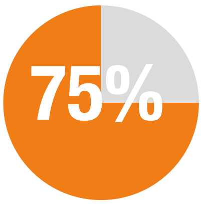


The Handicare Group

Accessibility



Share of the Group's revenue



Share of the Group's adjusted EBITA (excl. group-wide expenses)

Offering

In Accessibility, we offer curved and straight stairlifts, as well as their installation and service. We also have products and solutions for vehicle conversion.

Position

Our main markets for stairlifts, in which we are also market leader, are the UK, Germany, the Netherlands, France and Italy. Together, our main markets represent the majority of the total revenue in the segment. In the US, we are challenging the major competitors and are currently number three in the market. North America is displaying the strongest growth rate in the business unit. Our main markets for vehicle conversion, where we also are dominant, are Norway and Denmark.

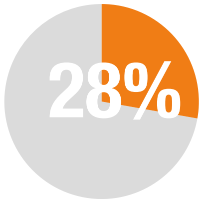
Drivers

Growth in the ageing population, in combination with an increased desire to remain in their own homes, are strong drivers of the rising demand for our products and services.

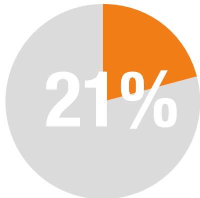
Market characteristics

Sales of stairlifts are made through dealers, government and local authorities, as well as directly to the end users. Financing is usually through a combination of public and private financing. The distribution of this varies between different geographies. Vehicle conversions are primarily ordered through a public tender process from approved suppliers, and are thus usually publicly financed. *Competitors* in the market for stairlifts: Acorn, Stannah, Savaria and several smaller regional competitors. In the vehicle conversion market, we compete against Etac in Norway and Langehoj in Denmark.

Patient Handling



Share of the Group's revenue



Share of the Group's adjusted EBITA
(excl. group-wide expenses)

Offering

In Patient Handling, we offer products and solutions for all types of patient transfer in hospital environments, acute care situations, in group homes and home care. We also manufacture and sell devices for bathroom safety.

Position

Our main markets are the US, Canada, the UK, the Netherlands, Sweden, Denmark and Norway. We have a leading position, and focus mainly on small to medium-sized hospitals and institutions. Through local distributors, we also cover other markets throughout the world.

Drivers

Cost for work-related injuries together with increasing workload in the health care sector are strong drivers for our products in this segment. Further, growth in the ageing population and the increasing prevalence of chronic diseases together with higher life expectancies for patients with chronic diseases are drivers for our products in this segment. Many of our aids support health care economics by improving work environments and reducing the need for long-term hospital stays.

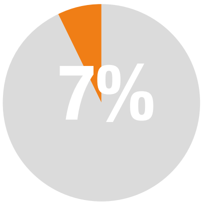
Market characteristics

The main markets are relatively consolidated and Handicare, along with three other competitors, controls over 50 percent of the market. In addition, there are smaller regional competitors that have a strong presence in selected markets.

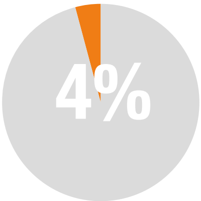
Hospitals and long-term care facilities constitute the largest purchasers of equipment. Sales are made through dealers and GPOs, directly to companies in home care, private individuals, long-term care facilities and directly to local hospitals. The products are funded through a mix of private and public financing.

Competitors: Arjo, Liko, Guldmann and smaller local competitors.

Puls

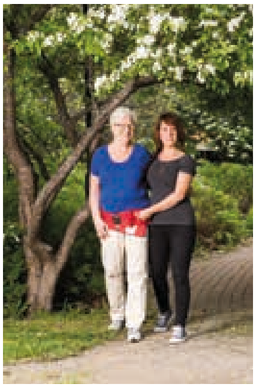


Share of the Group's revenue



Share of the Group's adjusted EBITA
(excl. group-wide expenses)

Offering	With Puls, we offer medical equipment and consumables primarily intended for medical and surgical departments at hospitals such as operating tables and hygiene products. We also offer a broad portfolio of products for care at home, including kitchen equipment and bedroom aids, work room, and bathroom and toilet.
Position	Our main markets for Puls are Norway and Denmark; in Norway we have a market-leading position and are well positioned to capitalise on the underlying market growth.
Drivers	Increasing care volumes and growth in the ageing population, in combination with an increased focus on healthcare at home, are strong drivers of the rising demand for Puls products in both Norway and Denmark.
Market characteristics	We sell to care providers or private individuals through a combination of sales through NAV in Norway, municipalities and wholesalers as well as directly to hospitals. Competitors: We compete with different dealers within each product range.



CEO's Comments

2018 can be summarised as another eventful year in Handicare's history. In August, I had the honour of taking up the position of CEO and have spent a good portion of the autumn getting to know the company and meeting customers, suppliers and employees. With the support of my management team, I have conducted an overview of the operations during the fourth quarter. Altogether, this has given me a good understanding of how we operate, and the challenges and opportunities we are facing. It is satisfying that we have outstanding products and solutions, and many dedicated employees. Our position is strong in most markets, and underlying growth is good. Further, we have experienced some challenges, specifically related to Patient Handling North America. The development within this segment has not been in line with expectations. As a result of this, during the fourth quarter, we conducted some significant changes, both related to the organisation and our go to market strategy. Improvement of this area's financial development is one of my main priorities for 2019.

During the year, our global ERP system was implemented in Denmark and North America. As with all major changes, this means some stress on the organisation, however, a Group-wide system improves our ability to streamline administration and enables valuable analysis of our operations.

SOLID ORGANIC GROWTH

We reported solid organic growth but with lower margins in 2018 and mixed performance across our segments. Organic growth for the full year was 3.7 percent (4.9) and the adjusted EBITA margin decreased to 7.5 percent (9.2). Stairlift sales, which represent around 50 percent of total sales, continued to perform well and reported an organic growth of 9 percent. We have gained market shares in essentially all of our key markets. As mentioned earlier, development in Patient Handling was mixed. The European business reported sustained organic growth while the North American operations continued to experience challenges. In Vehicle Accessibility, we were affected by issues in the European car industry related to the new emissions regulations, which delayed delivery of vehicles.

ORGANIC GROWTH BASED ON CUSTOMER- AND MARKET-ORIENTED ORGANISATION

For the last two years, we have been transitioning the Group from a product-oriented organisation to a customer- and market-oriented organisation. This is based on four main elements:

A commercially focused organisation

In 2017, an initiative began to transform the organisation from being business unit based to a function-based organisation. In 2018 and at the beginning of 2019, the last changes were completed by including Operations in North America in the Global Operations & Quality function as well as recruiting a global HR Manager.

The goal with these organisational changes is to build a customer-centric organisation that can focus on delivering our commercial offering and strengthening our core and quality processes.

To further improve our abilities to capitalise on underlying market growth, we have adjusted our strategy in North America. At the end of the year we divided our North American sales organisation into a Canadian and an American division in order to strengthen customer relations and adapt our offering to the various conditions of specific markets. To further increase focus and customise our offering, we divided the US sales organisation into two units: Institutional and Homecare.

Commercial strategic initiatives

Over the last years, we have worked to professionalise our sales organisation, and it is an effort we will continue to drive forward in our training program for both the sales team and sales management. The other prioritised parts of the strategy are to work with customer segmentation and continued development of our pricing strategy. We have also focused on our dealers where we want to build stronger partnerships, reduce attrition and work with differentiated value-generating activities.

Product innovation

We are constantly working to be able to introduce innovative and relevant solutions in our product and service offering, and all product development is driven by customer needs.

During the year we launched a revolutionary new stairlift for straight staircases, and a more efficient staircase measurement system for the installation of stairlifts.

To ensure that we are launching a competitive product programme and guaranteeing an efficient product development process, we implemented a Global Product Development Process during the year. We are also working with streamlining our product portfolio.

Geographic expansion

We are increasing our geographic presence by broadening our existing network of dealers. Particularly in the US, our hub strategy is important for driving growth with new customers. During the year, the number of hubs increased from eight to ten, and we will establish more hubs where needed. We continuously evaluate whether a given hub should be a sales office or a full-service hub with inventory.

GROWTH THROUGH ACQUISITIONS

The market in which we operate comprises a few major competitors. Growth by acquisition is a central feature of our strategy. We continuously evaluate acquisition candidates based on three key criteria: broadening our geographic presence; complementary products that can be made viable through our sales channels; and strategic assets.

At the beginning of 2018, we acquired a strategically important distributor for Handicare in Colorado, USA. The distributor is a key element of our North American hub strategy.

SUSTAINABILITY

Climate change and a lack of resources mean that all companies have to look after the environment and limit their impact. Working actively with sustainability is therefore a natural part of our operations.

I am proud that during 2018, we continued to reduce energy emissions in our production units and that we began a collaboration with a Canadian university to determine if we can change existing plastic parts in our products with biomaterials.

TO BUILD A SUCCESSFUL CORPORATE CULTURE

We strive to be a successful, result-oriented organisation where all employees work toward the same goals and where accountability is essential. Group management and their immediate subordinates will participate in a short-term incentive bonus program based on performance-related achievements. Decentralised and customer-focused leadership should permeate Handicare, and during the spring we will define our leadership framework that will guide us in our leadership development and how we lead our employees. By focusing on leadership we want to, over time, strengthen our focus on our customers and create the proper commitment in the organisation for leveraging the opportunities we have identified in our strategy work.

WELL EQUIPPED FOR THE FUTURE

In conclusion, 2018 was an eventful year, and we completed much of what we said we would do. However, the result is not in line with expectations, mainly due to weak sales in Patient Handling North America but also due to some of the challenges in Vehicle Accessibility. Delivery problems within the European automotive industry, as an effect of the new emission tests explained the latter. Of course, we are not satisfied with this development. However, I look forward to 2019 with confidence as after the organisational changes we can entirely focus on the opportunities in our markets. We operate in a market where macro trends like an ageing population and the fact that more people want to live at home for as long as possible contributes to a demand for our products. Also, requirements for greater efficiency, improved workplace health and safety, and reduced sickness absence are key demand drivers for Patient Handling products.

I would like to take the opportunity to thank all of our employees for their hard work in 2018. Together, with our core values as a starting point, we will continue to become a stronger and better company that makes everyday life easier for our customers.

Stockholm, March 2019

Staffan Ternström
President and CEO

We work to be able to introduce innovative and relevant solutions in our product and service offering, and all product development is driven by customer needs.

Business model

Mission:

MAKING EVERYDAY LIFE

BUSINESS CONCEPT

Through continuous product development, efficient production and distribution, Handicare offers products and solutions that increase the quality of life and increase independence for the elderly and the physically challenged, and products and solutions for all types of patient transfers, which significantly improves health and safety for those working in hospital environments, acute care situations, in group care homes and in home environments.

RESOURCES

OPERATIONAL ACTIVITIES

- Carefully selected suppliers
- Local presence in eleven countries
- Five manufacturing and assembly facilities and 17 workshops
- Capital expenditure on product development

FINANCIAL CAPITAL

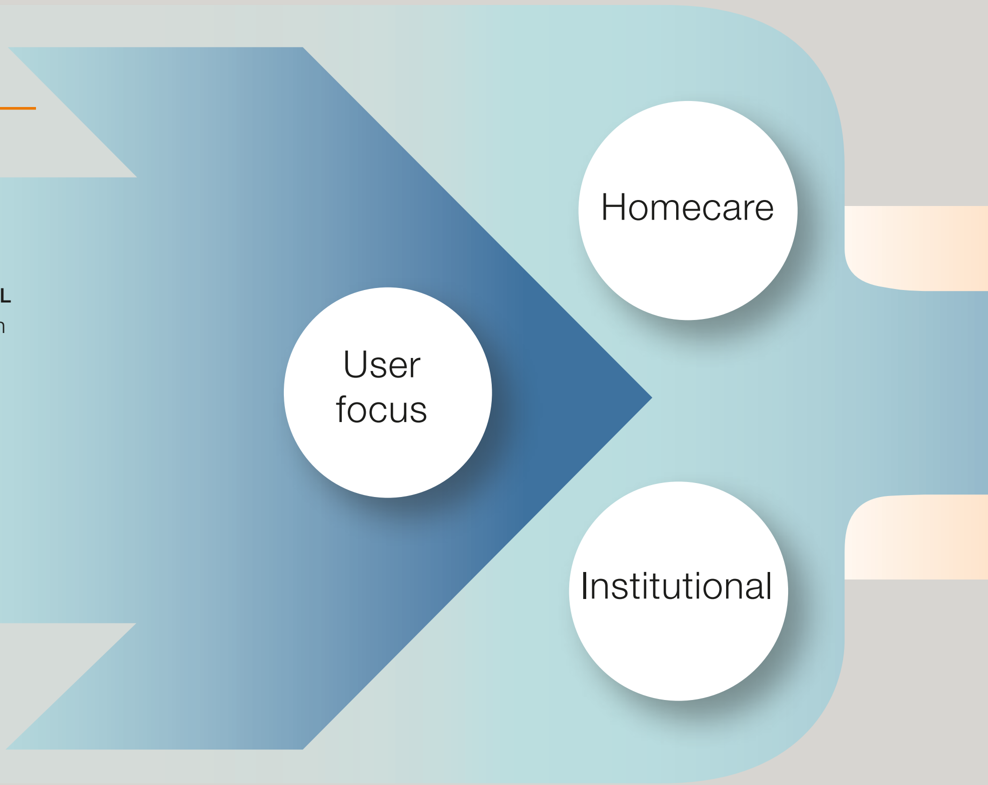
- MEUR 274.5 in capital employed

HUMAN CAPITAL

- Approximately 1,200 employees
- Specialist competence

RELATIONSHIP CAPITAL

- Close collaboration with suppliers
- Close collaboration with dealers



Core values

Integrity Commitment Respect Passion Open To Change

EASIER

Scalable platform for sustainable solutions that increase quality of life and improve health and safety

CREATED VALUE

CUSTOMERS AND END USERS

- Increased quality of life
- Improved health and safety
- Effective solutions
- Short lead times

EMPLOYEES

- Development opportunities
- Stable and attractive employer
- Diversity and equality

SUPPLIERS AND PARTNERS

- Responsible business
- Long-term collaboration

COMMUNITY

- Jobs
- Contribute to increased quality of life for people with disabilities; increased mobility
- Make it possible for people to live at home longer
- Contribute to better health and safety and fewer work-related injuries as a result
- Cost-effective healthcare

SHAREHOLDERS

- Long-term, sustainable investment
- Dividends

Goal

GOAL	WHY	OUTCOME 2018
GROWTH		
An average annual growth of 10 percent, of which 4–6 percent organically, in the medium term.	Shows our ability to leverage our strengths and presents a picture of our competitiveness.	Revenue increased 2.3 percent. Organic growth amounted to 3.7 percent.
PROFITABILITY		
An adjusted EBITA margin exceeding 12 percent in the medium term.	Measures our ability to cover operating expenses and to generate profit.	The adjusted EBITA margin was 7.5 percent.
CAPITAL STRUCTURE		
A debt/equity ratio of approximately 2.5 times net debt/LTM (last 12 months) adjusted EBITDA, with flexibility for strategic activities.	Shows dependence on external financing and our ability to pay liabilities over the long term.	Net debt/LTM adjusted EBITDA amounted to a multiple of 3.1 at 31 December 2018.
DIVIDENDS		
Pay an annual dividend corresponding to 30–50 percent of net profit for the period. The pay-out decision will be based on the company's financial position, investment needs, acquisition opportunities and liquidity position.	Shows our ability to generate a return for the shareholders.	The proposed dividend for 2018 is EUR 0.05 per share, which corresponds to 26% of net profit.
EMPLOYEES		
We will be an inclusive workplace and provide equal conditions for everyone. We promote an equitable gender distribution; the proportion between genders will be 40/60 percent or even more equitable.	Companies with greater ethnic diversity and equality have greater opportunities to increase their revenue than average companies.	At 31 December 2018, 27 percent of the employees in the Group were women. In Group management and direct reporting, the share of women was 35 percent and men 65 percent.
SUSTAINABILITY		
In 2030, 80 percent of the material used in our products will be sustainable and 80 percent of the material will be recyclable.	Shows how we can promote a reduced environmental impact.	The work is in progress to identify sustainable and recyclable material in our products.

Strategy

PROFITABLE GROWTH

Handicare will increase its profitability, both organically and through acquisition. Organic growth will occur primarily through continual enhancements to the efficiency of operations, the introduction of new products, geographical expansion and through capitalising on opportunities to build further on our presence in North America. At the same time, we have an active agenda of acquisitions.

Priorities — organic growth

The Commercial Excellence strategy, developed in 2016, is a strategic platform for creating organic growth from existing and new customers, new markets, and new products and solutions. It focuses on:

- the creation of a more efficient, commercial customer- and market-oriented organisation;
- the implementation of commercial initiatives to introduce a Group-wide and uniform structure for the sales team, sales engineers and pricing structures; as well as
- geographic expansion, including increased focus on products and markets with higher margins, expanded dealer networks and the implementation of the hub strategy in the US.

We will continue to refine the organisation in order to strengthen its efficiency and to increase our customer focus.

Our presence in existing mature markets will be expanded through our creation of deeper dealer partnerships and by supporting them in their efforts to promote more business.

In the US market, our hubs are an important part of our strategy. The hubs are local gathering points with their own sales teams that serve both end users and local dealers directly. At the end of 2018, there were ten hubs. In the medium term, our plan is to increase the number to between 16 and 18.

To strengthen customer relations and adapt our offering to the various conditions of specific markets, at the end of the year we divided our North American sales organisation into two parts: one in Canada and one in the US. To further customise our offering, we divided the US sales organisation into two sections: Institutional and Homecare. Institutional serves hospitals and institutions with lifting and transfer solutions, while Homecare offers dealers both stairlifts, and lifting and transfer solutions.

Priorities — acquired growth

Since the market comprises only a few major competitors and is otherwise highly fragmented, acquisition is an important part of Handicare's strategy. We acquire companies that meet at least one of our three key criteria:

- the capacity to increase our geographic presence;
- the ability to sell complementary products and solutions through our sales channels; and/or
- becoming a strategic asset.

At the start of the year, a small but strategic acquisition was made of a distributor in Colorado, in the US.

PROFITABILITY

Handicare has a well-invested and scalable business model that provides positive conditions for sustainable operational efficiency and healthy profitable growth. We are optimising our pricing, starting from the following three components:

- value-based pricing;
- differentiated pricing for dealers; and
- optimising pricing structures and policies.

Priorities

To lower costs and strengthen our margins, we are further enhancing the efficiency of production by inventorying our product programme and refining the number of product platforms.

To maximise the opportunities that our comprehensive distribution channels and customer contacts offer, we are optimising our offering to the specific customer segments.

A best practices programme will be launched, in which we develop transparent and comparable key figures for benchmarking among various parts of our operations. This way, we draw lessons from what works well and can implement this in other parts of the organisation. Continuous improvements are and will remain an integral part of Handicare's culture.

DEVELOPMENT AND IMPROVEMENT OF THE PRODUCT AND SERVICE OFFERING

We are working to be able to introduce innovative and relevant solutions in our product and service offering. Without exception, all product development is based on customers' needs. During the year, we implemented a Global Product Development Process to ensure that we are launching a competitive product programme with an efficient product development process.

Priorities

A key aspect of our product development is sustainability and we work continuously to increase the share of sustainable as well as the share of recyclable material in our products. During the year, in partnership with a Canadian university, we developed a casing made of bioplastic for our ceiling lift. It will undergo the customary testing in 2019; if it passes the tests, it will then be put into production.

EMPLOYEES

To reinforce our leading position, we need to attract the best employees. By offering developmental and challenging work assignments, the possibility to exercise influence and good development opportunities, we will be an attractive employer. Decentralised accountability is one of the cornerstones of Handicare's management. Continual further training is central, as is the dissemination of best practices.

Priorities

We value diversity among our employees, since we believe it promotes good dynamics and profitability. Group-wide policies for equal treatment, diversity and remuneration were developed during the year.

Always keeping the customer in focus is crucial for our development; during the year, we worked deliberately to embed the insight that an orientation on the customer should permeate our entire organisation from customer service to technical service and installation.

During 2018, we conducted an employee survey. Going forward, this survey will be conducted annually and the results will form the basis for clearly communicated action plans.

Market overview

Understanding what business environment factors impact the market and what challenges and opportunities these entail for Handicare's operations and our ability to develop and create value, is entirely decisive for how competitive we are in meeting the end users' requirements.

MACRO DRIVERS FOR HEALTH CARE

Growth in ageing population

By 2050, the proportion of persons aged 60 and over is expected to more than double in size from 2016, reaching nearly 2.1 billion, according to the United Nations. A higher proportion of elderly generates increased demand for the products and solutions that Handicare offers.

Increasing prevalence of chronic diseases

Chronic diseases related to lifestyle, such as diabetes and obesity, are becoming more prevalent in the population, leading to an increased need for Handicare's products and solutions.

Increasing life expectancy of patients with chronic diseases

As a result of chronic diseases being diagnosed earlier and receiving more effective treatment, people with chronic diseases are living longer on average. This extends the period of time when they potentially require care services.

Increasing preference to stay at home longer

An increasing preference to stay at home, combined with cost-savings requirements for public sector caregivers, are factors increasing the demand and the need for our home care products.

SUPPORTIVE HEALTH CARE ECONOMICS

Handicare's products and services are usually financed by a mix of private funds, public funding and private insurance. Coverage and remuneration vary considerably between countries. However, in general, care costs per capita have risen and are expected to rise further. Many care systems in the world are trying to restrict costs by applying various types of measures. One such measure is to move patients to care in their home environment as soon as possible and also to make it easier for people to live at home for longer. Studies have shown that home care costs in the US are on average 96 percent lower than in an acute hospital setting and approximately 65 percent lower than in a long-term care setting.

Handicare's products for patient handling contribute to reducing health care costs on several levels:

- Reduced number of days required for a hospital stay, for example, by decreasing the incidence of pressure ulcers.
- Reduced number of sick leave days taken by care providers who suffered injuries while handling patients.
- Reduced ancillary staff requirements.

BARRIERS TO ENTRY

Our main markets are characterised by relatively high barriers to entry, which favour such established companies as Handicare.

- Global size and specific skills are required to handle complex market channels: direct sales, dealers, public authorities and purchasing organisations.
- Extensive retailer and distributor networks are needed to reach end customers and to build a base of products in different geographies and markets.
- Lean and agile manufacturing capabilities are essential to secure product supply. Short delivery times are important against the backdrop of end users' immediate needs.
- A history of reliable and high-quality products and solutions is essential when customers are selecting a supplier.
- Compliance with laws and regulations is crucial because medical device products, including products for patient handling, stairlifts and vehicle conversion products, are subject to official regulation in large areas of the world, such as by the USA, EU, EES and other government or municipal authorities.
- Financial strength and considerable investments in product development and manufacturing are required to meet the market's growing and increasingly demanding needs.

Accessibility

In Accessibility, we offer curved and straight stairlifts, as well as their installation and service. The offering is supplemented by a selection of products and solutions for vehicle conversion as well as services that comprise maintenance, installation and actual conversion of the vehicle.

HANDICARE'S OFFERING

Stairlifts

Handicare offers its end users a range of alternatives in curved and straight stairlifts. Our focus is mainly on curved stairlifts, which are specially adapted to follow the shape of the staircase. This requires careful measurement, design and manufacture and is thus more expensive and has higher margins, which puts it in the medium to high price range. We also offer installation and after-market service, often as a package together with the purchase of the stairlift.

Most users tend to start searching for a solution when an immediate need arises and short lead times are thus decisive. Handicare can offer very short lead times thanks to our proprietary software solution, PhotoSurvey 3D and Vision App. This solution means that, already during the customer visit, an image of the end result can be shown and there can be automatic transfer of the information to be used in production of the customised tracks.

We work continuously to improve our software solution and thereby further shorten the lead times, to improve our products and solutions, and to optimise production.

Vehicle accessibility

The products and solutions for vehicle conversion are aimed to provide people with disabilities enhanced independence outside the care and home environment. Most of the operations pertain to vehicle conversion, but we also sell vehicle products for people with special needs. Within vehicle conversion, we offer conversion of cars, minibuses and medium-sized buses for companies and the public sector, as well as for NAV, the Norwegian Labour and Welfare Administration. We also convert ambulances, fire engines and police cars.

Handicare's offering in vehicle conversion comprises such products as seat bases, wheelchair lifts, wheelchair belts, door openers and wheelchair pulls. These are sold to customers in the area of vehicle conversion and to car manufacturers for the conversion of vehicles for special needs.

Market overview and market shares

The market for stairlifts has historically been relatively traditional, with the family members of the end user often making the purchase decision. The market channels are to some extent changing from dealers/distributors to direct sales, mainly evident in the most developed European countries like the UK and the Netherlands.

The main stairlift markets are relatively consolidated, with the three largest players controlling over 40–60 percent of the market, however the remaining share is fragmented. Based on revenue, Handicare has the leading position in Europe jointly with one other player. Handicare's market share is estimated at 20–25 percent.

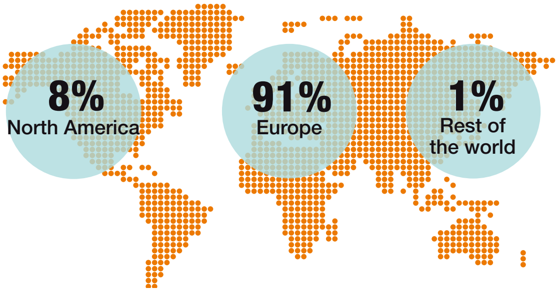
Our main markets in Accessibility, in which we are also market leader, are the UK, Germany, the Netherlands, France, Italy, Norway and Denmark. These markets represented the majority of total revenue in Accessibility. The combined market size, including North America, was estimated to amount to MEUR 870 in 2018.

In the US, we are challenging the major players and currently have a relatively low market share of about 8–12 percent, making us the number three in the market. North America currently represents a small share of the SBU's revenue, 8 percent, but displays the strongest growth rate.

Handicare's European main markets are expected to continue to grow driven by volumes by a stable rate of 2–4 percent per year, while the US market is expected to grow by 3–5 percent, driven by a generally lower market maturity than in Europe. Germany, France and Italy are expected to grow more rapidly than the other European markets as a whole.

Our main markets for vehicle conversion are Norway and Denmark. These are highly concentrated and have remained stable in terms of competition in recent years. Handicare has a 40–45 percent market share in Norway. Similarly, in Denamark, Handicare has a strong presence.

REVENUE PER GEOGRAPHY



EXAMPLES OF NEW PRODUCTS 2018

New revolutionary stairlift for straight staircases
Handicare 1100, a new stairlift for straight staircases, was launched in 2018. Handicare 1100 is the narrowest stairlift rail on the market, and takes up less space on the staircase than any other straight stairlift.

- The narrowest straight stairlift rail in the market
- New four-wheel drive technology — no gear rack
- Easy to install
- Easy to clean

Faster, easier measurement system for stairlift installations
This year, we introduced an improved version of PhotoSurvey, our proprietary measurements system for staircases: PhotoSurvey4D (PS4D). With PS4D, an adviser can now conduct a complete installation measurement in just ten minutes.

- Fast — a complete measurement of the staircase in just ten minutes
- Easy to carry — new measurement kit design weighs just 3.5 kg
- Clear colouring system makes it easy to follow the measurement process
- The same interface as previous versions makes it easy to find your way around the software

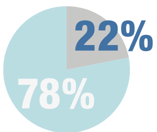
KEY FIGURES

MEUR	2018	2017	Change Reported	Change Organic[1]
Revenue	189.4	181.3	4,5%	5,6%
Adjusted EBITA	25.4	22.5		
Adjusted EBITA margin, %	13.4	12.4		
EBITA	24.3	21.9		
EBITA margin, %	12.8	12.1		

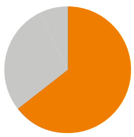
1) Adjustment for changes in exchange rates

PRODUCTS	Existing Markets	End users	Distribution channels
Stairlifts, installation and service	The UK, the Netherlands, Germany, France, Italy and the US	Private individuals (Homecare)	Dealers/distributors Direct sales
Vehicle accessibility	Denmark and Norway	Private individuals (Homecare) Public healthcare (Institutional)	

REVENUE

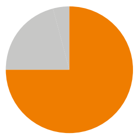


SHARE OF REVENUE



65%

SHARE OF ADJUSTED EBITA[1]



75%

1) Excl. group-wide expenses

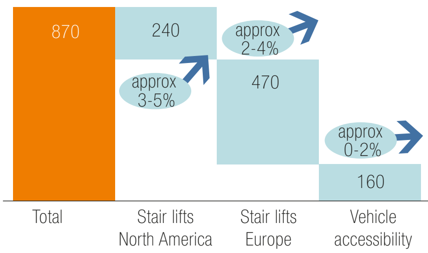
SHARE HOMECARE

>90%

SHARE INSTITUTIONAL

<10%

MARKET SIZE AND EXPECTED GROWTH[1]
ACCESSIBILITY, MEUR



1) Regards Handicare's main markets

Market channels and financing
The end users of stairlifts are mainly private individuals. Sales are made through dealers, government and local authorities, as well as direct sales to the end users. Financing is usually through a combination of public money (such as government subsidies) and private money (own funds or private insurance).

The distribution of this varies between different geographies. The Nordic countries have the largest government funding. The UK and the Netherlands also have a large share of government funding, estimated at around 30–35 percent of the total market. In the UK, the government can contribute up to GBP 3,000 of a purchase, while the Netherlands can offer coverage of the entire cost. In Germany, the percentage of public funding amounted to less than 10 percent, but those entitled can receive support covering a cost of up to EUR 4,000. In France, a small part of the market volumes are publicly funded. In the US, the absolute majority of volumes are privately financed.

In the vehicle accessibility business, vehicle conversions are primarily sold through a public tender process for approved suppliers. Accordingly, the absolute majority is publicly financed.

Patient Handling

In Patient Handling, we offer products and solutions for all types of patient transfer in hospital environments, acute care situations, in group homes and home care. We also manufacture and sell devices for bathroom safety.

HANDICARE'S OFFERING

Lifting and transfer products

Handicare's lifting products and solutions comprise mobile floor-based lifts and ceiling lifts that are used to transfer patients. Transfer products refers to products used to simplify patient mobility, such as lifting and transferring. Examples are body harnesses, sliding sheets and hoisting devices. The breadth of our product offering means that we can provide customised solutions that meet the specific demands of various clinical environments, such as acute care units and nursing units. Our broad product range of manual transfer devices, such as harnesses and innovative devices for lifting and transfer, contribute to generating repeat sales. A high and increasing proportion of disposables and critical need products also help enable repeat sales.

Service agreements for maintenance, repair and installation are usually included in the sale of ceiling lifts and to a certain extent also mobile lifts. This service is either outsourced or provided by our own internal service engineers. When a sale is made by a dealer, installation and aftermarket services are most often managed by the dealer.

Bathroom safety

The bathroom safety range includes a wide selection of shower stools, grab rails, freestanding, mobile and collapsible commode/shower chairs as well as several models of shower trolleys, all of which are available in several variants to meet with various user and caregiver requirements.

Market overview and market shares

The products and solutions are mainly sold to hospitals and long-term care facilities.

The main Patient Handling markets are relatively consolidated with the four largest players controlling over 50 percent of the market. In addition, there are smaller regional players that have a strong presence in selected markets.

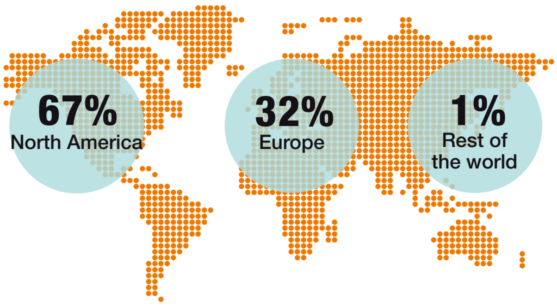
Our main markets in which we have a strong market position are the US, Canada, the UK, the Netherlands, and the Nordics. We have a leading position in our main markets, mainly focusing on small to medium sized hospitals and institutions. In 2018, the size of the main markets amounted to approximately MEUR 1,120. Handicare's market share is estimated at 5–10 percent in Europe and 15–20 percent in North America.

Through local distributors, we also cover other markets throughout the world. North America is the largest market with 67 percent of Patient Handling's sales. Europe is expected to grow at a rate of 2-3 percent per year, while North America is expected to outpace the European markets with growth of 4–6 percent per year. Market growth is driven by underlying structural fundamentals, such as an ageing population, increased chronic diseases resulting in decreased mobility and increased focus on caregiver work environment and safety.

EXAMPLES OF NEW PRODUCTS 2018

New range of sliding sheets
Our range of sliding sheets expanded this year with the EasyRoll system, which is a reasonably-priced complement to our existing WendyLett system. The difference is that EasyRoll is unlined, consisting of a sliding surface that is laminated onto a bedsheet. Both the EasyRoll and WendyLett systems are available in a number of designs and sizes, with different functions, customised so that the customer can find the best solution for each specific need.

REVENUE PER GEOGRAPHY



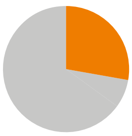
KEY FIGURES

MEUR	2018	2017	Change Reported	Change Organic[1]
Revenue	80.3	83.4	–3.8%	–2.1%
Adjusted EBITA	7.1	10.9		
Adjusted EBITA margin, %	8.8	13.1		
EBITA	5.4	10.5		
EBITA margin, %	6.8	12.5		

1) Adjusted for changes in exchange rates and acquisitions

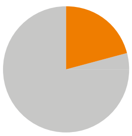
PRODUCTS	Existing Markets	Distribution channels
Lifts	The UK, Sweden, Denmark, Norway and North America	Dealers/distributors Direct sales
Transfer products	The UK, Sweden, Denmark, Norway and North America	Dealers/distributors Direct sales
Bathroom safety	The Netherlands	Dealers/distributors Direct sales

SHARE OF REVENUE



28%

SHARE OF ADJUSTED EBITA[1]



21%

1) Excl. group-wide expenses

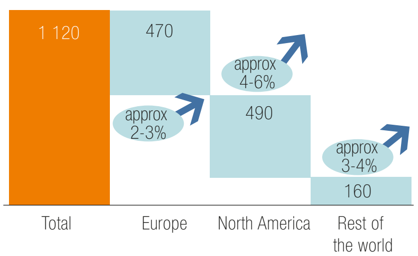
SHARE HOMECARE

20%

SHARE INSTITUTIONAL

80%

MARKET SIZE AND EXPECTED GROWTH[1]
PATIENT HANDLING, MEUR

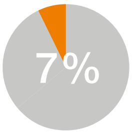


1) Regards Handicare's main markets

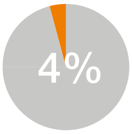
Market channels
Hospitals and long-term care facilities constitute the largest purchasers of Patient Handling equipment. Sales are made through dealers and GPOs, directly to companies in home care, private individuals, long-term care facilities and directly to local hospitals.

Puls

SHARE OF
REVENUE



SHARE OF
ADJUSTED EBITA[1)]



1) Excl. group-wide expenses

Puls is a distributor of medical equipment and consumables in Norway and Denmark. A vast majority of its business is conducted in Norway whereas selected home care clients are also covered from a sales office in Denmark. Approximately 80 percent of sales are made to the healthcare sector, while the remainder pertains to sales to home care. Consumables account for 80 percent of sales.

HANDICARE'S OFFERING

Puls healthcare products are targeted at medical and surgical units. The medical products includes anesthesia machines, respirators, tables, hygiene products, surgical products and implants.

The home care business offers a broad portfolio of products for care at home including bedroom, work and activity room, bathroom and toilet, kitchen, moving aids and other related areas.

KEY FIGURES[1)]

MEUR	2018	2017	Change Reported	Change Organic[2)]
Revenue	21.1	19.5	8,0%	11.0%
Adjusted EBITA	1.2	0.5		
Adjusted EBITA margin, %	5.7	2.6		
EBITA	1.2	0.5		
EBITA margin, %	5.7	2.6		

1) Part of the Puls SBU's (BD operation's) revenues were divested in 2017 and are not included in the above key figures for 2017 and 2016. Refer also to the Board of Directors' Report and Note 6.
2) Adjusted for changes in exchange rates and divestments.

Market overview

The market for Puls comprises Norway and Denmark and amounts to approximately MEUR 250. This is expected to increase at an annual rate of 2-4 percent as a result of a higher proportion of ageing population. The home care segment is expected to outgrow the care provider segment due to increased focus in both Norway and Denmark on supporting people in their homes.

The main markets in Norway and Denmark are overall fragmented, with Handicare competing with different dealers in each product segment. Based on revenue, we are one of the market leaders in Norway.

The majority of purchasing in Norway is funnelled through NAV, which coordinates purchases on behalf of the hospitals and municipalities in Norway, while distributors in Denmark typically sell directly to caregivers.

Market channels and financing

Puls has long relationships with the top-tier medical supplies manufacturers. The products are supplied to care providers or private individuals through a combination of sales through NAV in Norway, municipalities and wholesalers as well as directly to hospital and clinics.

A large proportion of products for care providers are sold through NAV, while the wholesaler route primarily focuses on large volume products for a wide range of customers. The home care products and installations are usually sold at fixed price contracts through NAV in Norway where financing for private individuals is publicly funded.

Most of the home care sales are generated through NAV in Norway and municipalities in Denmark.

Manufacturing and distribution

REGULATIONS AND COMPLIANCE

Handicare is subject to regulation by governmental authorities such as the USA, the EU, the EEA and other national and/or local governmental authorities in the countries in which we manufacture and sell our products. The authorities govern, among other things, different parameters regarding everything from testing and manufacturing to labelling and documentation. We have established management systems and processes to ensure we follow regulatory requirements and industrial standards in the jurisdictions in which we operate. We also have processes and procedures in place to monitor changes in the regulatory framework and quickly implement any required operational changes.

MANUFACTURING

Handicare has five manufacturing and assembly facilities. Our stairlifts are manufactured at the facilities located in the Netherlands and the UK, whereas patient transfer and lifting products are manufactured at the facilities located in the Netherlands and the US. In 2018, we consolidated assembly of our Patient Handling products in North America into our production facility in St. Louis.

Furthermore, in the latter half of 2018, stairlift assembly was moved to our assembly facility in Xiamen, China. Concentrating our operations increases opportunities for improvement in the assembly process.

Handicare also operates 17 vehicle conversion workshops in Norway and Denmark.

In 2018, we continued to invest in increased efficiency and long-term sustainability in our manufacturing process. Reduced waste, further improvements in our environmental efforts and increased automation remain key activities. Our production facilities in the UK and the Netherlands have additionally offered recycling and reclamation service for some time.

Capacity utilisation at our manufacturing facilities for stairlifts varies between 45 and 55 percent. This follows the current practice of running the main manufacturing facilities on a single day shift, five days per week, and adjusting workforce levels and manufacturing capacity in response to temporary order increases. We thus have the capacity to increase operations to three shifts per day, which means we could increase manufacturing capacity considerably without significant further capital investment.

OVERVIEW OF PRODUCTION AND ASSEMBLY PLANTS

Manufacturing facilities

St Louis
7,500 m²
- Manufacturing and distribution in Patient Handling for the North American market
- 70 employees

Kingswinford
7,500 m²
- Production of curved stairlifts and installation (H series)
- 70 employees

Pijnacker
1,000 m²
- Bathroom safety
- Primarily serves the market in the Netherlands
- 10 employees

Heerhugowaard
9,000 m²
- Automated production of rails for stairlifts
- Production of complete Freecurve stairlifts
- 70 employees

Assembly facilities

Xiamen
2,200 m²
- Primarily the production of seats and straight stairlifts for global export
- 35 employees

Vehicle accessibility

Vehicle adaptation workshops
- 17 workshops across Norway and Denmark
- Development site in Denmark
- 80 employees

SUPPLIERS

Handicare's purchasing function manages the Group's purchases of components and finished products. We work with a total of approximately 1,000 suppliers and the top ten suppliers constitute an aggregate of about 15 percent of the total spend.

To achieve purchasing synergies and mutual benefits, we use a limited amount of suppliers and manage supplier interruption risk with supplier audits and a buffer inventory of key components.

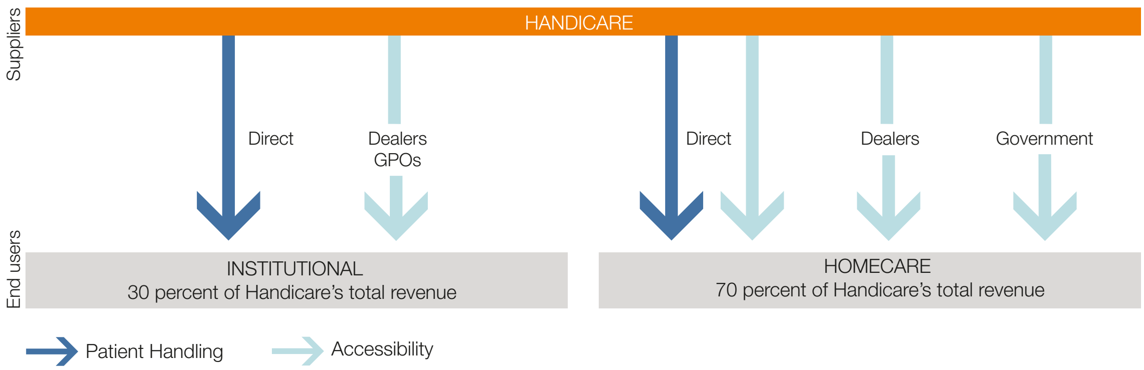
DISTRIBUTION

Distribution is conducted through five distribution centres: two in the Netherlands and one in Sweden, the UK and the US, respectively.

- The Netherlands serves as a hub for stairlifts for other countries in mainland Europe.
- Our product portfolio for bathroom products is distributed through our own Patient Handling centre in the Netherlands.
- The centre in the UK serves as a hub for both stairlifts and Patient Handling products in the UK.
- Patient Handling products for other European countries on the Continent are primarily distributed by an independent logistics partner in Sweden.
- In the US, the St Louis manufacturing facility serves as a hub for distribution into North America for stairlifts and Patient Handling products. The distribution is both to our own ten hubs and to dealers in North America. A key part of the strategy is to drive growth from new customers in the US through local gathering points, hubs, with their own sales teams to enable service for end users and local dealers.

Distribution

Of Handicare's total revenue, approximately 70 percent of sales go to end users in the home (Homecare) and about 30 percent to end users in hospitals/residential care (Institutional). The distribution routes can vary both in a country and between countries, and may be complex in many cases.



Our key sustainability topics

Sustainability is an integrated part of Handicare's way of working. Our products and solutions reduce strain injuries among caregivers and our stairlifts make it possible for people to live at home for longer. Our car conversions increase the quality of life for the physically challenged and enable them to live an active life.

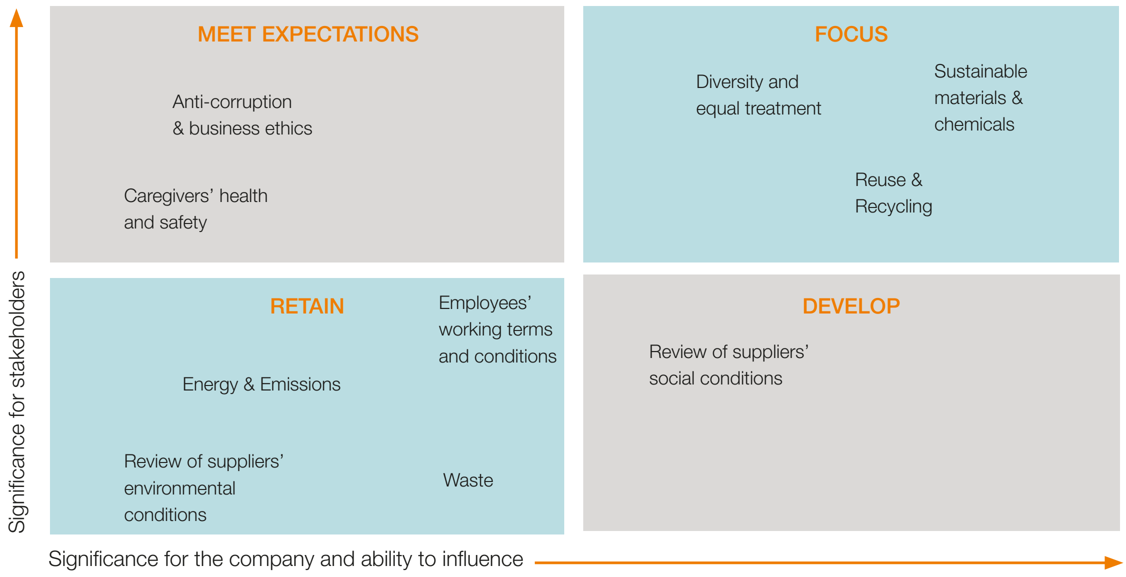
We endeavour to make everyday life easier for the people with whom we cooperate throughout our value chain and take responsibility for the environment, societal and economic issues wherever we operate.

We conducted a stakeholder dialogue in 2017. Through a web survey and personal interviews with customers, dealers, owners, the Board of Directors and employees, the questions that these stakeholders regard as most important in their relation to Handicare were identified.

Based on this stakeholder dialogue, Handicare's management team has identified the company's most significant sustainability topics. During 2019, we will conduct a new stakeholder dialogue with caregivers in Europe as well as our own employees, where they can rank our most pressing sustainability topics and provide opinions on other important sustainability topics. In 2018, we decided to discontinue Customer Health and Safety as a specific sustainability topic because safety is always our highest priority and necessary for our continued existence as a company. We are subject to regulatory authorities and bodies and to ensure that we comply with all legislation and requirements, we have established our management system and processes that are clearly integrated in all parts of our operations.

How we work with sustainability for our stakeholders as well as the environment is described in the following section.

Most significant sustainability issues



Customers

CAREGIVERS' HEALTH AND SAFETY

Strain factors are the most common reason for reported sickness among men and women.

Some 30 percent of work-related injuries within the healthcare sector from 2008–2013 were due to strains. It is in situations in which the patient is to be transferred that the strain is at its heaviest for care staff.

Better transfer techniques

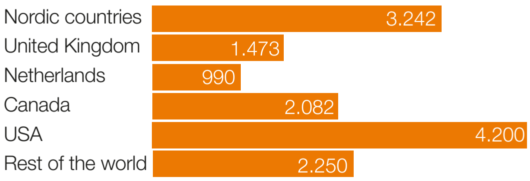
A study performed by a research team in Östergötland in Sweden showed that among 13,000 employees, an average of 3.5 percent suffer incidents and injuries every year. 10.2 percent of injuries occur in connection with transferring, lifting and mobilising patients. The Swedish Work Environment Authority has directed researchers to evaluate the existing information about securing patient transfers in social care.

Handicare Academy

Our products help reduce workplace injuries in transferring, lifting and mobilising situations in the care sector, but we also see how important training is to ensure our products are used correctly. That is why we actively work with practical training in lifting techniques and describe different lifting situations, such as Transfers with high care weight, Patients transfer whith one single caregiver, Sling application tecniques. The goal is to provide knowledge about how to correctly use the product to avoid strain injuries and to show how patients, depending on their ability, can be active in their own transfer, which strengthens their sense of independence.

The people we train in every country, in turn, train colleagues in their workplaces. In this manner, we contribute to reducing strain injuries in the care sector, by way of our products and through training in transfer techniques.

NUMBERS OF PARTICIPANTS IN TRAINING DURING 2018



Caregivers' health and safety

Activities in 2018:
Trained 14,237 caregivers.

Goal 2019: Continue training caregivers in transfer techniques.

Long-term goals: During the next five years, we want to demonstrate the effects of training and products by implementing our training and studies showing how we can improve caregivers' work environments.

CUSTOMERS

EvaDrive contributes to safer work methods and fewer workplace injuries

According to national statistics from the UK, 469,000 members of the workforce suffer from work-related musculoskeletal disorders (MSDs) during a twelve-month period in 2017 and 2018. 40 percent of the complaints were back-related. The healthcare sector was one of the work categories with the highest number of injuries, with 1,500 reported cases per 100,000 individuals. This means significant costs for the state in the UK, despite a low number of work-related injuries compared with other EU countries.

An independent study performed by Handicare shows that work-related strain can be dramatically reduced with the use of a lift, since it requires less motion in the torso and shoulders. Reducing bending, stretching and oblique movements in this manner is significant when carrying/ pressing/pulling a load, because pressure on the vertebrae is kept as low as ergonomically possible. This is because pressure on the vertebrae more than doubles with a simple forward bending motion, compared to standing straight.

Handicare's mobile lift EvaDrive, was compared with a standard-model manually manoeuvred mobile lift with the same capacity as the EvaDrive. The results show significant advantages with EvaDrive concerning MSDs related to injures connected to lifting and handling patients. EvaDrive led to reduced movements and muscular strain in users, especially with handling heavier patients. Accordingly, EvaDrive contributes to safer work methods and fewer workplace injuries.

Handling a patient of 100 kg with EvaDrive showed the following results:

- Up to 100 percent reduced back bends compared with the control lift.
- Up to 93 percent reduced stress on the shoulder muscles compared with the control lift.
- Up to 93 percent reduced stress on back muscles compared with the control lift.

Electromyography (EMG)[1)] measurements are a vital tool for highlighting the dangers of load-bearing tasks. Higher EMG values are known to indicate an increased risk of repetitive strain injuries or acute injuries. More common, and often ignored, are the mid- to high levels of strain that the body is exposed to during longer periods that require an uncomfortable posture to complete the assignment. The use of EvaDrive in these situations contributes to long-term sustainable work methods that benefit users and helps reduce the costs of work-related injuries.

The NHS support fund, CQUIN (Comissioning for Quality and Innovation), was introduced in 2009 to make a proportion of healthcare providers' income conditional on demonstrating improvements in quality and innovation in specified areas of patient care. EvaDrive is approved for this system thanks to its innovative design and improved efficiency, safety and outcomes for personnel.

EvaDrive has been well received in the UK, and we recently received an order for nine lifts from a nationally recognised centre for spinal injuries in Aylesbury, Oxfordshire. They complete 200 lifts per day and the decreased workload has been positive.

1) Electromyography measures muscle response to stimulation from the nervous system. The instrument provides a reading every time the muscles work or move.

SUPPLIERS

Suppliers

Handicare has a global network of approximately 1,000 suppliers, divided into five categories:
- product-related suppliers;
- suppliers of complete products (for example, floor lifts);
- suppliers unrelated to products (for example, cleaning services);
- Group-internal suppliers; and
- not classified (for example, single purchases less than EUR 50,000).

Purchases from the first two categories fall within the framework of Handicare's purchase policy, which also includes our Code of Conduct for suppliers. The Code of Conduct is based on ethical, societal and environmental topics and describes our expectations in terms of anti-corruption and ethics; labour standards and human rights; and the environment.

Handicare has close, long-term relations with most of our suppliers and our assessment is that the risk of human rights violations among our suppliers is low, but to ensure that they understand our Code of Conduct and the importance of our expectations, the goal is for all of our product-related suppliers to sign the Code of Conduct.

Out of 325 product-related suppliers, 52 percent have committed to comply with Handicare's supplier code of conduct. Potential breaches of Handicare's Code of Conduct are reported to Group management.

We estimate that approximately 100 suppliers are crucial for our operations and have chosen to focus our review on them. All of them have signed our Code of Conduct and have performed a self-assessment. The goal is to have all critical suppliers audited before the end of 2020, including sustanablity criteria. Some 18 supplier audits were performed in 2018. No deviations have turned up during the reviews focused on production, purchases, environment ethics or health and safety at our suppliers.

During 2019, we will encourage all product-related suppliers to perform self-assessments according to our model. If we uncover deviations in the self-assessments, we will establish an action plan together with the supplier to bring their performance to the level we expect from our suppliers. The goal for 2019 is for 50 percent of product suppliers to perform a self-assessment.

Transparency around how we work with suppliers is important and all standards and documents are published on our website

Suppliers

Activities in 2018: 52 percent of product suppliers have pledged to follow the Code, 18 supplier audits have been performed

Goal 2019: All product-related suppliers should undertake to comply with the supplier Code of Conduct. Perform 24 supplier audits and 50 percent of product-related suppliers are to perform self-assessments

Long-term goals: Establish sustainable relations with suppliers who meet the requirements of the Code of Conduct.

ENVIRONMENT

Environment

We endeavour to conduct our business in an environmentally sustainable manner, for example, in the form of improved efficiency at our production units, investments in sustainable products, services and technologies. A general environmental goal is to certify all of our production units in accordance with ISO 14001. Currently, the factory facilities in Kingswinford and Heerhugowaard are certified and the goal is to certify Xiamen and St Louis by 2020.

At Handicare, we have the greatest impact on the environment where we have our own production, which is why we have chosen to focus on topics such as reduced emissions, energy use and waste handling in these production facilities. Production and purchase of our products also entails an impact on the environment, which is why two of our sustainability topics focus on reuse, recycling and sustainable material.

Reuse & recycling

Activities in 2018: Began including recycling instructions in our product manuals. The project to reduce the amount of packaging material and to exchange it for more environmentally friendly material continued with good results.

Goal 2019: Investigate plastic packaging and their environmentally friendly alternatives. Continue the project to reduce packaging material in Kingswinford and include St Louis.

Long-term goals: 80 percent of the material used in our products to be recyclable or reusable.

REUSE AND RECYCLING

By 2030, the goal is for 80 percent of the materials used in our products to be recyclable. To ensure that this goal is met, we have categorised the materials we use in our products and we estimate that today, approximately 50 percent of the material is recyclable. For the strategic business unit Patient Handling, we have divided the materials per product category and specified how they should be recycled. Much of the material we use in our products is recyclable, such as steel, aluminium, copper and wood. Battery recycling is also established in the parts of the world where we conduct sales. The material we need to focus on and that is harder to recycle is plastic, which we use for parts of our products and as packaging material. A first step is to, in 2019, investigate whether the plastic we use in packaging can be replaced with a form of bioplastic without losing function. By choosing packing material that is entirely or partially sourced from biomass, we can save fossil resources and reduce greenhouse gas emissions.

In the Netherlands, we have implemented a system for refurbishing stairlift seats and motors, which are then sold as used in the Dutch market. In the UK, we refurbish battery packs and sell them as used. A portion of our discontinued transfer and lifting products are donated to the organisation Resources Without Borders[1] and we pay for the shipping on products from Sweden to India, where they are used in hospitals.

A project in Kingswinford, the UK, is ongoing to reduce the amount of packaging material and to exchange some for more environmentally friendly alternatives. During the year, we have changed the packaging material for the best-selling stairlift rail, reducing cardboard waste in Kingswinford by 12 percent. Initiatives will begin in 2019 to exchange existing foam packaging material to a more environmentally friendly cardboard alternative.

1) Read more about Resources Without Borders on p. 31.

SUSTAINABLE MATERIALS AND CHEMICALS

One of our extended goals is to develop long-term sustainable products. In 2018, we collaborated with the University of Guelph in Canada to evaluate which part of plastics we use can be replaced with material from renewable raw goods. In 2019, we will produce a cover in biomaterial for the C-series ceiling lift motor. The cover will be tested according to the relevant regulations and will go into production if it meets the requirements and tests that the market demands. During 2019, we will evaluate if there is more material we can replace with bioplastic, including packaging material.

We are implementing a new manual for research and development, which includes both sustainable material and a list of material that is not to be used. The goal is for 80 percent of the material used in our products to be sustainable by 2030.

During 2019, we will perform a product life cycle analysis on our mobile lifts to assess their total environmental impact.

Another goal that we want to achieve no later than 2030 is for the next generation of products to use 50 percent less energy during use, as compared with the 2017 product line. This mainly pertains to our stairlifts, ceiling lift systems and mobile lifts and is implemented in our global product development process.

Sustainable materials and chemicals

Activities in 2018: Definition of a material that can be replaced with bioplastic.

Goal 2019: Test bioplastic cover in production. Evaluate and eventually switch to environmentally friendly material. Mobile lift life cycle product analysis.

Long-term goals: 80 percent of the material used in our products is to be sustainable.

ENERGY, EMISSIONS AND WASTE

For 2018, we reported the Group's energy consumption for the production facilities in Heerhugowaard, Kingswinford and St Louis which have the largest impact on the environment.

HEERHUGOWAARD, THE NETHERLANDS

ENERGY	2015	2016	2017	2018
Electricity, kWh	875,865	890,501	1,007,618	1,046,945
kWh per stairlift	94.76	89.28	81.84	73.11

We have continued to improve electricity consumption per stairlift produced in our Dutch factory by 12 percent compared with the figures from 2017, due in large part to the continued installation of LED lighting in parts of warehouse and factory facilities. We use 100 percent green (wind) energy in Heerhugowaard.

EMISSIONS	2015	2016	2017	2018
Gas m^3	107,797	105,328	108,230	116,357
m^3 per stairlift	11.67	10.56	8.56	8.12

A continued streamlining of factory facilities helped further improve our gas consumption per rail produced by 5 percent year-on-year.

WASTE	2015	2016	2017	2018
Rail parts, kg	36,687	39,584	41,032	57,275
Paper, litres	34,790	45,880	54,850	57,319
Wood, kg	14,500	14,760	14,620	31,549
Other waste, litres	32,962	32,134	22,420	27,646
Aluminium, kg	7,030	10,197	3,538	4,089
Metal, kg	82,050	83,573	78,202	102,961
Batteries, number	386	628	572	540

A total of 138,000 kg of process-related waste was generated in Heerhugowaard in 2018. This is 44 percent more than in 2017 and reflects the significant increase of capacity utilisation at our production facilities. Apart from wood, whose use is decided by the destination country, process-related waste decreased an average of 6 percent per lift in 2018.

We recycle 100 percent of paper, card, wood and foils; 99 percent of all metals and aluminium as well as 93 percent of batteries. No waste goes to Landfill from Heerhugowaard.

Our Heerhugowaard facility in the Netherlands holds ISO 14001 environmental accreditation.

Energy and emissions

Activities in 2018: Commence measurement of energy use in the US.

Goal 2019: Exchange current lighting with LED in the St Louis facilities.

Long-term goals: Reduce environmental impact resulting from production and our service journeys.

Heerhugowaard

9,000 m^2

- Automated production of rails
- Production of complete Freecurve stairlifts
- Approximately 70 employees

ENVIRONMENT

Kingswinford
7,500 m²
- Production of curved stairlifts and installation (H series)
- Approximately 70 employees

KINGSWINFORD, UK

100 percent of the UK production units' electricity is from low carbon sources. Continued optimisation of capacity utilisation, together with some energy-efficient lighting and processes, reduced electricity usage per stairlift 15.4 percent in 2018.

ENERGY	2015	2016	2017	2018
Electricity, kWh	807,936	670,129	555,797	555,661
kWh per stairlift	113.95	91.8	72.28	61.18
Gas	–	–	98,751	65,789
m^3 per stairlift	–	–	11.3	7.24

From an initial value of 11.3 m^3 per stairlift in 2017, our gas consumption improved significantly in 2018. Compared with our 2017 report, the largest portion of gas is used to heat facilities. During 2018, we re-organised to decrease the volume of space to heat and we also benefited from increased throughput. Altogether, this reduced our gas consumption per stairlift 36 percent.

WASTE	2015	2016	2017	2018
Stairlifts, kg	7,090	7,300	8,113	9,083
Paper & Card, litres	44,856	33,288	39,996	39,620
Wood, kg			38,000	43,000
Other waste, litres	2,520	2,880	2,760	1,620
Aluminium, kg	15,400	13,110	13,375	17,980
Metal, kg		156,610	151,647	107,460
Batteries, number	3,540	2,760	2,640	1,875

Recycling has formed a key element of the UK waste handling. 75 percent of total waste is directly recycled.

General mixed waste is sent to a Material Recycling Facility, who automatically and manually separate recyclable waste. 50 percent of this waste is recycled. Of the remaining 50 percent, half is incinerated in "Energy from waste" facilities, and approximately 1,870 Kg was sent to landfill in 2018. This is a considerable improvement from 2017.

Production facilities in Kingswinford, the UK, are certified according to ISO 9001, 14001 and 18001.

Vehicle fleet

We identified carbon dioxide emissions from our engineers' vehicle fleet as a significant impact for our business in the UK. As such, we have worked with our fleet provider to identify lower emission vehicles during replacement cycles over the past 3 years, resulting in a 7 percent average reduction in carbon dioxide emissions.

EMISSIONS	2015	2016	2017	2018
CO2 emission data (average)	199	191	187	186

We are evaluating alternative solutions for our Field Service distribution, which might entail a shift in which type of vehicle we purchase; as a result, during the second half of 2018 we put our vehicle exchange program on hiatus to re-evaluate it. This reduced the average decrease of carbon dioxide emissions, but we expect to be able to continue to the exchanges during the first quarter of 2019.

Speed limiters are installed in all new commercial vehicles in the factory.

Company cars that are not commercial vehicles currently have an average carbon dioxide level of 100 g/km and 18 percent of these company cars are now hybrids.

St Louis
7,500 m²
- Manufacturing and distribution of Patient Handling products in North America
- Approximately 70 employees

ST LOUIS, USA

ENERGY	2016	2017	2018
Electricity, kWh	811,840	893,040	978,749
kWh per unit	7.23	7.17	11.7
Total gas, m^3	75,908	84,953	107,350
m^3 per unit	0.68	0.68	1.28
WASTE			
Metal, kg	–	–	10,224
Aluminium, kg	–	–	24,876

Energy-saving measures have yet to be implemented at the production facility in St Louis. The goal for 2019 is to exchange existing lighting to LED lighting, which will have a positive effect in the form of lower energy consumption.

AIR TRAVEL

We endeavour to minimise the amount of air travel and internal meetings are usually held on Skype or by phone. Since we meet our customers and end users in our work, there is a great deal of travel within the Group. To take responsibility for our emissions, in 2018 we paid for climate compensation for trips taken by employees in Sweden and the UK.

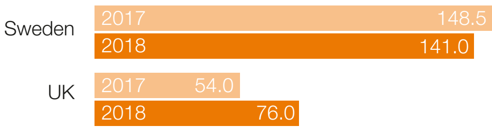
We have chosen to pay climate compensation through the company ClimateCare, which through its Climate+-care portfolio supports a number of projects, including Lifestraw Carbon for Water, in Kenya, which supplies clean water to four million people in Kenya.

Another project is Gyapa efficient stoves, a project that supports local entrepreneurs, who manufacture and distribute safe and efficient kitchen stoves to households in Ghana.

Another project that is supported by money from climate compensation is BURN stoves in Kenya. The project manufactures and sells Jikokoa ovens, which reduce coal consumption by 50 percent. The production of stoves also provides 125 jobs in Nairobi, half of which are held by women.

The goal for 2019 is to pay climate compensation for all of the Group's air travel.

EMISSIONS, TON CO_2



Gyapa efficient stoves, Ghana

Lifestraw Carbon for Water, Kenya

BURN Stoves, Kenya

Diversity and equal conditions

Activities in 2018: Commence measuring the gender pay gap, set goals for 2019. Develop a diversity policy.

Goal 2019: Conduct work evaluations and complete gender pay gap analysis.

Long-term goals: Handicare is to be an inclusive workplace and provide equal conditions for everyone and have a high percentage of satisfied employees. We will work to achieve an even gender distribution; the proportion between genders will be 40/60 percent or even more equitable.

Employees

DIVERSITY AND EQUAL CONDITIONS

Handicare is to be an inclusive workplace and provide equal conditions for everyone, regardless of ethnicity, national origin, skin colour, language, religion or lifestyle. These aspects are always taken into consideration in recruitment, salary and working conditions and in terms of development opportunities.

Handicare works actively to achieve an even gender distribution in the Group. Opportunities for further development, training and careers are gender-neutral.

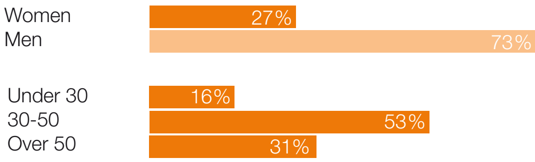
The number of women in Group management and its direct reporting was 35 percent women as of 31 December 2018. In the Group, a total of 27 percent (28) of employees are women.

Handicare's personnel policy is based on equal pay for equal work, which means that, all other factors being equal, men and women receive the same pay. During 2018, we conducted an initial gender pay gap analysis to see if there were any differences in salaries between men and women in similar roles. We will continue our work during 2019 to develop a job evaluation that evaluates different positions and their complexity to enable an accurate comparison and analysis.

In 2018, we established a shared diversity policy that applies across the entire company.

All employees in Handicare are included in the performance coaching review (PCR), where the employee and their manager set goals for the year, which are followed up after six months and at the end of the year. The goals and the past year are discussed and where necessary, Handicare offers training and support.

EMPLOYEES, DISTRIBUTED BY GENDER AND AGE



EMPLOYEES’ WORKING TERMS AND CONDITIONS

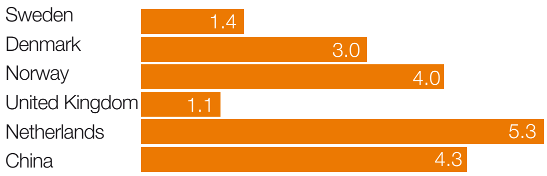
We offer a safe and healthy workplace and endeavour to continuously improve it. We focus on preventive measures to ensure that the number of work-related accidents leading to an absence from work is zero. Our production units have local goals based on their top three health and safety topics. Eight workplace-related accidents resulting in at least one day of absence from work were reported in 2018. A further 14 minor incidents occurred. We work to continuously improve the workplace environment and learn from the incidents and accidents that have occurred by analysing them and then implementing measures to prevent them from occurring in the future.

In 2018, we conducted an employee survey to gain an overall view of the employees in all of the companies in the Group. The employee survey will be conducted annually and after the 2018 survey, we will set goals for the next year. The general goals are a high percentage of satisfied employees, low employee turnover and that we position ourselves as an attractive employer. The survey yielded positive results, such as 70 percent of our employees being inspired by our mission. Also, many would say that they have a very good relationship with and support from their coworkers as well as their manager.

There are of course areas of improvement and our focus duing the first quarter of 2019 is to develop an action plan broken down by working group. During the rest of the year, we will focus on implementing these action plans.

Presented below is our sickness absences per country, where such data is reported. In the US and Canada, sickness absence is not recognised separately. The somewhat higher sickness absence in the Netherlands is a result of long-term sick leave.

SICK LEAVE PER YEAR, %



Employees’ working terms and conditions

Activities in 2018: Conduct employee survey, follow up and set goals for 2019.

Goal 2019: Follow up employee survey and develop action plans; implement said plans and continuously communicate them to the organisation.

Long-term goals: A high percentage of satisfied employees, low employee turnover. Zero tolerance for workplace accidents that lead to absences.

ANTI-CORRUPTION

The foundation of our compliance programme is our Code of Conduct, which encompasses anti-corruption, ethics, labour rights and human rights, as well as the environment. It is designed to set a high standard of personal and professional integrity for employees, management and partners. All employees must watch a video describing the Code’s different aspects once per year. It has also been translated to different languages and attached to all new employees’ employment contracts.

There is a whistle-blower function as part of the compliance programme. All employees who discover wrongdoing can report this without the risk of reprisal or discrimination. The intention is to make it possible for them to proactively bring up an issue rather than ignoring a problem or seeking an alternative solution outside the company.

During 2018 we have focused on giving all salaried employees online training in anti-corruption focused on medical device companies. The goal is for 100 percent of Handicare’s salaried employees (about 600 out of 1,200 employees) to have completed the training not later than in 2019.

We have completed our distributor agreement so that it also includes an obligation for the distributor or retailer to comply with Handicare’s Code of Conduct.

Anti-corruption

Activities in 2018: New anti-corruption training for all salaried employees. Code of Conduct part of the employment agreement. Completion of distributor agreement.

Goal 2019: Renewed roll-out of training, 100 percent of employees are to have completed or started the training course. Integrate anti-corruption training into the induction programme for new employees.

Long-term goals: Prevent corruption through continuous training and transparency.

COMMUNITY

Community

Societal engagement

Goal 2018: Support local and national charitable organisations.

Goal 2019: Identify a global charity organisation inked to our business.

Long-term goal: Give back to the communities in which we operate.

COMMUNITY BENEFIT

It is important for us as a company to give back to the community in which we operate. We want to do so locally and therefore allow our individual subsidiaries to decide themselves how they want to contribute. Here are some examples.

RESOURCES WITHOUT BORDERS, INDIA

Handicare supports “Resources Without Borders” by donating devices as well as contributing money for transport from Sweden to India. Since 2009, Kristina Kindblom and Carina Ursing have worked at the Pravara Institute of Medical Science (PIMS). Since almost no devices were available at the hospital or in training, they saw an urgent need and started up device distribution on a small scale. Resoruces without Borders started in 2013.

The re-use of devices is an important environmental and economic aspect.

CHARITY IN THE UK

In the UK, Handicare supports several local and national charitable organisations through different fund-raising activities. During 2018, Handicare supported Cancer Research, Canine Partner — support dogs trained to help people with physical disabilities — and Mary Stevens Hospice, which helps patients with life-threatening illnesses lead a fulfilling life during their last days. By walking 10,000 steps per day, three colleagues helped collect money for Stroke Association, a part of the British Healthcare Trade Association’s September campaign to prevent strokes.

PRISM PATRIOTS

In the US, many people are returning to civilian life from the military. Naturally, these men and women will be looking for other careers in the private sector and industry. The families of injured and deceased soldiers also require support in the form of educational opportunities. To meet these important needs, Prism Medical, a Handicare company in the US, holds the annual Prism Patriot Invitational event. The proceeds go to two of the leading organisations for veterans and military families in the US: Missouri Veterans Endeavor and the Patriot Foundation.

Auditor’s report on the statutory sustainability statement

To the general meeting of the shareholders of Handicare Group AB, corporate identity number 556982-7115

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2018 on pages 21-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm, March 25, 2019
Ernst & Young AB

Stefan Andersson-Berglund
Authorized Public Accountant

The Handicare Share

THE HANDICARE SHARE

The Handicare share was listed on Nasdaq Stockholm on 10 October 2017. The listing was a logical and important step in Handicare's development and contributes to increased awareness of Handicare and its operations. The share capital amounts to TEUR 81, divided between 58,939,000 shares with a quotient value of EUR 0.00138.

OWNERSHIP STRUCTURE

On 28 December 2018, Handicare had 1,244 shareholders. In terms of numbers, private individuals are the largest owner category, while institutional owners dominate in terms of capital share. The single largest shareholder is Cidron Liberty System (Nordic Capital Fund VII) with 62.9 percent of the capital.

DIVIDEND AND DIVIDEND POLICY

The Board of Directors has resolved to propose a dividend of EUR 0.05 per share for 2018 to be distributed in May 2019.

Handicare endeavours to pay a dividend annually corresponding to 30–50 percent of net profit for the period. The distribution decision will be based on the company's financial position, investment needs, acquisition opportunities and liquidity position.

SHARE DATA PER 31 DEC 2018

Earnings per share before and after dilution, EUR	0.19
Adjusted operating cash flow per share, EUR[1]	0.31
Equity per share, EUR[1]	2.91
Dividend per share, EUR[2]	0.05
Yield, %[3]	1.5
Share price at year end, SEK	33.06
Number of shareholders (at 28 December 2018)	1,244
Market capitalisation, MSEK	1,945

1) Based on the number of shares outstanding at year end.
2) Proposal from the Board.
3) Dividend/share price at year end.

KEY FACTS

Listing:
Nasdaq Stockholm

Ticker code: Handi

No. of shares: 58,939,000

Market capitalisation at year end: MSEK 1,945

ISIN code: SE0010298109

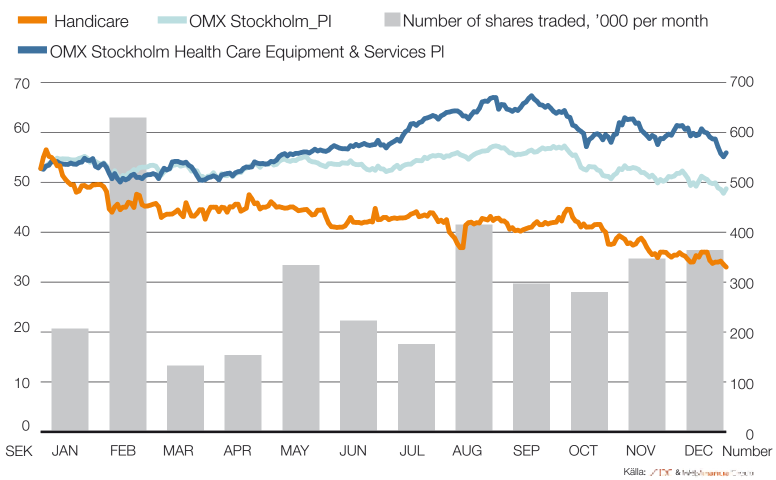
SHAREHOLDER STATISTICS AT 28 DECEMBER 2018

No. of shares	No. of shareholders	Share of votes and capital, %
1–500	935	0.23
501–1,000	121	0.17
1,001–5,000	99	0.41
5,001–10,000	18	0.26
10,001–20,000	10	0.26
20,001–	61	98.66
Total	1,244	100

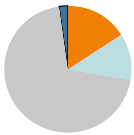
THE TEN LARGEST SHAREHOLDERS AT 28 DECEMBER 2018

No. of shares	Holding	Share of votes and capital, %
Cidron Liberty System (Nordic Capital Fund VII)	37,048,900	62.9
Fourth Swedish National Pension Fund	3,000,000	5.1
Danica Pension	2,469,544	4.2
Nordea Investment Funds	2,261,190	3.8
Holta Life Sciences	1,931,032	3.3
Lannebo fonder	1,427,722	2.4
State Street Bank & Trust Company	915,771	1.6
HSBC Bank Plc	910,851	1.5
BNP Paribas	785,737	1.3
AMF - Försäkring och Fonder	747,768	1.3
Total for the ten largest shareholders	51,498,515	87.38

HANDICARE 2018



OWNERSHIP PER COUNTRY



- Sweden, 16%
- Rest of Nordics, 12%
- Rest of Europe, 70% (varav Cidron Liberty System, 63%)
- The US, 2%

SHARE CAPITAL DEVELOPMENT

YEAR	Transaction	Change in number of shares	Change in share capital, TEUR	Total share capital TEUR (unless otherwise stated)	Total number of shares
2014	–	–	–	TSEK 50	50,000
2015	Change in presentation currency	–	–	5.28	50,000
2015	New issue of shares	2	0.0	5.28	50,002
1 Jan 2017				5.28	50,002
2017	Bonus issue	–	47.5	52.78	50,002
2017	Share split	38,254,198	–	52.78	38,304,200
2017	Bonus issue	168,646	0.2	53.01	38,472,846
2017	Share issue in-kind	2,345,686	3.2	56.24	40,818,532
2017	Share issue in-kind	6,681,468	9.2	65.44	47,500,000
2017	New issue of shares	11,439,000	15.8	81.21	58,939,000

HANDICARE AS AN INVESTMENT

1. Market growing structurally

- **Macro drivers for healthcare** An ageing population. an increase in chronic illnesses and a desire to remain in one's own home for longer are clear market trends.
- **Favourable health economy** Handicare's products and services entail reduced costs for the state healthcare system.
- **Contributes to society.**

2. Global top 3 in Accessibility and Patient Handling

- Good reputation for quality, innovation and reliability.
- Extensive global dealer network provides global coverage.
- Value-adding customer offering.
- Currently capturing market shares in most markets.

3. Well-invested and scalable platform

- Previous investments have generated strong organic and inorganic growth.
- Several automation and purchasing initiatives have been completed to improve gross margins.
- Increased share of revenue from service and installation.

4. Clear strategy for continued profitable growth.

- Clear strategy to grow faster than the market organically through new products, new customers and establishment in new geographic markets.
- Opportunities for global expansion.
- Attractive product portfolio.
- Continual operational improvements
- Consolidation through acquisitions.

Contents

Board of Directors’ Report 2018

The Board and President of Handicare Group AB (publ), corporate registration number 556982-7115 with registered office in Stockholm, hereby submit the annual accounts and consolidated accounts for the 2018 financial year.

Handicare offers solutions and support to increase the independence of disabled or elderly people, and to enable them to live an active life — on their terms — and to facilitate for their care providers and family.

The Group’s offering encompasses a comprehensive range of curved and straight stairlifts; transfer, lifting and repositioning aids; vehicle conversion adaptations and medical equipment. Approximately 70 percent of sales are for care in the home, “Homecare” and the remainder for hospitals and institutions, “Institutional”. Handicare is a global company with sales in more than 20 countries; sales are conducted through our own sales offices in Europe and North America as well as through distributors and dealers around the globe. The Group has production units in the UK, the Netherlands, China and the US. Revenue in 2018 totalled EUR 291 million and the Group has around 1,200 employees.

FULL-YEAR 2018

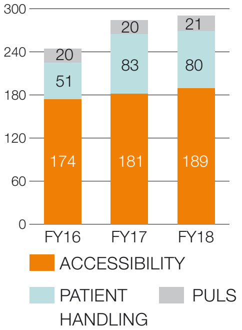
- Revenue rose 2.3 percent to MEUR 290.9 (284.3).
- Organic growth was 3.7 percent (4.9).
- The gross margin was 41.2 percent (42.6).
- Adjusted EBITA amounted to MEUR 21.8 (26.2), corresponding to a margin of 7.5 percent (9.2)
- EBIT amounted to MEUR 13.2 (14.0), corresponding to a margin of 4.6 percent (4.9)
- Adjusted operating cash flow amounted to MEUR 18.4 (11.6)
- Expenses relating to reorganisations made during the year amounted to MEUR 3.0
- At the start of the year, a strategically important US distributor in Colorado was acquired.
- Staffan Ternström was appointed as the new President and CEO in August.
- Earnings per share before/after dilution amounted to EUR 0.19 (–0.08); the Board of Directors proposes a dividend of EUR 0.05 (0.05) per share for 2018 (corresponding to around SEK 0.5 at 5 February 2019).

The Group in summary

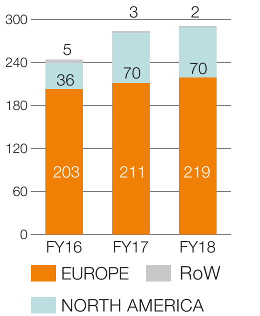
(MEUR)	2018	2017	Change
Revenue	290.9	284.3	2.3%
Gross profit[1)]	119.7	121.1	–1.2%
Gross margin[1)], %	41.2%	42.6%	–
Adjusted EBITA[1)]	21.8	26.2	–16.5%
Adjusted EBITA margin[1)], %	7.5%	9.2%	–
EBIT	13.2	14.0	–5.6%
Operating margin, (EBIT margin), %	4.6%	4.9%	–
Adjusted EBIT[1)]	16.2	21.1	–23.1%
Adjusted EBIT margin[1)], %	5.6%	7.4%	–
Net profit/loss for the year	11.4	–3.5	n/a
Earnings per share before and after dilution, EUR [2)]	0.19	–0.08	n/a
Dividend per share, EUR[3)]	0.05	0.05	0
Number of shares at the end of the period (000)[2)]	58,939	58,939	n/a
Average number of shares (000)[2)]	58,939	43,127	n/a
Adjusted operating cash flow[1)]	18.4	11.6	58.4%
Net debt/adjusted EBITDA, multiple[1)]	3.1	3.0	4.4%
Average number of employees	1,167	1,174	–0.6%

1) Alternative performance measures, refer to page 93 for definitions and calculations.
2) To obtain comparability between the periods, the number of shares for historical periods has been adjusted for share splits and bonus issues.
3) 2018 according to the Board’s proposal. Corresponding to about SEK 0.5 (5 February 2019).
Part of the Puls business unit (the BD operations) 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 6.

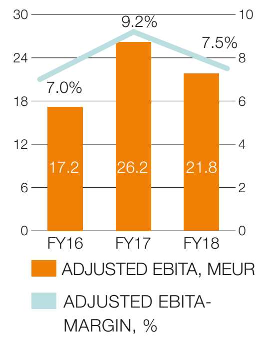
REVENUE
PER SEGMENT[1], MEUR



REVENUE
PER GEOGRAPHY[1], MEUR



ADJUSTED EBITA[1]



1) Part of the Puls business unit's (BD operations) are not included in the January-December period in 2016 and 2017.

GROUP PERFORMANCE

Revenue and earnings

Revenue

Revenue for the full year rose 2.3 percent to MEUR 290.9 (284.3). Organically, revenue increased 3.7 percent. Acquired entities contributed revenue of MEUR 1.9. Accessibility reported organic growth of 5.6 percent. 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 percent due to lower sales in North America. Puls reported organic growth of 11.0 percent, partly driven by strong project sales.

Earnings

EBITA amounted to MEUR 18.8 (19.1). Other specified items amounted to MEUR –3.0 (–7.1) and were entirely attributable to severance costs arising in conjunction with the reorganisations, primarily the operations in North America. Adjusted EBITA decreased to MEUR 21.8 (26.2). The adjusted EBITA margin was 7.5 percent (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 mainly due to under-absorption in Vehicle Accessibility with an estimated earnings impact of about MEUR –1.0, together with a lower margin in Patient Handling in North America (due to a lower margin in the fourth quarter). The earnings contribution from acquisitions was negative, 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 last quarter. The currency effect (translation effect) on adjusted EBITA was an expense of MEUR –0.3.

Net financial items

Net financial items improved to MEUR –1.2 (–17.6), mainly as a result of refinancing undertaken in conjunction with the listing in autumn 2017 and positive currency effects over the year. The total net interest expense decreased to MEUR –2.8 (–10.5). Profit before tax was MEUR 12.1 (–3.5).

Income tax

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/loss for the year

The net profit/loss 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.

Other specified items

Other specified items for the full year 2018 mainly include severance costs incurred by Handicare in conjunction with reorganisations made during the year (page 41). These costs totalled MEUR 3.0. For 2017, costs amounted to MEUR 7.1 and pertained primarily to costs related to the IPO, the reorganisation carried out in March 2017 and costs for outsourcing IT (see Note 12).

Cash flow and financial position

Cash flow

For the period, 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 attributable to reorganisations (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 business systems amounted to an expense of MEUR –0.4 (–1.6).

Investments, research and development

Investments in 2018 amounted to MEUR 6.1 (5.7), corresponding to 2 percent (2) of revenue. Investments in fixed assets amounted to MEUR 2.3 (2.4) and investments in intangible assets amounted to MEUR 3.8 (3.3), of which 2.8 (1.2) pertained to research and development and MEUR 0.7 (2.1) pertained to IT and software.

Product development is highly prioritised and is material for the Group's development moving forward. Of the Group's total net sales, sales of own developed products and services account for around 80 percent. Research and development work is centralised. Total development expenditure was approximately MEUR 4.4, of which MEUR 2.8 was capitalised in the balance sheet.

Financial position

Shareholders' equity

Consolidated shareholders' equity at 31 December amounted to MEUR 171.3 (164.7), corresponding to EUR 2.9 (2.8) per share at year end. The increase in shareholders' equity was attributable to the increased net profit/loss for the year.

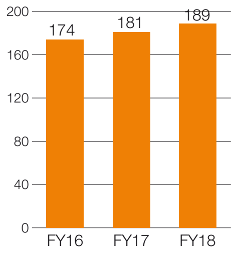
Net debt

Consolidated 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 improved cash flow from operating activities. The dividend for the 2017 financial year was paid during the second quarter, totalling MEUR 2.9 corresponding to EUR 0.05 per share.

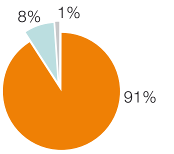
Net debt

(MEUR)	31 Dec 2018	31 Dec 2017
Long-term interest-bearing liabilities	100.3	100.2
Other interest-bearing liabilities	3.8	1.7
Less: cash and cash equivalents	–23.6	–12.9
Interest-bearing net debt	**80.5**	**89.0**

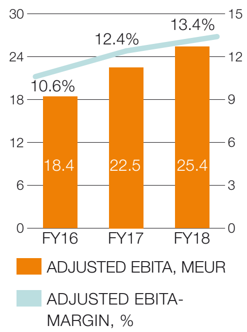
REVENUE, MEUR



REVENUE
PER GEOGRAPHY



ADJUSTED EBITA



PERFORMANCE BY BUSINESS SEGMENT

ACCESSIBILITY

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

Revenue for the full year rose 4.5 percent to MEUR 189.4 (181.3). Organic growth was 5.6 percent. In total, organic growth for stairlifts was 9 percent during the period. The growth rate in North America was 27 percent. 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 entirely attributable to the reorganisation. Adjusted EBITA totalled 25.4 (22.5). The adjusted EBITA margin rose to 13.4 percent (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.

(MEUR)	**2018**	**2017**	**Change**
Revenue	189.4	181.3	4.5%
Acquisitions/divestments	–	–	–
Currency effects [1]		–1.9	–
Revenue excl. acquisitions/divestments and currency	**189.4**	**179.4**	**5.6%**
Revenue	189.4	181.3	4.5%
Operating expenses	–161.6	–156.6	n/a
Adjusted EBITDA [2]	**27.8**	**24.7**	**12.3%**
Depreciation of tangible fixed assets	–2.3	–2.2	n/a
Adjusted EBITA [2]	**25.4**	**22.5**	**13.1%**
Other specified items	–1.1	–0.6	n/a
EBITA	**24.3**	**21.9**	**11.1%**
Performance measures %			
Adjusted EBITDA margin [2]	14.7%	13.6%	
Adjusted EBITA margin [2]	13.4%	12.4%	
EBITA margin	12.8%	12.1%	

1) Adjusted for translation effect, not transaction effect.
2) Alternative performance measures, refer to page 93 for definitions and calculations.

PATIENT HANDLING

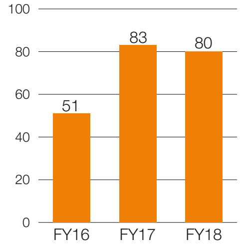
In Patient Handling, Handicare offers a broad product offering for patient transfer and lifting products, primarily for the hospital setting.

Revenue for the full year decreased 3.8 percent 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 percent 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 percent (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.

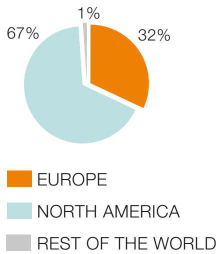
REVENUE, MEUR



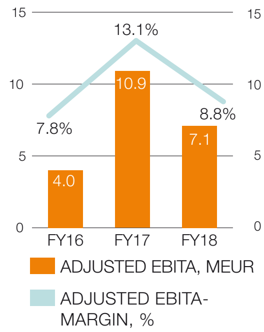
(MEUR)	2018	2017	Change
Revenue	80.3	83.4	–3.8%
Acquisitions/divestments	–1.9	–	–
Currency effects 1)		–3.4	–
Revenue excl. acquisitions/divestments and currency	**78.3**	**80.0**	**–2.1%**
Revenue	80.3	83.4	–3.8%
Operating expenses	–71.8	–71.3	n/a
Adjusted EBITDA 2)	**8.5**	**12.1**	**–30.0%**
Depreciation of tangible fixed assets	–1.4	–1.2	n/a
Adjusted EBITA 2)	**7.1**	**10.9**	**–35.1%**
Other specified items	–1.7	–0.4	n/a
EBITA	**5.4**	**10.5**	**–48.1%**
Performance measures %			
Adjusted EBITDA margin 2)	10.6%	14.5%	
Adjusted EBITA margin 2)	8.8%	13.1%	
EBITA margin	6.8%	12.5%	

1) Adjusted for translation effect, not transaction effect.
2) Alternative performance measures, refer to page 93 for definitions and calculations.

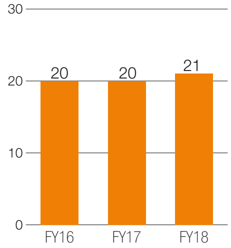
REVENUE
PER GEOGRAPHY



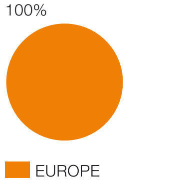
ADJUSTED EBITA



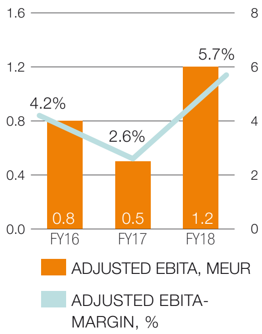
REVENUE 1), MEUR



REVENUE 1)
PER GEOGRAPHY



ADJUSTED EBITA 1)



1) Results from the BD operations are not included in the January-December period in 2016 and 2017.

PULS

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

Revenue for the full year rose 8.0 percent to MEUR 21.1 (19.5). Organic growth was 11.0 percent. 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 percent (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.

(MEUR)	2018	2017	Change
Revenue	21.1	19.5	8.0%
Acquisitions/divestments	–	–	–
Currency effects 1)		–0.5	–
Revenue excl. acquisitions/divestments and currency	**21.1**	**19.0**	**11.0%**
Revenue	21.1	19.5	8.0%
Operating expenses	–19.8	–19.0	n/a
Adjusted EBITDA 2)	**1.3**	**0.5**	**147.4%**
Depreciation of tangible fixed assets	–0.1	–0.0	n/a
Adjusted EBITA 2)	**1.2**	**0.5**	**137.9%**
Other specified items	–	–	–
EBITA	**1.2**	**0.5**	**137.9%**
Performance measures %			
Adjusted EBITDA margin 2)	6.0%	2.6%	
Adjusted EBITA margin 2)	5.7%	2.6%	
EBITA margin	5.7%	2.6%	

1) Adjusted for translation effect, not transaction effect.
2) Alternative performance measures, refer to page 93 for definitions and calculations.

Group-wide expenses
Group-wide expenses, excluding Other specified items, amounted to MEUR –11.8 (–7.7) for the full year. In 2018, certain expenses for IT and Finance (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 second half of 2018 also included double CEO compensation. No amortisation or depreciation was included in Group-wide expenses.

PARENT COMPANY
The Parent Company is a holding company for the purpose of owning and administering subsidiaries in the above operations and, to a certain extent, for managing some of the Group-wide operations. The Parent Company has 14 (13) employees.

For the full year, Parent Company revenue amounted to MEUR 11.8 (8.5), which pertained in its entirety to sales to Group companies. Profit before tax was MEUR –0.3 (–4.0) and profit for the period was MEUR –0.3 (–4.6). The Parent Company's investments in tangible and intangible assets amounted to MEUR 0.5 (0) in 2018. Cash and bank balances amounted to MEUR 0 (0.3) at year end. Non-restricted equity in the Parent Company amounted to MEUR 250.5 (253.7).

Employees
At the end of the period, the number of employees in the Group was 1,190 (1,142). The average number of employees was 1,167 employees (1,174).

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.

Sustainability and the environment
Sustainability is an integrated part of Handicare's way of working. Our products and solutions reduce strain injuries among caregivers and our stairlifts make it possible for people to live at home for longer. Our car conversions increase the quality of life for the disabled and enable them to live an active life. We endeavour to make every-day life easier for the people with whom we collaborate throughout our value chain and take responsibility for the environment, societal and economic issues wherever we operate. Handicare's sustainability report is included in the Annual Report, on pages 21-31.

Disputes
Handicare Stairlifts B.V. is involved in legal proceedings 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 2018 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 made as of 31 December 2018.

The share
Handicare's share capital totalled TEUR 81 at year end. At 31 December 2018, there was a total of 58,939,000 shares and voting rights in Handicare. The quotient value was EUR 0.00138.

All of the shares are of the same class and all of the shares in the company carry equal rights in all respects. The only holding representing a minimum of one-tenth of the number of votes was held by Cidron Liberty Systems Ltd (included in Nordic Capital Fund VII), which had 62.9 percent of the votes at year-end 2018. For more information about the share and the owners, see page 32-33.

EVENTS DURING THE YEAR
Commercially focused organisation
During the first six months of the year, the Group initiated the next step of the Commercial Excellence Strategy 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. The aim was to reduce total costs in parallel with increasing revenue over time. Total costs for these measures, mainly severance costs, amounted to MEUR 2.0. Net cost savings are estimated at around MEUR 3 per year, with full effect from the first quarter of 2019.

Handicare is pursuing a number of initiatives aimed at securing profitable growth. As part of the above, Handicare is in the final stages on an organisational overview, which entails a number of planned changes in the first quarter of 2019, mainly in North American operations. Related non-recurring expenses are estimated at MEUR 1.0 and were expensed in full in the fourth quarter of 2018 (recognised under Other specified items).

CHANGES IN HANDICARE'S GROUP MANAGEMENT

On 6 August, President and CEO Asbjørn Eskild announced his decision to leave Handicare Group for personal reasons. An announcement was made on 13 August that Staffan Ternström would take over as President and CEO effective 14 August 2018.

EVENTS AFTER THE REPORTING PERIOD

Changes in Handicare's Group management

Pernilla Lindén was appointed Executive Vice President Strategy and Business Excellence effective 1 January 2019.

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

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

2019 ANNUAL GENERAL MEETING

The 2019 Annual General Meeting will be held in Stockholm on 8 May 2019. The announcement of the 2019 Annual General Meeting will be available at www.handicaregroup.com from 6 April 2019.

Proposed distribution of profits

The Board of Directors proposes a dividend of EUR 0.05 per share for the 2018 financial year, corresponding to a total dividend of approximately MEUR 2.9 based on the number of shares at the close of 2018. The proposed record date is 10 May 2019.

TEUR	
The following earnings are at the disposal of the Annual General Meeting	
Share premium reserve	273,798
Retained earnings	–23,255
Total unappropriated earnings	**250,543**

TEUR	
The Board of Directors proposes the following allocation of unappropriated earnings:	
EUR 0.05 per share to be distributed to shareholders	2,947
To be carried forward	247,596
Total unappropriated earnings	**250,543**

It is the assessment of the Board of Directors that the proposed dividend is justifiable at company and Group level after taking consideration the requirements in terms of the size of the equity given the nature, scope and risks associated with the operations and the company's need to strengthen its balance sheet, liquidity and financial position in general.

THE BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors proposes that the 2019 Annual General Meeting adopts the following guidelines for remuneration of the CEO and other senior executives, being members of the Group Management.

Guidelines

The general guidelines for remuneration to Group management entail that it should be based on position, individual performance and the Group's results, and that the remuneration must be competitive in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition to this, there are terms and conditions that apply when notice of termination is served and relating to severance pay.

Fixed salary

Fixed salary constitutes the basis for total remuneration. The salary should be related to the relative market and reflect the responsibility implied by the position.

Variable salary (Short-term Incentive, "STI")

Members of Group Management are entitled to an STI in addition to their fixed salary. The STI is based on the financial result for the Group and/or for the business unit for which the member of Group Management is responsible. The financial targets used are organic growth, earnings and cash flow. Performance indicators can also be used to focus on issues that are of special interest to the company. Clearly defined goals for "threshold," "target" and "stretch" levels for performance are to be stated at the beginning of each year and are to reflect the plans approved by the Board. STIs may amount to a maximum of 60 percent ("stretch" level) of the fixed salary for the President and other members of Group management.

Long-term incentives

The Board of Directors will conduct an annual evaluation of whether a long-term incentive programme (for example, share or share-price based) should be proposed to the Annual General Meeting. Any long-term incentive program is to promote long-term commitment to the company, attract and assist in retaining senior executives and key individuals, and increase the level of shared interests between program participants and the company's shareholders. Moreover, long-term incentive programs, to the extent they exist, must comprise a complement to fixed salary and variable salary, with employees nominated according to experience and performance.

The terms and conditions for any long-term incentive program, including the maximum cost, are to be specified where applicable in proposals for decision by the Board.

Pension

Pension benefits should be defined contribution. Retirement age follows the pension rules of the specific country.

Notice of termination and severance pay

As a general rule, the CEO and other members of the Group Management are subject to a mutual notice period of six months. The CEO and other members of Group management are, in the event the company serves them with notice to terminate their employment, entitled to receive severance pay corresponding up to a maximum of 12 months' fixed salary. No severance pay is payable when notice is given by the employee.

Authorisation for the Board to deviate from the guidelines

If special reasons exist, the Board is able to deviate from these guidelines. In the event of such a deviation, the next annual general meeting is to be informed of the reasons for this.

Deviation from the guidelines for 2018

The guidelines for 2018 authorised the Board to deviate from the guidelines if particular reasons for so doing were motivated in an individual case. STIs may amount to a maximum of 50 percent ("stretch" level) of the fixed salary. In 2018, the Board of Directors decided to approve an employment contract for the CEO of the Group that entailed STI totalling a maximum of 60 percent of the fixed salary. The Board's decision was motivated by the argument that there was particular reason, with regard to the need of recruiting the right person, to depart from the guidelines and that furthermore, the Board regarded a higher level of remuneration as suitable, market-based and necessary.

Risks and risk management

Risk is defined as the uncertainty of whether an event will occur and its effect on a unit's ability to achieve its business objectives in a given period of time (one to three years). Risk management is an important part of Handicare's internal control.

Handicare continuously evaluates the risks associated with its operations, both financial and operational, and controls and supervises factors that may affect EBIT. Risk assessment is also central to the annual strategy process, where risks in relation to our ability to achieve our strategic ambitions are specifically evaluated. The Board of Directors is ultimately responsible for risk management in the company. It is Group management's responsibility to identify, evaluate and manage risks and to report to the Board of Directors. All identified risks are addressed in a remedial plan. Individuals appointed from Group management are responsible for presenting an action plan for the identified risks. The status of identified risks are reported to the Board of Directors through the Audit Committee.

The most significant risks facing the Group and how they are managed are described below.

RISK	Description	Counteracting factors	Opportunities
BUSINESS ENVIRONMENT RISKS			
Business cycle and demand	• Handicare operates in a large number of markets worldwide. A general downturn in the economy, primarily in the European or US economies and/or a downturn in the credit and finance markets, could materially impact Handicare's sales and profitability. For example, savings measures in the healthcare sector and the public sector could lead to reduced sales of products and services.	• Market and sales trends are followed up weekly, which enables rapid action to be taken. • Handicare operates in a large number of geographical markets. • Handicare has a global production network that provides operational flexibility.	• Handicare's products and services are countercyclical. Irrespective of the economic conditions, the market trends that underpin Handicare's business idea remain true: growth in the ageing population; increased life expectancy of patients with chronic illnesses and an increasing preference for staying at home longer. • Handicare's products reduce the number of sick leave days taken by care providers and require less personnel to perform transfers.
Legal risks and regulatory compliance	• A substantial part of the Group's product range is covered by legislation, such as EU directives and implementing acts for medical devices and the US FDA's regulations and related requirements that, inter alia, stipulate extensive evaluation, quality control and documentation. Failure to pass an FDA audit could have a material impact on the Group's operations and financial position. • Handicare conducts operations globally and is exposed to local business risks and is subject to regulation in each of the countries where operations are conducted.	• Handicare conducts operations in compliance with the laws and regulations that govern our business. Considerable effort is invested in the implementation and application of guidelines as well as training in said guidelines to secure regulatory compliance. • The majority of the Group's production facilities are certified in accordance with the ISO 13485 medical devices quality standard and/or the ISO 9001 general quality standard. • Handicare has introduced policies and developed training and compliance programs to counteract unethical or criminal behaviour among employees.	• Meeting the legal norms and regulations in a market provides Handicare with the prerequisites for retaining and expanding the customer base and minimising costs. • Regulatory and legal compliance is critical and benefits established participants such as Handicare at the same time as new competitors are hindered from establishing themselves in the market.
Product liability and damages claims	• Handicare risks being subject to claims regarding product liability and other legal issues. Such claims can pertain to large amounts and significant legal costs.	• We have contracted insurance programs on market terms for the property and liability risks (for example, product responsibility) to which the Group is exposed.	• By developing and distributing high-quality products that meet the legal requirements, risks and costs are minimised. At the same time, possibilities are created for growing the customer base.

RISK	Description	Counteracting factors	Opportunities
OPERATIONAL RISKS			
Dependence on reputation	• Handicare's reputation is a valuable asset that can be affected by our operations and by the actions of external stakeholders. Our products have to live up to the brand promise and maintain a high level of quality, safety and reliability when used by customers. • Dissatisfied employees can influence the perception of Handicare and its brand.	• The Group's products are tested and quality-assured. • The employees receive training in Handicare's Code of Conduct, which includes a business code and ethics. • We conduct active dialogues with our stakeholders. • We conduct and actively follow up on employee surveys.	• Customer satisfaction increases on the delivery of tested and quality assured products. • New opportunities for improvement and innovation are created through active dialogues with stakeholders. • Satisfied customers create healthy and challenging work environments and can also attract new competent employees.
IT risk	• Various IT systems are business-critical. Disruptions to or faults in critical systems directly impact production. • Improper administration of financial systems can affect the company's financial reporting. • Cybersecurity-related risks are increasing in importance.	• The Group has a global policy for IT security, which includes quality assurance processes that govern IT operations. Information security is followed up on a regular basis through IT security audits and our IT system is based on well-known products. • Standardised processes are in place for implementing new systems, replacing existing systems and for daily operations. • Cybersecurity is a subject for regular discussion and issues are dealt with by the IT security function Awareness of cybersecurity-related risks increases preparedness to respond quickly to possible attacks.	• Robust IT systems, secure IT environments and standardised processes increase efficiency and reduce costs. • Preparedness to act quickly in response to possible cyberattacks makes a stable working environment and continuity of operations possible.
Dependence on suppliers	• Handicare purchases most of the components and materials used in production and assembly from a number of different suppliers. Certain raw materials and key components are only available from individual suppliers. One or more of Handicare's suppliers could cease deliveries of raw materials and components due to an inability or unwillingness to deliver, or could raise prices significantly, which would have a negative impact on our operations.	• We work closely with our suppliers. This enables us to ensure that supplies are delivered without interruption while maintaining high quality and reliability. We select and evaluate suppliers based on factors such as quality, delivery, price and reliability. • All procurement activities are to be conducted within the framework of the Handicare Code of Conduct and applicable laws and regulations. All product suppliers must endorse our Code of Conduct. • Handicare conducts regular audits for all critical suppliers to ensure that any risk of disruption to supplies is manageable.	• By clearly stating our requirements and expectations, we can be a natural business partner and promote increased efficiency, sustainability and security. Close relationships with suppliers strengthen our competitiveness.
Product development	• One of the Group's challenges in terms of its growth and profitability is its continuous development of innovative, sustainable and relevant products that consume less resources throughout their life cycles. National and regional legislation in areas including emissions, changes in supervision and recycling influence Handicare's product offering.	• Handicare invests continuously in research and development to produce products that meet customers' demands and expectations, even in periods of economic downturn. • The Group applies a lifecycle perspective when developing products and sets measurable efficiency targets for each division's main product categories. • The company develops products with lower emissions and increases recycling possibilities to meet regulatory requirements.	• There are significant opportunities to strengthen competitiveness through high-quality, sustainable product innovations and through creating an integrated value proposition for customers.

RISK	Description	Counteracting factors	Opportunities
Manufacturing risk	• An unexpected interruption at the Group's manufacturing or assembly plants could materially impact the Group's ability to distribute products. The plants are adapted for the manufacture of specific products and the Group does not have redundancy or sufficient surplus capacity at its production plants, and neither the space nor the equipment, to manufacture products at another production facility. Any need to use alternative production capacity or externally manufactured products could lead to higher production and transportation costs, and a loss of competitive advantage.	• Handicare's production units continuously monitor the production process, test product safety and quality, perform risk assessments and train staff. • Over the last five years, the Group has completed significant investments in productivity improvements aimed at simplification, automation and professionalisation.	• By promoting leading operational know-how, we can streamline production, minimise inefficiency and maintain a high degree of flexibility in the production process. Global knowledge transfer provides us with further opportunities to better utilise working capital.
FINANCIAL RISKS, REPORTING RISK AND TAX			
Currency risk	• Due to its international operations, Handicare has revenue and costs generated in currencies other than EUR. Accordingly, changes in exchange rates can have a negative impact on earnings, the balance sheet and cash flow.	• Transaction exposure is managed through contractual clauses, guiding purchasing in matching currencies and financial instruments. • Currency exposure from net foreign investments are limited through loans in the relevant currency.	• Volatility in the Group's earnings and balance sheet are reduced by limiting the currency risk.
Interest-rate risk	• Fluctuations in market interest rates could lead to increased interest expenses and a decline in cash flow.	• Handicare's credit agreements allow it to vary interest periods and to use fixed-income derivatives.	• Good management of interest-rate risk contributes to a more stable result for net financial items.
Credit risk	• The risk that Handicare's financial counterparties are unable to meet their payment obligations.	• All financial transactions are conducted with established counterparties with high credit ratings.	• A low level of credit risk minimises unexpected losses.
Liquidity risk	• Should liquidity be inadequate, Handicare risks being unable to meet its payment obligations.	• The Group has a liquidity reserve. • Liquidity is concentrated to the Group's account structure and is managed centrally.	• Efficient liquidity management improves the Group's net financial items and lowers interest expense.
Refinancing risk	• Handicare is exposed to the risk of being unable to raise new loans or refinance existing loans due to a lower credit rating or poor conditions in the credit markets.	• Handicare maintains funding flexibility by using credit agreements to ensure the immediate and long-term availability of credit facilities, to control loan maturities and to raise loans with several creditworthy counterparties.	• Good management of financing risk enables financing at attractive conditions while retaining flexibility to allow growth.
Commodities price risk	• The Group's operations and earnings are impacted by price changes in commodities and components.	• Handicare actively manages its supplier contracts and locks prices for as long periods as possible. Financial instruments are not used.	• By selecting suppliers and negotiating contracts, limits can be placed on the negative effect of changed commodity prices.
Tax risk	• The Group operates in many countries and commits to cross-border transactions. The operations are subject to complex national and international tax rules that change over time. There is a risk that the company's understanding or interpretation of legislation, agreements and other regulations could differ from those of the tax authorities in the various countries. A risk also exists that the Group's tax position changes if countries change laws, tax treaties and other provisions.	• The Group's central and local financial departments, together with external tax advisors, monitor risk and compliance with local tax rules. • Transfer pricing policies and agreements are entered into the operations and reviewed regularly.	• Correct and proper tax management reduces the risk of material errors in tax reporting. • More stringent tax reporting requirements increase transparency with regard to tax for different stakeholders.

RISK	Description	Counteracting factors	Opportunities
Reporting risk	• The risk arising from the communication of financial information to the capital markets is that the reports do not provide a fair and true view of the Group's actual financial position and performance. • Erroneous reporting or delays could result in the management drawing incorrect conclusions.	• Handicare's subsidiaries regularly report their financial position pursuant to the International Financial Reporting Standards (IFRS). • The company's operational and legal results are produced using the same figures and systems. They are analysed by division and group functions prior to publication. • Handicare has procedures in place to ensure compliance with the Group's instructions, standards and rules.	• Work on risk reporting increases transparency and improves possibilities for presenting the business fairly and accurately. • Improved reporting also results directly in improved risk management. • Timely, accurate and effective reporting results in transparency and enables better decision-making.
SUSTAINABILITY RISKS			
Environment	• Environmental impact through emissions to air, soil and water.	• To reduce our negative environmental impact, we work with ISO 14001 certifications, initiatives to improve production, improvements to waste management, green electricity and gas consumption and co-packaging for to reduce transportation.	• Our proactive work with environmental risks creates possibilities for innovations that strengthen Handicare's competitiveness.
Health and safety	• Inadequate safety can lead to workplace injuries. High levels of sickness absence can affect operational efficiency and productivity.	• OHSAS 18001 certification, safety routines, protective equipment and training.	• Good health and safety improve employees' productivity. Handicare's good working environment strengthens its brand and can help attract competent and qualified employees.
Supplier behaviour	• Suppliers who do not adhere to Handicare's supplier code of conduct.	• Suppliers of direct material should undertake to adhere to our supplier code of conduct. We carefully evaluate new suppliers and conduct reviews of existing suppliers including self-assessments.	• Strong supplier relationships strengthen our competitiveness, promote good working conditions and reduce the risk of corruption.
Employees	• We need to secure access to competent and motivated staff if we are to reach the business goals.	• The company has implemented an equality policy and has yearly training in our Code of Conduct. • Handicare has introduced an employee survey. • Initiated an analysis of pay differences between men and women.	• Competent employees that enjoy their work are crucial if we are to exceed the business goals and develop operations.
Corruption	• Receiving or giving bribes. Internal and external frauds.	• Handicare has a clear zero-tolerance bribery policy. All employees are trained in our Code of Conduct and the company also has a whistle-blower function in place.	• Acting to prevent corruption and bribes increases our credibility and transparency. It also ensures operational efficiency and increases stability in the markets in which we operate.
Product environmental impact	• Product manufacturing also impacts the environment through the material used in the products and their packaging.	• Handicare works with an environmental management system and supplies customers with material specifications and directives on how to recycle the material. We also work with waste recycling, and with reclamation for some products.	• Sustainable products contribute to a sustainable world and strengthen Handicare's reputation.

Corporate Governance Report

PRINCIPLES FOR CORPORATE GOVERNANCE

Corporate governance in Handicare Group AB (publ) is based on Swedish law, in particular the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554). Handicare also complies with Nasdaq Stockholm's Rule Book for Issuers and also applies the Swedish Corporate Governance Code (the "Code"), as well as opinions from the Swedish Securities Council regarding generally accepted practice in the Swedish stock market.

A company is not obliged to comply with all the rules of the Code as the Code itself establishes scope to deviate from the rules, provided that all such deviations and the chosen alternatives are described and the reasons for deviation explained in the Corporate Governance Report (the "comply or explain" principle). Handicare has complied with all of the rules of the Code since the shares were listed on Nasdaq Stockholm, except for Rule 9.7 of the Code. Handicare deviates from Rule 9.7 of the Code because of the warrant programme adopted by the General Meeting on 9 October 2017 ahead of the listing on Nasdaq Stockholm, insofar as the participants may subscribe for new shares under one of the series after a two-year period and thus deviate from the Code's three-year period. The second warrant series entitles the participants to subscribe for shares after a three-year period.

The warrants offering with two and three years' duration, respectively, is considered to be aligned with Handicare's long-term business plan, strategy and financial targets. By introducing two series of warrants, the company enters into a position that essentially resembles that of other already listed companies, which have ongoing three-year programmes outstanding. For potential new programmes, Handicare intends to only introduce three-year programmes in accordance with the Code.

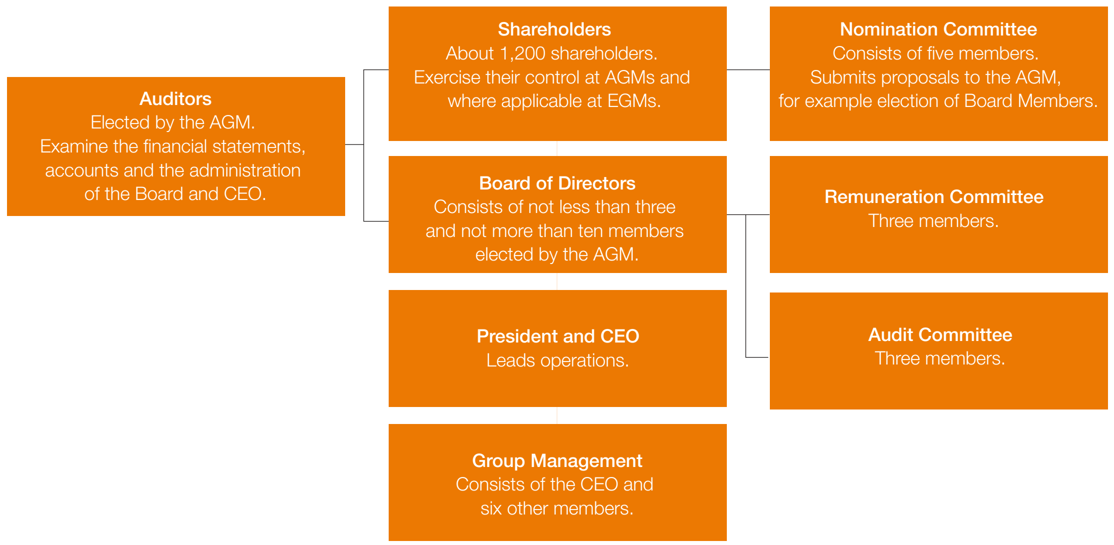
Handicare has committed no breach of Nasdaq Stockholm's Rule Book for Issuers or generally accepted practice in the stock market.

Responsibility for corporate governance and control of the Handicare Group is shared between the shareholders (via the general meeting), the Board of Directors and the CEO.

GENERAL MEETINGS OF SHAREHOLDERS

Pursuant to the Swedish Companies Act, the General Meeting is the company's highest decision-making body, at which the shareholders exercise their voting rights. The Annual General Meeting (AGM), the general meeting at which the annual report and the auditor's report are presented, must be held within six months of the end of each financial year. Resolutions are taken on a number of key issues at the AGM, including the appropriation of profit or loss, discharge of the Board of Directors from liability, and the election of the Board and auditors. The notice convening the AGM is published no earlier than six weeks and no later than four weeks prior to the meeting. Extraordinary general meetings (EGMs) are held when the Board of Directors considers such meetings appropriate or when either the auditor or shareholders representing at least 10 percent of all issued shares request such meeting in writing for a specified purpose. Pursuant to the

GOVERNANCE STRUCTURE



Swedish Companies Act, a General Meeting may not adopt any resolution which is likely to give undue advantage to a shareholder or a third party to the detriment of the company or another shareholder.

Shareholders who wish to have a matter brought before the General Meeting must submit a written request to this effect to the Board of Directors. Such request must normally be received by the Board of Directors no later than seven weeks prior to the General Meeting.

Right to participate in General Meetings

Shareholders who wish to participate in a General Meeting must be included in the share register maintained by Euroclear Sweden AB on the day falling five workdays prior to the meeting and notify Handicare of their participation not later than on the date stipulated in the notice convening the meeting.

Shareholders may attend the General Meeting in person or by proxy and may be accompanied by a maximum of two assistants. A shareholder may vote for all shares in the company owned by the shareholder.

2019 Annual General Meeting

The Handicare 2019 AGM will be held at 1:00 p.m. on 8 May at Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm.

Shareholders who wish to submit a proposal to the Nomination Committee or wish to have business brought before the AGM had the possibility to submit their proposal to the Nomination committee or to the company by 20 March 2019.

2018 Annual General Meeting

The AGM was held on 8 May and Joakim Andreasson, Jonas Arlebäck, Maria Carell, Elisabeth Thand Ringqvist, Claes Magnus Åkesson, Lars Marcher and Johan Ek were elected as members of the Board. Lars Marcher was elected Chairman of the Board. All AGM-related documents are available on the company's website.

SHARES

At year end, the share capital amounted to EUR 81,205 divided between 58,939,000 shares. All of the shares are of the same class and all of the shares in the company carry equal voting rights and equal rights to the company's profits and assets. At the end of 2018, Handicare had 1,244 shareholders, according to the shareholders' register maintained by Euroclear. The only holding representing a minimum of one-tenth of the number of votes was held by Cidron Liberty Systems Ltd, which had 62.86 percent of the votes at year-end 2018. Further information about the share and shareholders is available on the company's website.

NOMINATION COMMITTEE

The purpose of the Nomination Committee is to make proposals in respect of the Chairman at general meetings, Board member candidates, including the position of Chairman, fees and other remuneration for each member of the Board of Directors as well as remuneration for committee work, and election of and remuneration of the external auditor. The Nomination Committee's work is guided by the instructions adopted by the AGM, which are available on the company's website.

At the AGM held on 8 May 2018, it was resolved that the Nomination Committee ahead of the 2019 AGM, will be composed of representatives of the four largest directly registered owner-grouped shareholders (based on voting rights) according to Euroclear Sweden on 31 August 2018 and the Chairman of the Board. The member representing the largest shareholder will be appointed Chairman of the Nomination Committee. Changes to the composition of the Committee are announced as soon as they occur. Members of the Nomination Committee prior to 2019 AGM:

- Fredrik Näslund (Chairman), Cidron Liberty Systems Ltd
- Arne Lööw, Fourth Swedish National Pension Fund
- Esben Saxbeck Larsen, Danica Pension
- Espen Tidemann Jörgensen, Holta Life Sciences
- Lars Marcher, Chairman of the Board Handicare Group AB

The composition of the Nomination Committee meets the requirements regarding independent members in the Committee.

The Code states that the Nomination Committee, in its proposal for the Board of Directors, must pay particular attention to the requirement of endeavouring to have even gender distribution. In conjunction with its assignment, the Committee must otherwise complete the tasks incumbent on the Committee under the Code.

Particular importance was attached to the company's strategies and targets, as well as the demands the company's future focus is expected to place on the Board of Directors. As a basis for its proposals, the Committee interviewed the Board members of Handicare and consulted the Board evaluation. The Nomination Committee has held four meetings. The required documentation from the Nomination Committee ahead of the 2019 AGM is available on the company's website.

BOARD OF DIRECTORS

Under the Swedish Companies Act, the Board of Directors is responsible for the organisation of Handicare and the management of the company's affairs, which means that the Board of Directors is responsible for, inter alia, setting targets and strategies, establishing procedures and systems for evaluating the set targets, continuously assessing the company's financial position and results and for evaluating the operational management. Handicare's Articles of Association state that the Board of Directors must consist of not less than three and not more than ten ordinary members, each of whom is elected at an AGM for the period until the end of the next

AGM. Under the Code, the Chairman of the Board is appointed by the AGM and has particular responsibility for the management of the work of the Board of Directors and ensuring that such work is well organised and conducted effectively. The Chairman of the Board does not participate in the operating management of the company.

The Board applies written rules of procedure, which are revised annually and adopted by the statutory Board meeting each year. Among other things, the rules of procedure govern Board practices, its functions and the allocation of work between Board members and the CEO. At the statutory Board meeting, the Board also adopts instructions for the CEO, including instructions for financial reporting.

Handicare's Board of Directors comprises seven ordinary members and no deputies. For a presentation of the Board of Directors, see page 54-55.

Evaluation of the board of directors and the ceo

Once a year, the Chairman of the Board initiates an evaluation of the Board's work. The purpose of this evaluation is to gain an understanding of the Board members' view of how the Board's work is conducted and what measures can be implemented to enhance the efficiency of the Board's work. The intention is also to gain an understanding of what type of issues the Board believes should be given more attention and what areas could possibly require further expertise on the Board.

For the 2018 evaluation, each Board member responded to a questionnaire. The results of the evaluation were presented and discussed by the Board and presented to the Nomination Committee. The Board of Directors continuously assesses the CEO's work by monitoring the business's progress relative to its established goals.

Board work In 2018

In 2018, 8 meetings were held. The members' attendance is presented on page 51. A key aspect of the Board's work is business development and strategy, financial reporting and internal control. The 2018 work plan for the Board, resolved at the statutory Board meeting, is presented below. Committee work comprises a significant part of the Board's work, see below.

Board committees

To streamline and increase the efficiency of the Board of Directors' work on remuneration and audit matters, the Board of Directors annually appoints a Remuneration Committee and an Audit Committee. The committees are appointed for a maximum of one year, and are appointed among the members of the Board of Directors itself. The primary objective of the committees is to provide preparatory and administrative support to the Board of Directors. The meetings held in 2018 and the attendance at these are presented in the table on page 51.

BOARD MEETINGS 2018

Audit Committee

The tasks of the Audit Committee, without prejudice to the general duties and responsibilities of the Board, include:

- monitoring the company's financial reporting and provide recommendations and proposals to ensure the reporting's reliability;
- with regard to the financial reporting, monitoring the efficiency of the company's internal control, internal audit and risk management;
- staying informed of the audit of the annual accounts and the consolidated accounts;
- informing the Board of the audit outcome and addressing the issue of the manner in which the audit contributed to the reliability of financial reporting and the Committee's specific functions;
- auditing and monitoring the auditor's impartiality and independence and thereby noting in particular, whether the auditor provides the company with services other than audit services; and
- assisting in the preparation of proposals for the general meeting's decision regarding the election of an auditor.

Handicare has an Audit Committee that comprises three members: Claes Magnus Åkesson (Chairman), Joakim Andreasson and Maria Carell. During 2018, 8 meeting were held.

Remuneration Committee

The Remuneration Committee is tasked with:

- preparing proposals concerning remuneration policies, remuneration and other terms of employment for the CEO and the Group management; and
- following up and evaluating the company's remuneration policy, remuneration programs and remuneration structure.

Handicare has a Remuneration Committee that comprises three members: Lars Marcher (Chairman), Joakim Andreasson and Elisabeth Thand Ringqvist. One ordinary meeting and one meeting per capsulam were held during the year.

PRESIDENT AND CEO

The CEO is subordinated to the Board of Directors and primarily has responsibility for the day-to-day management of the company's affairs and the daily operations. The division of work between the Board of Directors and the CEO is set out in the Handicare rules of procedure for the Board of Directors and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information for the board meetings, and for presenting such documents at the Board meetings. Pursuant to the instructions for the CEO, the CEO is responsible for the company's financial reporting and, accordingly, is to ensure that the Board of Directors receives sufficient information for the Board to be able to continuously evaluate the company's financial position. The CEO keeps the Board of Directors continuously informed about the company's operations, the results of operations and its financial position, as well as any other event, circumstance or condition that cannot be assumed to be irrelevant to the company's shareholders. For a presentation of the CEO, see page 56.

REMUNERATION

Remuneration of the board

The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by resolution at the AGM.

At the AGM on 8 May 2018, it was resolved that the remuneration of the Chairman of the Board would be SEK 450,000 and that the remuneration to the other ordinary members of the Board of Directors would be SEK 180,000 each. Furthermore, it was resolved that the remuneration for committee work in the Audit Committee would be SEK 100,000 for the Chairman and SEK 50,000 each to the members of the Committee. It was also resolved that the remuneration for committee work in the Remuneration Committee would be SEK 50,000 for the Chairman and SEK 25,000 each to the members of the Committee. The members of the Board of Directors are not entitled to any benefits upon ceasing to serve as a member of the Board.

Attendance and remuneration for the Board of Directors 2018

Name	Position	Nationality	Independence [1]	Board meetings	Audit Committee	Remuneration Committee	Approved remuneration in total, SEK thousand	Shareholding
Lars Marcher	Chairman of the Board Committee Chairman	DK	Yes/No	8/8		1/1	500	493,513
Joakim Andreasson	Committee member	SE	Yes/No	8/8	8/8	1/1	255	0
Jonas Arlebäck[2]		SE	No/Yes	5/8			180	327,968
Maria Carell	Committee member	SE	Yes/Yes	8/8	8/8		230	27,183
Johan Ek	Vice Chairman of the Board	SE and FI	No/No	8/8			180	293,626
Elisabeth Thand Ringqvist	Committee member	SE	Yes/Yes	7/8		1/1	205	5,000
Claes Magnus Åkesson	Committee Chairman	SE	Yes/Yes	8/8	8/8		280	25,000

1) Pertains to independence in relation to the company and its management, and independence in relation to the major shareholders.

2) Elected at the AGM in May 2018, has attended all meetings as of the election in May.

Guidelines for remuneration of the CEO and group management

The Board of Directors decides on the remuneration policy for the CEO and Group management. Such policy is in accordance with the guidelines for remuneration of the CEO and Group management, as adopted by the AGM. Individual remuneration of the CEO is approved by the Board of Directors, while individual compensation to other members of Group management is decided by the CEO conditioned upon approval by the Chairman of the Board. All decisions on individual remuneration of members of the Group management are within the approved remuneration policy adopted by the Board of Directors.

Handicare President Asbjörn Eskild gave his notice to the Board on 6 August 2018 and the Board thereafter designated Staffan Ternström as the new CEO on 13 August 2018. The CEO's annual incentive-based remuneration is capped at 60 percent of the fixed annual salary. This amounts to a deviation from the remuneration guidelines approved by the committee, which stipulate 50 percent of the fixed annual salary. The Board resolved to emphasise annual incentive-based remuneration for the CEO.

PERIOD OF NOTICE AND SEVERANCE PAY

For the CEO, severance pay equivalent to six months' salary will additionally be paid upon termination by the company. Upon voluntary termination salary and other remuneration benefits will be paid in full, regardless of whether or not there is an obligation to work.

One member of Group management is entitled to a severance payment of twelve months' base salary upon termination of employment. Upon voluntary termination salary and other remuneration benefits will be paid in full, regardless of whether or not there is an obligation to work. Other than the payments stated above, no member of the Group management is entitled to post-employment remuneration, except in the event that existing competition clauses come into question.

AUDIT

Handicare's statutory auditor is appointed at the AGM. The auditor is to review the company's annual reports and financial statements, applicable accounting policies, and the management by the Board and CEO. Following each financial year, the auditor submits an audit report to the shareholders at the AGM. Pursuant to the company's Articles of Association, Handicare has not less than one and not more than two auditors, and not more than two deputy auditors. At the 2018 AGM, Ernst & Young AB was re-elected for a period until the end of the 2019 AGM, with Stefan Andersson-Berglund as the Auditor in Charge. In 2018, the total remuneration to the company's auditor amounted to MEUR 0.7.

INTERNAL CONTROL

The Board of Directors' responsibility for internal control is governed primarily by the Swedish Companies Act, the Swedish Annual Reports Act and the Code. Each year, in conjunction with financial reporting, information regarding the most important aspects of Handicare's system for internal control and risk management must be included in the company's Corporate Governance Report. Internal control and management is an integrated part of the company's operations and is broadly defined as a process, put in place by the company's Board of Directors, Group management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives described in the following. The procedures for internal control, risk assessment, control activities and monitoring with respect to the financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements, which may apply to companies listed on Nasdaq Stockholm. This work involves the Board, Group management and other personnel. The procedures for internal control also aim to promote Handicare's development and profitability, secure the company's assets and to prevent and detect any fraud or error. The responsibility and liability of the Board of Directors for the internal control within the company cannot be assigned to any other party. Handicare has no independent function for internal audit, but the matter is reviewed regularly. Among other actions, the Board has appointed an internal audit project leader, who is responsible for coordinating, monitoring and reporting internal control events.

The description of Handicare's internal control process is based on COSO, which is published by the Committee of Sponsoring Organisations of the Treadway Commission.

Control environment

Control environment factors include, amongst others, the integrity, ethical values and competence of the Group's employees, the Group management's way of operating and organising the business and assigning authority and responsibility, as well as the instructions provided by the Board of Directors. The Board of Directors annually adopts a number of governance documents designed to provide support for the board and the Group management in acting in a way that promotes proper and thorough internal control and risk management. The central governance documents include, for example, the Board's rules of procedure, instructions for the committees and the remuneration guidelines. Key policies include the treasury policy, which is aimed at managing financial exposure, the authorisation policy, the information and communications policy, the insider policy and Handicare's Code of Conduct. In addition, the Group's Financial Manual, for which the CFO is responsible, provides guidance for financial reporting, accounting policies, internal control and significant processes such as financial statement close process and impairment testing.

The Accounting Manual, which is approved by the Audit Committee, also contains an internal control handbook.

All Handicare employees are trained in the company's Code of Conduct and the company's salaried employees, approximately half of all employees, receive specialised training in anti-corruption.

Risks, risk assessment and control activities

Risk is defined as the uncertainty of whether an event will occur and its effect on a unit's ability to achieve its business objectives in a given period of time (one to three years). Risk management is an important part of internal control and the Board of Directors is ultimately responsible for risk management in the company. It is Group management's responsibility to identify, evaluate and manage risks and to report to the Board of Directors. This evaluation is an integrated part of the company's strategic efforts. The evaluation and measures are presented to the Board of Directors and each identified risk has a risk owner within Group management. The main risks facing the Group are divided into the following categories: strategic risks, compliance and legal risks, operational risks and financial risks. See the section Risks and Risk management, page 44.

Risks pertaining to financial reporting are evaluated through an annual self-assessment performed by the project leader appointed by the Board. All major units in the Group participate in the self-assessment, which is sent to the Audit Committee. As a part of the audit performed by the company's external auditors, Handicare's internal controls are also assessed. Both the auditor's opinions and the results of the self-assessment are part of Handicare's annual action plan for internal control. The measures in the annual action plan are executed during the first three quarters of the year and are reported at every Audit Committee meeting. A new self-assessment is performed during the last quarter and then the action plan and implementation process is repeated.

Handicare has a process description and a control matrix for identified key processes, and these are updated and developed as a part of the annual internal control work.

Control procedures take place throughout the organisation, on all levels and in all functions, and responsibility for checking compliance and monitoring the operations is distributed among the various functions. For example, the CEO is responsible for introducing internal control guidelines and ensuring overall monitoring of internal control. Operational responsibility for the financial reporting and internal control, including the overall risk assessment, has been delegated to the CFO. The members of Group management are responsible for internal control work within their area of responsibility, including the coordination of the annual self-assessment.

Information and communication

The Group management of Handicare is responsible for informing the personnel of Handicare that control responsibilities are to be taken seriously, and to ensure that the personnel are aware of and understand their own role in the internal control system.

For this to function, there must be efficient means of internal communication. Handicare's communication structure is aimed at ensuring that relevant information is communicated in the right way, to the right recipient and at the right time. The communication of relevant information, both upwards and downwards in the organisation and to external parties, is an integrated part of Handicare's operational governance and an important part of effective internal control. Group management works to ensure that those persons within the company who are responsible for processes have sufficient knowledge about material risks and the control activities that are relevant to the specific process. Furthermore, there is an established work practice to ensure that employees report defects and deviations discovered with regard to controls even if such have been corrected. The purpose is to obtain a comprehensive view of how the work is carried out and be able to take measures and make improvements in the processes. Handicare has a communication policy in place, regulating both internal and external communication. The communication policy provides guidance on, among other things, disclosure of information to the public. It has been drafted with the aim of ensuring that the company complies with the requirements to provide correct information to the market.

Monitoring, evaluation and reporting

Monitoring is accomplished through ongoing monitoring activities and separate evaluations in the course of the operating activity. It includes regular management and supervisory activities and other actions employees take in performing their duties. The scope and frequency of separate evaluations depends primarily on an assessment of risks in question and the effectiveness of ongoing monitoring procedures. The company's Board of Directors has the final responsibility for all decisions regarding compliance within Handicare. Internal control deficiencies are reported to a higher level within the group, and serious matters are reported to the Group management and the Board of Directors. According to the implemented procedures on risk assessment and risk management, Group management must report on the activities for monitoring risks, combined with an overall risk assessment, to the Board of Directors on a six-monthly basis. Each year, the Board of Directors reviews and approves policies regarding internal control. If required, such review and approval takes place more frequently.

Board of Directors




	Lars Marcher	**Joakim Andreasson**	**Jonas Arlebäck**	**Maria Carell**
Born	1962	1982	1970	1973
Position	Board member since 2014 and Chairman of the Board since 2017. Chairman of the Remuneration Committee.	Board member since 2016 and member of the Audit Committee and Remuneration Committee.	Board member since 2018.	Board member since 2016 and member of the Audit Committee.
Nationality	Danish	Swedish	Swedish	Swedish
Education and professional experience	Master of Science in Business Administration from Aarhus University and Macquarie University of Sydney, Australia.	Master of Science in Business Administration from Stockholm School of Economics and Lund University School of Economics and Management.	Master of Science in Engineering from Chalmers University of Technology and master of Science in Business Administration from Gothenburg School of Business, Economics and Law.	Master of Social Science in International Business/ Business Administration from Linköping University.
Other current appointments and positions	CEO, Ambu A/S, Chairman of the board of Danish Medico Business and Danish Industry IMU. Senior Advisor and Operating Chairman to the Nordic Capital Funds.	Principal NC Advisory AB, Board member of KSG Holding AB, Cidron Legion BidCo AB, Cidron Legion MidCo AB, Cidron Legion TopCo AB.	Working Board member of Holta Invest AS, EcoFarma AB.	CEO and President of Revision Skincare and Goodier Cosmetics.
Previous assignments/ appointments (past five years)	Chairman of various companies within the Ambu A/S group.	Chairman of the board of Cidron Picture HoldCo AB and Cidron Picture MidCo AB. Board member of BUFAB AB (publ) and deputy Board member of Lindorff AB, Lindorff Second Holding AB, Lindorff Coinvest AB, Lindorff Institutional Management AB and Indif AB.	Management consultant at McKinsey & Co and at Accenture. CFO Handicare Group. Adviser to the Aleris group.	Board member of Meda AB and Akademikliniken AB. CEO of Exeltis USA and Granda AB. CEO and President of Q-Med. President of Meda U.S. and Executive Vice President of Meda North America & South Pacific.
Shareholding in the company	493,513 shares	0	327,968 shares	27,183 shares
Dependency status	Independent in relation to the company and company management, but not to the company's major shareholders.	Independent in relation to the company and company management, but not to the company's major shareholders.	Not independent in relation to the company, but independent in relation to the company's major shareholders.	Independent in relation to the company and company management, as well as the company's major shareholders.

	Johan Ek	Elisabeth Thand Ringqvist	Claes Magnus Åkesson
Born	1968	1972	1959
Position	Board member since 2013 and Vice Chairman of the Board since 2017.	Board member since 2016 and member of the Remuneration Committee.	Board member since 2017 and Chairman of the Audit Committee.
Nationality	Swedish and Finnish	Swedish	Swedish
Education and professional experience	Master of Science in Business Administration from Hanken School of Economics.	Master of Science in Business Administration from Stockholm School of Economics.	Master of Science in Economics and Business Administration from the Stockholm School of Economics.
Other current appointments and positions	CEO and President of Munter Group AB, Chairman of the board of Sunrise Medical. Senior Advisor and Operating Chairman to the Nordic Capital Funds.	CEO and Board member of Marsnen AB. Chairman of the board of SVCA, TicWorks AB and Simplex AB, E14 Invest.	CFO of JM AB and Board member of Concetric AB
Previous assignments/ appointments (past five years)	Chairman in Handicare, Saferoad and Corob Engineering and as Board member of Acino and Ramirent.	CEO of Företagarna and Företagarna Service AB.	Board member in various companies within the JM Group.
Shareholding in the company	293,626 shares	5,000 shares	25,000 shares
Dependency status	Not independent in relation to the company and company management, nor to the company's major shareholders.	Independent in relation to the company and company management, as well as the company's major shareholders.	Independent in relation to the company and company management, as well as the company's major shareholders.

Auditors

Ernst & Young AB, with Stefan Andersson-Berglund as the Auditor in Charge.

Stefan Andersson-Berglund, born 1964, is an authorised public accountant.

Management 1)

	Staffan Ternström	Clare Brophy	Mattias Hakeröd	Pernilla Lindén
Born	1965	1981	1974	1969
Position	President and CEO Employed and a member of Group management since 2018.	Executive Commercial Director UK, Europe & Far East. Employed in 2009 and a member of Group management since 2018.	Executive Vice President Human Resources. Employed and a member of Group management since 2019.	Executive Vice President Strategy and Business Excellence. Employed in 2018 and a member of Group management since 2019.
Nationality	Swedish	British	Swedish	Swedish
Education	BA in Marketing from the University of Gothenburg	St Josephs College Media & Business Studies.	BSc in Human Resource Management and Labour Relations program at Mid Sweden University, and studies in HR & International Working Life at University of Gothenburg/Keele University.	Master of Science in Business and Economics, University of Gothenburg
Current assignments	Chairman of Ondosis, Board member at Ferrosan Medical Devices.	None	None	None
Previous assignments/appointments (past five years)	Executive Vice President Global Commercial Operations and Portfolio at Mölnlycke Health Care, RVP Emerging Markets at Johnson & Johnson, President DACH and Nordics, Medical Devices and Cordis EMEA at Johnson & Johnson, President Cordis Europe at Johnson & Johnson, Managing Director Medical Devices in Nordics and Baltic Countries at Johnson & Johnson	Cofounder of Companion Stairlifts, Managing Director Companion Stairlifts, Managing Director Handicare Commercial UK.	Senior Vice President Fingerprint Cards 2017-2018, Global Vice President HR/HR Director Mölnlycke 2009-2017, Global/Regional Business Partner AstraZeneca 2000-2009.	Vice President Finance Commercial, Acting CFO, Finance Director Surgical and Finance Director Surgical operations, Mölnlycke Health Care, Business Director Transportation Nordic, Business Controller and Production controller, Tudor AB.
Shareholding in the company	583,657 call options and 15,000 shares	0	0	0

1) See page 42 for changes in Group Management in early 2019





Stephan Révay	**François Roblin**	**Helena Skarle**	**Peter Slack**	**Tom Vorpahl**
1976	1965	1985	1974	1955
CFO & Head of IR. Employed and a member of Group management since 2016.	Executive Vice President, Group Purchasing and Product Development. Employed and a member of Group management since 2014.	Executive Vice President Patient Handling Europe & Asia. Employed in 2015 and a member of Group management since 2016.	Executive Vice President, Operations. Employed in 2013 and a member of Group management since 2017.	President North America. Employed and a member of Group management since 2019.
Swedish	French	Swedish	British	American
Master of Science in Economics and Business Administration from Stockholm University.	Bachelor's degree in Physics from CUST-Polytech Clermont, France.	Master of Science in Business Admintration Stockholm School of Economics and Erasmus University Rotterdam.	Master of Science in Business Administration from University of Liverpool.	Executive Program, UCLA, John Anderson Graduate School of Management, Los Angeles, CA (PA) Physician Assistant Program, St Luke's Medical Center, Milwaukee, WI BA, Health Science, Biology, College of Letters and Science University of Wisconsin, Milwaukee, WI
None	None	Deputy Board Member of Hansa Energi & Logistik AB, Peter Johansson AB and Hansa Energi AB	Vice Chairman of the board of Wem Rural Parish Council, Group Treasurer of 1st Wem Scouts and Governor and Chairman of the Finance Committee of Newhampton Federation of CofE Schools	None
Managing Partner of PwC Transaction Services (Sweden), Director of PwC Transaction Services (Australia) and Manager of PwC Transaction Services (Canada).	CEO, SXP Sourcing eXPerts SARL, Group Vice President Supply Chain Management, ABB	Management consultant at Ernst & Young Sweden AB	Operations Director at Prinovis U.K. Ltd as well as Chairman, vice Chairman regional advisory Board member of NW advisory board of Engineering Employers' Federation, UK.	Principal Consultant/ Corporate Vice President Mitchell Planning Associates, Senior Vice President/General Manager Alliance Healthcare Services, Executive Vice President/COO Ascension Health System/TriMedx.
148,298 shares and 61,824 warrants	30,912 warrants	10,000 shares	0	0

Group Financial Statements

CONSOLIDATED INCOME STATEMENT

(TEUR)	Note	2018	2017
Operating revenue	3,5		
Revenue		290,866	284,340
		290,866	**284,340**
Operating expenses			
Cost of goods sold		–137,885	–131,905
Personnel expenses	20, 21	–73,623	–72,768
Other operating expenses	11	–53,662	–50,011
Depreciation, amortisation and impairment	8,9	–9,458	–8,531
Other specified items	12	–2,998	–7,096
Operating profit (EBIT)		**13,240**	**14,029**
Financial income	17	13,237	20,267
Financial expense	17	–14,424	–37,841
Profit/Loss after financial items		**12,053**	**–3,545**
Tax expense	23	–663	–1,229
Net profit/loss for the year after tax from continuing operations		**11,390**	**–4,775**
Earnings from discontinued operations	6	–	1,287
NET PROFIT/LOSS FOR THE YEAR		**11,390**	**–3,487**
Net profit/loss for the year after tax from continuing operations			
Attributable to the Parent Company's shareholders		11,390	–4,775
Attributable to non-controlling interests		–	–
Profit for the year from discontinued operations			
Attributable to the Parent Company's shareholders		–	1,287
Attributable to non-controlling interests		–	–
Earnings per share[1)]	29		
Earnings per share before dilution, EUR		0.19	–0.08
Earnings per share after dilution, EUR		0.19	–0.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(TEUR)	Note	2018	2017
Net profit/loss for the year		**11,390**	**–3,487**
Other comprehensive income			
Items that could be reclassified to profit or loss			
Exchange-rate fluctuations pertaining to net investment hedges before tax	4	130	–2,536
Translation differences		–2,072	–642
Tax effect of exchange-rate fluctuations and net investment hedges		–48	704
Items that will not be reclassified to profit or loss			
Remeasurement of net pension obligations	21	85	34
Other comprehensive income for the year, after tax		**–1,905**	**–2,440**
Total comprehensive income for the year		**9,485**	**–5,927**
Total comprehensive income for the year attributable to:			
Shareholders of the Parent Company		9,485	–5,927
Non-controlling interests		–	–
		9,485	**–5,927**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(TEUR)	Note	2018	2017
ASSETS			
Fixed assets			
Intangible fixed assets	9,10	49,087	49,169
Goodwill	9,10	162,822	163,518
Tangible fixed assets	8	9,651	10,885
Deferred tax assets	23	7,981	6,179
Non-current receivables	13	178	293
Total non-current assets		**229,719**	**230,045**
Current assets			
Inventory	15	35,570	35,667
Accounts receivable	13,14	43,685	41,657
Current tax assets	23	141	1,530
Other receivables	13	3,290	4,963
Cash and cash equivalents	13,16	23,572	12,891
Total current assets		**106,257**	**96,708**
TOTAL ASSETS		**335,977**	**326,753**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	25	81	81
Other contributed capital		260,807	260,807
Reserves		14,930	16,920
Retained earnings		–115,939	–109,667
Net profit/loss for the year		11,390	–3,487
Shareholders' equity attributable to the Parent Company's shareholders		**171,269**	**164,654**
Non-controlling interests		–	–
Total shareholders' equity		**171,269**	**164,654**
Liabilities			
Long-term liabilities			
Pension obligations	21	187	378
Deferred tax liabilities	23	8,316	8,584
Deferred revenue	18,19	2,379	2,372
Other long-term liabilities	18,19	422	1,602
Borrowings	4,13	103,034	100,344
Total non-current liabilities		**114,338**	**113,280**
Current liabilities			
Borrowings	4,13	45	104
Accounts payable	4,13	30,480	24,945
Other current liabilities	24	19,844	23,770
Total current liabilities		**50,370**	**48,819**
TOTAL EQUITY AND LIABILITIES		**335,977**	**326,753**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(TEUR)	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Other capital	Total	Non-controlling interests	Total shareholders' equity
Shareholders' equity 1 Jan 2017	**5**	**168,218**	**15,446**	**3,948**	**–113,698**	**73,918**	**3,997**	**77,916**
Net profit/loss for the year					–3,487	–3,487		–3,487
Other comprehensive income			–642	–1,832	34	–2,440		–2,440
Comprehensive income for the year	**–**	**–**	**–642**	**–1,832**	**–3,453**	**–5,927**	**–**	**–5,927**
Transactions with owners								
Contributed capital	76	92,589				92,665		92,665
Transactions with non-controlling interests					3,997	3,997	–3,997	–
Shareholders' equity 31 Dec 2017	**81**	**260,807**	**14,804**	**2,116**	**–113,154**	**164,654**	**–**	**164,654**
Shareholders' equity, 1 Jan 2018	**81**	**260,807**	**14,804**	**2,116**	**–113,154**	**164,654**	**–**	**164,654**
Net profit/loss for the year					11,390	11,390		11,390
Other comprehensive income			–2,072	82	85	–1,905		–1,905
Comprehensive income for the year	**–**	**–**	**–2,072**	**82**	**11,475**	**9,485**	**–**	**9,485**
Transactions with owners								
Dividend					–2,870	–2,870	–	–2,870
Transactions with non-controlling interests	–	–	–	–	–	–	–	–
Shareholders' equity, 31 Dec 2018	**81**	**260,807**	**12,732**	**2,198**	**–104,549**	**171,269**	**–**	**171,269**

CONSOLIDATED CASH-FLOW STATEMENT

(TEUR)	Note	2018	2017
Operating activities			
Profit/loss before tax[1]		12,053	–1,939
Adjustments for non-cash items:			
Depreciation, amortisation and impairment		9,458	8,608
Reversal of interest income/interest expenses[2]		2,969	16,449
Other non-cash items[3]		1,030	–1,735
Taxes paid		–1,564	–358
Cash flow from operating activities before changes in working capital		**23,946**	**21,024**
Cash flow from changes in working capital			
Change in inventory		500	–2,541
Change in accounts receivable		–1,799	308
Change in accounts payable		5,678	–3,590
Change in other current liabilities/receivables		–5,725	–6,582
Cash flow from operating activities		**22,600**	**8,619**
Investing activities			
Acquired/divested operations	28	–1,077	–269
Acquisition of tangible and intangible assets		–6,108	–5,742
Proceeds from sale of tangible fixed assets		184	124
Cash flow from investing activities		**–7,000**	**–5,886**
Financing activities			
Proceeds from borrowings	26	1,307	105,367
Finance leases	26	–64	182
Loan repayments	26	–	–154,419
Additional contributed capital		–	58,131
Dividend paid		–2,870	
Interest received		100	68
Interest paid		–2,850	–6,969
Cash flow from financing activities		**–4,378**	**2,359**
Cash flow for the year		**11,222**	**5,092**
Cash and cash equivalents at beginning of the year		**12,891**	**6,697**
Exchange gains/losses		**–555**	**1,102**
Closing cash and cash equivalents		**23,572**	**12,891**

1) Includes profit/loss before tax from discontinued operations.
2) This item includes impairment of capitalised financing costs.
3) For 2017, non-cash items consist primarily of exchange-rate effects.

Notes for the Group

NOTE 1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the IFRIC interpretations as endorsed by the EU. The consolidated financial statements have been prepared under the historical cost convention, with the exception of the valuation of financial instruments measured at fair value. Moreover, the Swedish Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act have been taken into consideration. The companies in the Handicare Group apply the same accounting policies, irrespective of local legislation. The following policies have been applied for all years covered by the Annual Report.

Handicare's operations comprise the provision of technical aids to private and public sector customers and the supply of medical devices and consumables for hospitals and home care. Handicare develops innovative products with high design and quality standards. In certain markets, our own product range is complemented by the products of other suppliers as part of realising our aim of being a full-range supplier of aids.

The Parent Company is a holding company for the purpose of owning and administering subsidiaries in the above operations. These historical financial statements consist of the Swedish Parent Company Handicare Group AB (publ), corporate registration number: 556982-7115 with its registered office in Stockholm, Sweden.

CHANGES TO ACCOUNTING AND VALUATION POLICIES

New and amended standards applied by the Group as of 1 January 2018

IFRS 9 Financial instruments This standard introduces new rules regarding the classification and measurement of financial instruments, the impairment of financial instruments and hedge accounting. 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 income statement or balance sheet, since the new rules have had no significant impact on the Group's provision for future credit losses. In terms of classification and measurement, these new rules do not impact the recognised values in the financial statements. All of the material items for the company such as accounts receivable, accounts payable and loans have historically been recognised at amortised cost and will also be recognised using this approach moving forward in line with IFRS 9.

IFRS 15 Revenue from Contracts with Customers. 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 under IFRS 15 are consistent with the risk transition applied under previous accounting policies. Handicare applies the standard using the full retrospective approach, however, no restatement has been required as IFRS 15 had no impact on the Group's income statement or balance sheet.

New standards and interpretations not yet applied by the Group

IFRS 16 Leases For the financial year beginning on 1 January 2019, IFRS 16 Leases will enter force and replace the current standard, IAS 17 Leases, along with the accompanying interpretations IFRIC 4, SIC-15 and SIC-27. The Group has thus not applied IFRS 16 Leases in preparing the consolidated financial statement as of 31 December 2018. 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 1 January 2019. For additional information regarding effects and financial impact regarding the introduction of IFRS 16 as of 1 January 2019, refer to Note 31.

No other IFRS or IFRIC interpretations that have not yet entered force are expected to have any material effect on the Group.

The accounting policies deemed significant by company management for the Group are set out below.

Consolidated financial statements and acquisitions

The consolidated financial statements are prepared using the acquisition method. Under such a method, the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the acquisition-date fair value of acquired identifiable assets, assumed liabilities and any non-controlling interests. Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, that arise are recognised directly in profit or loss for the year. For business combinations in which the consideration exceeds the fair value of separately recognised acquired assets and assumed liabilities, the difference is recognised as goodwill. When the difference is negative, known as a bargain purchase, it is recognised directly in profit or loss for the year. Contingent considerations are recognised at fair value on the acquisition date.

The Group's consolidated financial statements include the Parent Company's financial statements and the directly and indirectly owned subsidiaries over which the Parent Company exercises a controlling interest. Handicare exercises controlling interest over all its subsidiaries. The following applies for companies that have been acquired or divested during the year:

- Acquired companies have been consolidated into the consolidated income statement from the date a controlling interest was obtained.
- Divested companies are included in the consolidated income statement until such time as Handicare Group AB ceases to exercise a controlling interest.

Transactions that are eliminated on consolidation

Intra-Group receivables and payables, revenue or costs, and unrealised gains or losses that arise from intra-Group transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized losses are eliminated in the same manner as unrealised gains, but only insofar as no need for impairment exists.

Foreign currency translation

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at each transaction date. Financial assets and liabilities denominated in foreign currencies are valued at year-end closing rates. Any exchange-rate differences that arise are recognised in profit or loss for the period, except for any effective component of net investment hedges, which is recognised in other comprehensive income.

The consolidated financial statements are presented in Euro (EUR), which is the Parent Company's functional and presentation currency. All figures are stated in EUR thousands (TEUR) unless otherwise specified. The balance sheets of foreign subsidiaries are translated into EUR at year-end closing rates. The income statements have been translated at the average rates as an approximation of the transaction date exchange-rates.

Translation differences thus arising have been recognised as a separate item as a provision in shareholders' equity.

Net investment in a foreign operation

Monetary non-current receivables pertaining to a foreign operation for which no settlement is planned or is not likely to take place in the foreseeable future are, in practice, part of the company's net investment in foreign operations. Any exchange-rate differences that arise are recognised in other comprehensive income and accumulated in a separate item as a provision in shareholders' equity. When a foreign operation is divested, the accumulated exchange-rate differences attributable to monetary non-current receivables are included in the accumulated translation differences.

Revenue recognition

Handicare primarily generates revenue from sales of finished products, as well as from installation and service.

Revenue from sales of products is recognised when control of the products is transferred, which occurs when the products are delivered to the customer and the Group's performance commitment has been met. In connection with the delivery, all significant risks and rewards of ownership are transferred to the buyer.

Products requiring installation and conversion are primarily sold through the Patient Handling business unit, and to some extent through Accessibility. In these contracts with customers, there are normally two performance obligations: sales of products and installation. Revenue for the products is recognised at the point in time when control over the asset is transferred to the customer; for constructions/installations, revenue and costs are recognised in pace with the services being performed. If any significant uncertainty exists in terms of payment, associated expenses or the risk of returns, and if Handicare retains a commitment in the ongoing management that is usually associated with ownership, revenue is not recognised.

When the Group performs services such as repair of products, as well as service and maintenance, the revenue is recognised on a straight-line basis over the term of the contract, provided that no other method better measures the fulfilment of the performance commitment. Revenue from repair services is recognised when the service is performed.

Certain contracts with customers include the right to return, trade discounts or volume discounts. Such deductions are estimated when the contract is signed and are subsequently updated. Revenue is recognised at the fair value of the considerations received, or expected to be received, less any discounts provided.

When a contract with a customer provides the right to return the goods within a certain period of time, the right to return is recognised using an expected value-based method if the value is deemed to be substantial. The revenue pertaining to the expected return is deferred and recognised in the statement of financial position under Other liabilities. An equivalent adjustment is made to the cost of goods sold and is recognised in the statement of financial position under Inventory. Currently, the Group has no recognised right to return.

The Group has certain contracts with customers who have guarantee commitments containing services over and above the standard guarantee, which are priced separately. Revenue from such guarantees is recognised on a straight-line basis over the term of the contract, provided that no other method better measures the fulfilment of the performance commitment.

The point in time for revenue recognition, invoicing and payments leads to invoiced accounts receivable and uninvoiced receivables (contract assets) as well as customer advances and customer payments (contract liabilities) on the balance sheet. Invoicing takes place either over the course of the work under the agreed terms of the contract, when milestones are reached or when control of the goods is transferred to the customer. Advances are sometimes received from the customer before the revenue is recognised, which leads to contract liabilities. Payment terms vary from contract to contract depending on what is agreed on with the customer.

Handicare has selected a practical solution as regards disclosure requirements and concerning the total amount of the transaction price allocated to performance commitments that are unfulfilled (or partially unfulfilled) at the end of the reporting period. The company does not disclose this information if:

- the performance commitment is part of a contract that has an original expected term of at most one year; and
- the company has the right to compensation from a customer at an amount directly equivalent to the value for the customer of the company's performance that has been achieved to date.

Financial income and expenses

Financial income comprises interest income on invested funds. Interest income from financial instruments is recognised using the effective interest method. Income from the sale of a financial instrument is recognised when the risks and benefits associated with ownership are transferred to the buyer and the Group no longer has control over the instrument. Financial expenses comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss through application of amortised cost using the effective interest method. Exchange-rate gains and losses are recognised gross.

Taxes

Tax expenses for the period comprise current and deferred tax. Income tax is recognised in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or in shareholders' equity, in which case the associated tax effects are recognised in other comprehensive income or in equity. Current tax is the expected tax payable or receivable for the current year, using tax rates enacted or substantively enacted at the balance-sheet date. Current tax also includes the adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between recognised and fiscal values for assets and liabilities. The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the underlying assets and liabilities. Deferred tax is calculated by applying the tax rates and regulations enacted or substantively enacted at the balance-sheet date.

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognised only to the extent that it is probable that the assets can be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that the assets will be realised.

Segment information

Segments are reported in the same way as the internal reports that are provided to the chief operating decision maker (CODM).The CODM is a function responsible for allocation of resources and evaluating the segments' earnings. In Handicare Group AB, the President has been identified as the CODM. Handicare works in three segments: Accessibility, Patient Handling and Puls. Accessibility is a supplier of straight and curved stairlifts. The segment also offers a complementary range of products for vehicles adapted for use by people with disabilities. Patient Handling offers a wide range of efficient and safe devices for patient transfer and lifting in hospital, group home and home care settings. The segment also manufactures devices for bathroom safety. Puls is a leading distributor of medical devices and consumables in Norway and Denmark.

Profit or loss in the segment is evaluated and analysed on an adjusted EBITA basis (i.e. operating profit (EBIT) with reversal of other specified items and amortisation and impairment of intangible assets).

Financial instruments

Financial instruments recognised in the statement of financial position include assets, such as cash and cash equivalents, and loan receivables and accounts receivable. The instruments also comprise liabilities, such as accounts payable, contingent consideration and borrowings.

Financial instruments are initially recognised at fair value and subsequently at amortised cost, except those that belong to the category of financial assets recognised at fair value through profit or loss (FVTPL), which are recognised at fair value excluding transaction costs.

Initial recognition of financial instruments is based, inter alia, on the underlying purpose for acquiring the instruments. Categorisation determines how the financial instruments are measured after initial recognition.

Financial assets and liabilities

The Group's financial assets and liabilities comprise the following items: shares, other non-current receivables, accounts receivable, other receivables, cash and cash equivalents, borrowings (current and non-current), accounts payable and other current liabilities.

Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party under the contractual terms of the instrument. The purchase and sale of financial assets is recognised on the transaction date — the date the Group commits to purchase or sell the asset.

Financial instruments are initially recognised at fair value plus — in those cases where the asset is not recognised at FVTPL — transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability, for example, fees and commissions. Transaction costs attributable to financial assets recognised at FVTPL are recognised directly in profit or loss.

Classification and valuation

The Group classifies and values all its financial assets in the category of amortised cost.

Financial assets valued at amortised cost The classification of investments into debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the asset's cash flow. The Group reclassifies debt instruments only in cases where the Group's business model for the instrument changes.

Assets held for the purpose of collecting contractual cash flows, where the cash flow only constitutes capital amounts and interest, are valued at amortised cost. The recognised value of these assets is adjusted with any expected credit losses recognised (see impairment below). Interest income from these financial assets is reported using the effective interest method and is included in financial income in the statement of comprehensive income. The Group's financial assets, which are valued at amortised cost, consists of the following: other non-current receivables, accounts receivable, other receivables and cash and cash equivalents.

Financial liabilities valued at amortised cost After initial recognition, the Group's other financial liabilities are valued at amortised cost through application of the effective interest method. Other financial liabilities consist of borrowings (current and non-current), accounts payable and other current liabilities.

Hedging foreign currency risk in net investments abroad Investments in foreign subsidiaries (net assets including goodwill) are hedged using currency borrowings or currency derivatives as hedging instruments. The period's exchange-rate differences on currency borrowings and fair-value changes in currency derivatives, after deducting tax effects, are recognised, to the extent that the hedge is effective, in other comprehensive income, and accumulated exchange-rate differences and fair-value changes are respectively recognised in a separate component of shareholders' equity (the translation reserve). The translation differences that arise form operations abroad are thus partly neutralised. Translation differences from internal loans that comprise the so-called expanded investment form part of the currency risk hedging in foreign operations. The gain or loss relating to the ineffective portion is recognised directly in profit or loss as other revenue or other expenses. Accumulated profits and losses in shareholders' equity are reclassified to profit and loss when foreign operations are sold off in full or in part.

Derecognition of financial instruments

Derecognition of financial assets Financial assets, or a portion thereof, are derecognised from the balance sheet when the contractual rights to collect cash flows from the assets have expired or been transferred, and either: (i) the Group transfers essentially all risks and advantages associated with ownership; or (ii) the Group either does not transfer or essentially retains all risks and advantages associated with ownership and the Group has not retained control of the asset.

Derecognition of financial liabilities Financial liabilities are removed from the statement of financial position when the obligations have been settled, annulled or have otherwise expired. The difference between the recognised value for a financial liability (or portion thereof) that has been extinguished or transferred to another party and the amount received, including transferred assets that are neither cash nor assumed liabilities, is recognised in the statement of comprehensive income.

Since the terms for a financial liability are renegotiated and not derecognised from the statement of financial position, a gain or loss is recognised in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position only when there is a legal right to offset the recognised amounts and the intent to settle them with a net amount or to simultaneously realise the asset and settle the liability. The legal right may not be dependent on future events, and it must be legally binding for the company and the counterparty in both normal business operations and in the event of suspension of payments, insolvency or bankruptcy.

Amortisation of financial assets

Assets recognised at amortised cost The Group assesses the expected credit losses linked to assets recognised at amortised cost. The Group recognises a credit reserve for such expected credit losses on every reporting date.

For accounts receivable, the Group applies the simplified approach for credit reserves (i.e. the reserve will be equivalent to the expected loss over the entire term of the accounts receivable). Expected credit losses are recognised in the consolidated statement of comprehensive income under Accounts receivable. In order to measure the expected losses accounts receivables are divided based on creditrisk and past dues. The Group uses forwardlooking variables to estimate the expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and financial institutions, and short-term investments with a tenor from the acquisition date of less than three months, and are exposed to only an insignificant risk of value fluctuations.

Tangible fixed assets

The Group recognises tangible fixed assets at cost, with deductions for accumulated depreciation and any impairment losses.

Tangible fixed assets comprising components with different useful lives are treated as separate components of tangible fixed assets.

Subsequent costs are included in the cost only when it is probable that the future economic benefits associated with the item will flow to the company and when the cost of the item can be measured reliably. All other subsequent costs are recognised as an expense in the period in which they are incurred.

Depreciation is linear over the estimated useful life of the asset. Land is not depreciated.

Estimated useful lives:

– Buildings	10–30 years
– Machinery and other technical equipment	5–10 years
– Equipment, tools, fixtures and fittings, and vehicles	5 years

The assets' applied depreciation methods, residual values and useful lives are reviewed at the end of each year.

Intangible assets

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Research and development

Expenditure on research is expensed as incurred. Development expenditure to accomplish new or improved products or processes, is recognised as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset. The carrying amount includes the directly attributable expenditure, such as the cost of materials and services, costs of employee benefits and borrowing expenses in accordance with IAS 23. Other development expenditure is recognised as a cost in net profit for the year as it arises. In the statement of financial position, capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses.

Other intangible assets

Other intangible assets acquired by the Group comprise patents, brands, customer relations, software and IT development, and are recognised at cost less accumulated amortisation and any impairment.

Amortisation principles

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Useful lives are tested at least once each year. Goodwill and intangible assets with indefinite useful lives, such as brands, or which are not yet ready for use are tested for impairment annually or as soon as there is an indication that the asset may be impaired. Intangible assets with finite useful lives are amortised from the date the asset is available for use. Estimated useful lives:

– Goodwill	No amortisation
– Brands	10 years, or alternately no amortisation
– Development expenditure	3–5 years
– Customer relations	5–10 years
– Software/IT	3–5 years

Leases (applied through 31 December 2018)

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made during the lease period are recognised in profit or loss on a straight-line basis during the lease period.

Leases where the Group essentially holds the economic risks and advantages associated with ownership are classified as financial leases. At the start of the lease period, financial leases are recognised in the balance sheet at the leased object's fair value or the current value of the minimum lease fees, whichever is less. Fixed assets held under financial leases are depreciated over the useful life of the asset or the lease period, whichever is shorter. Each lease payment is allocated between amortisation of the liability and financial expenses. Similar payment obligations, after deductions for financial expenses, are included in the balance sheet under long- and short-term borrowings. The interest rate portion of the financial expenses is recognised in profit or loss, allocated over the lease period so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised during the respective periods.

Through leases, the Group rents a number of production facilities, warehouses and office premises, as well as cars, trucks and certain items of office equipment. The main portion of the leases the Group has contracted are classified as operating leases.

Inventory

Inventory is recognised at the lower of cost and net realisable value. The cost of inventory is calculated using the first-in/first-out (FIFO) principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provisions for assessed obsolescence are made on an ongoing basis.

Impairment

At the end of each accounting period, the carrying amount of the Group's assets is assessed to determine whether there is any indication that impairment is required.

IAS 36 is applied for the impairment of other assets than financial assets, refer also to Note 10.

Financial assets are assessed annually for objective evidence that a financial asset or group of financial assets requires impairment. Objective evidence is comprised partly of observable circumstances that have occurred and which negatively impact the possibility of recouping the cost of the asset.

Employee benefits

Current benefits

Current employee benefits are calculated without discounting and are recognised as expenses when the related services are received.

A provision is recognised for the anticipated cost of bonus payments and when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Defined-contribution and defined-benefit pension plans

Most of the Group's pension plans are defined-contribution plans, whereby the company's obligations are limited to the contributions that the company has undertaken to pay. The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss for the year at the rate at which they are earned by employees performing services for the company during a period.

The Group only has limited obligations vis-à-vis defined-benefit pension plans in Norway. The Group's net obligation for defined-benefit plans is calculated separately through the assessment of the future benefit earned by the employees through their service in the current and prior periods. This obligation is discounted to a present value using the Projected Unit Credit Method.

Remuneration for termination of employment

A cost for remuneration in connection with termination of personnel is recognised at the earliest point in time at which the company can no longer withdraw the offer to the employees or when the company recognises restructuring expenses. Remuneration expected to be paid after 12 months is recognised at its present value.

Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of a past event, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. Where the effect of when a payment is made is material, provisions are calculated by discounting expected future cash flows at a pre-tax interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Discontinued operations

A discontinued operation is a component of an entity that represents either a separate major line of business or a geographical area of operations. Classification as a discontinued operation occurs upon divestment or at an earlier point in time when the operation qualifies for held-for-sale classification.

Profit after tax from discontinued operations is recognised on a separate line. When an operation is classified as discontinued, the presentation of the comparative year changes, so that the discontinued operation is shown as if it had been discontinued at the start of the comparative year. The presentation of the statement of financial position for the current and preceding year is not changed in a corresponding manner.

Earnings per share

Earnings per share, or EPS, is calculated by dividing earnings for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the year. Diluted EPS is calculated by dividing the earnings attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued upon conversion of all dilutive shares into shares.

Dividends

A dividend to the Parent Company's shareholders is recognised as a liability in the Group's financial reports for the period when the dividend has been approved by the Parent Company's shareholders.

Cash flow

The cash flow analysis is prepared using the indirect method, and covers only transactions that resulted in deposits or payments.

NOTE 2 KEY JUDGEMENTS AND ESTIMATES

The preparation of the consolidated annual accounts in conformity with IFRS requires Group management to use assessments and assumptions regarding the recognized amounts of assets and liabilities. Actual results may differ from these assessments. A summary is given below of the accounting policies that in their application require more extensive subjective judgements by the management in terms of estimates and assumptions in matters which, by their nature, are difficult to estimate.

Critical judgements in applying the Group's accounting policies

Certain critical judgements in applying the Group's accounting policies are set out below.

Classification in the income statement

"Other specified items" are recognised as a separate item in the income statement and are included as such in the operating profit. Costs classified as Other specified items include restructuring costs, acquisition and divestment costs, severance pay, IPO costs, business development expenses, recall costs and legal fees in connection with these activities, which are a result of isolated incidents. The assessment of the management is that reporting this separately improves information to readers and facilitates their assessment of the results of operations.

Key sources of estimation uncertainty

The sources of estimation uncertainty provided below refer to those that entail a risk of adjustment to the value of assets or liabilities in the coming financial year.

Goodwill impairment

Several assumptions about future circumstances and estimates of parameters have been made in the calculation of cash-generating units' recoverable amounts for the assessment of any goodwill impairment. These are accounted for in Note 10. As can

NOTE 2 KEY JUDGEMENTS AND ESTIMATES, CONT.

be read there, changes in the preconditions for these assumptions and estimates could have a material impact on goodwill in the cash-generating unit. At 31 December 2018, Handicare reported goodwill amounting to MEUR 162.8 (163.5).

Measurement of loss carry-forwards
Deferred tax assets primarily attributable to tax losses and temporary differences are recognised if the tax assets can be expected to be recovered through future taxable profits. Changes in assumptions regarding forecast, future taxable profits as well as changes in tax rates could result in significant differences in the value of deferred taxes. At 31 December 2018, Handicare reported deferred tax liabilities in excess of deferred tax assets in a net amount of MEUR 0.3 (2.4). Unrecognized deficits at 31 December 2018 amounted to MEUR 28.2 of a total of MEUR 53.9.

Income taxes
The Group reports current tax in line with local tax rules. The reporting is based on the management's assessment and interpretation of the applicable laws, regulations and rulings in the respective countries. These rules are often complex and their application in the respective jurisdictions is uncertain. If the assessments of the tax agencies in the respective jurisdictions differ to those of the management, this could impact the Group's earnings and financial position.

Accounts receivable
Receivables are recognised net of any provision expected credit losses. The net value reflects the amounts that can be expected to be received based on the circumstances known at the balance-sheet date. Changed circumstances, such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations. At year-end 2018, accounts receivable amounted to MEUR 43.7 (41.7). Provisions for future credit losses totalled MEUR 1.9 (1.2) at year-end.

Inventories
Estimates of inventory net realisable values are based on assumptions about future selling prices and costs. Future selling prices are dependent on market trends. Since it is difficult to predict future market trends, this entails some uncertainty in terms of future selling prices. At 31 December 2018, net reported inventory amounted to MEUR 35.6 (35.7).

Moreover, at the end of each accounting period, the management assesses whether any obsolescence provision needs to be made. This assessment is based on historical experience and the risk that goods cannot be sold as well as how long the goods have been part of the inventory. At 31 December 2018, the obsolescence reserve amounted to MEUR 4.9 (5.1).

Capitalised development expenditure
Development expenditure to accomplish new or improved products or processes, is recognised as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset. By their very nature, assessments of future commercialisation and streamlining of processes that lead to positive cash flow are uncertain. Handicare capitalised MEUR 2.8 (1.2) during 2018.

NOTE 3 SEGMENT INFORMATION

Segments are reported in the same way as the internal reports that are submitted to the chief operating decision maker (CODM). The CODM is a function responsible for allocation of resources and evaluating the segments' earnings. In Handicare Group AB, the President has been identified as the CODM. Earnings in the segment are evaluated and analysed by the CODM on an adjusted EBITA basis (i.e. operating profit (EBIT) with reversal of Other specified items and amortisation and impairment of intangible assets). The earnings items below are shown excluding operations for BD, which was sold in 2017 and at the time formed part of Puls.

2018 (TEUR)	Accessibility	Patient Handling	Puls	Group-wide functions	Consolidation
REVENUE/COSTS					
Revenue from external customers	189,401	80,255	21,095	115	290,866
Amortisation and depreciation	2,347	1,404	65	33	3,850
Segment earnings – adjusted EBITA	25,420	7,079	1,195	–11,848	21,846
Investments	2,769	2,481	15	843	6,108

2017 (TEUR)	Accessibility	Patient Handling	Puls	Group-wide functions	Consolidation
REVENUE/COSTS					
Revenue from external customers	181,314	83,411	19,529	85	284,340
Amortisation and depreciation	2,242	1,227	7	14	3,490
Segment earnings – adjusted EBITA	22,482	10,898	499	–7,713	26,166
Investments	2,403	1,513	4	1,822	5,742

Handicare normally has no transactions between the different segments.

Adjustments and eliminations:
Depreciation, amortisation and impairment at the segment level are not reported to the CODM on a monthly basis. Depreciation and amortisation are distributed to each segment quarterly. Financial income and expenses, and fair-value profits and losses on financial assets are not distributed to individual segments, since the underlying instruments are managed on a group basis.

NOTE 3 SEGMENT INFORMATION CONT.

Reconciliation between Segment earnings and Profit/loss before tax (TEUR)	2018	2017
Segment earnings – adjusted EBITA	21,846	26,166
Other specified items	–2,998	–7,096
Amortisation and impairment of intangible assets	–5,609	–5,040
Financial income	13,237	20,267
Financial expense	–14,424	–37,841
Profit/loss before tax and discontinued operations	12,053	–3,545

Geographical information Revenue from external customers (TEUR)	2018	2017
Sweden	4,907	4,597
Rest of Europe	214,076	206,535
North America	69,540	70,086
Rest of the world	2,343	3,122
Total	290,866	284,340

For these purposes, fixed assets consist of tangible fixed assets and immaterial assets excluding goodwill.

Fixed assets (TEUR)	2018	2017
Sweden	2,148	2,442
Rest of Europe	45,015	47,452
North America	11,487	10,064
Rest of the world	88	96
Total	58,738	60,054

Information on products and services (TEUR)	2018	2017
Medical equipment	21,095	19,529
Vehicle adaptation, and related products and services	41,781	44,542
Stairlifts, and related products and services	147,620	136,772
Bathroom safety products and related services	6,550	6,188
Patient handling and related services	73,705	77,223
Other	115	85
Total	290,866	284,340

NOTE 4 FINANCIAL RISK MANAGEMENT

Through its operations, the Group is exposed to various financial risks, both market risks and other financial risks. Market risks include: currency risk, interest-rate risk and price risk. Other financial risks are separated into credit risk, liquidity risk and financing risk.

The Group's overriding financial activities and management of financial risk are centralised to Handicare's Treasury function and are based on the Board's guidelines. The guiding principle is to minimise any negative impact on the Group's earnings and cash flow from short-term movements in the financial markets as well as to ensure effective control and high quality for risk management. The Group has the ability to use financial derivatives to hedge financial risk.

Currency risk

Currency risk refers to the adverse effects of exchange-rate fluctuations on the Group's profitability or financial position. Handicare's policy aims to reduce this adverse effect on future cash flow and to minimise the volatility in earnings and the balance sheet by measures such as natural hedges, currency clauses and by controlling purchases as well as financial contracts.

Through its international operations, the Group is exposed to currency risk in several currencies, mainly the NOK, SEK, USD, GBP, CAD and DKK. The Group limits cash-flow exposure through currency clauses in customer contracts, by optimising internal flows (internal hedging) and by controlling the purchase currency for external purchases. At year end, the market value of outstanding currency contracts was TEUR 2.

The carrying amount of the Group's net assets fluctuate in line with changes in exchange rates between the EUR and local currencies. The Group's earnings after tax are also impacted by changes in exchange rates, since the results of foreign subsidiaries are translated to EUR at average exchange rates for the period.

Currency exposure from the Group's net foreign investments are limited through loans in the relevant currency and the exchange-rate differences are recognised in Other comprehensive income. The following table sets out the subsidiaries' net shareholders' equity by currency together with an overview of the Group's borrowings in the corresponding currencies. The Group also has smaller exposures, for example to CNY.

Net assets by currency	31 Dec 2018		31 Dec 2017	
	Net assets in local currencies	in EUR	Net assets in local currencies	in EUR
NOK	–58,408	–5,871	–103,975	–10,566
EUR	87,977	87,977	81,861	81,861
SEK	159,171	15,521	150,892	15,328
DKK	106,566	14,271	118,057	15,858
GBP	13,874	15,510	13,203	14,882
USD	3,718	3,247	9,228	7,694
CAD	61,900	39,667	58,495	38,896
Other currencies		947		702
Total		171,269		164,654

Borrowings in foreign currencies	31 Dec 2018		31 Dec 2017	
	Borrowings by currency	Borrowings in EUR	Borrowings by currency	Borrowings in EUR
NOK	357,030	35,889	357,030	36,282
GBP	24,160	27,008	24,160	27,230
CAD	27,098	17,365	25,024	16,639

NOTE 4 FINANCIAL RISK MANAGEMENT CONT.

The sensitivity analysis illustrates the translation effects on shareholders' equity net of borrowings for a change in the respective exchange rate of +/–5 percent.

Sensitivity analysis currency risk

	Translation exchange rate at 31 Dec 2018			Translation exchange rate at 31 Dec 2017		
		–5%	5%		–5%	5%
NOK	9.9483	2,088	–2,088	9.8403	2,342	–2,342
GBP	0.8945	–1,527	1,527	0.8872	–1,440	1,440
USD	1.1450	–162	162	1.1993	–385	385
SEK	10.2549	–776	776	9.8442	–766	766
DKK	7.4676	–714	714	7.4446	–793	793
CAD	1.5605	–1,115	1,115	1.5039	–1,113	1,113

Price risk
The Group is not exposed to any price risk associated with commodities or equity investments.

Interest-rate risk
Interest-rate risk is defined as the risk of adverse effects of changes in market interest rates on the Group's earnings and cash flow. Handicare's objective is to limit unwanted effects on the company's earnings and cash flow as a result of unexpected changes in interest rates by using varied fixed-rate periods.

The Group's interest-rate risk is limited to long-term funding. In 2017, the Group's liabilities decreased by MEUR 45 in conjunction with refinancing at the time of listing. In 2018, no capital repayments were made on the Group's liabilities. As per 31 December 2018, the Group had bank borrowings and utilised credit facilities amounting to MEUR 100.

The following table illustrates the impact on the Group's interest expenses of a 1 percentage point change in the floating interest rate of the respective currency. At year-end 2018, no positions were held in interest derivatives.

Sensitivity analysis interest-rate risk

31 Dec 2018	Borrowings by currency	Borrowings in EUR	Floating interest rate	+/– 1 percentage point
NOK	357,030	35,889	NIBOR	359
GBP	24,160	27,008	LIBOR	270
EUR	20,000	20,000	EURIBOR	200
CAD	27,098	17,365	CDOR	174

Sensitivity analysis interest-rate risk

31 Dec 2017	Borrowings by currency	Borrowings in EUR	Floating interest rate	+/– 1 percentage point
NOK	357,030	36,282	NIBOR	363
GBP	24,160	27,230	LIBOR	272
EUR	20,000	20,000	EURIBOR	200
CAD	25,024	16,639	CDOR	166

Credit risk
Financial credit risk is the risk that, due to default, a financial counterparty is unable to discharge its obligation to Handicare, for example in a financial contract. This counterparty risk is limited by conducting all financial transactions with established counterparties that have high credit ratings. The Group has no financial investments and, accordingly, no issuer risk. The credit risk on bank deposits (MEUR 23.6) is extremely low. Financial credit risk is managed centrally. Historically, losses pertaining to other receivables have been low and are assessed as continuing to remain limited as a result of counterparties mainly comprising public sector entities. New customers are approved before any credit is given. Refer also to Note 14.

Liquidity risk
The Group is exposed to the risk that at a certain given time, it has insufficient liquidity to meet its obligations. Liquidity risk is managed by the Group holding adequate cash funds and available short-term funding through agreed credit facilities.

Almost 100 percent of the Group's available liquidity is concentrated to Handicare's Group account structure, which thereby ensures efficiency and good control of cash and cash equivalents.

The various subsidiaries in the Group prepare short and long-term cash-flow forecasts on an ongoing basis.

At the end of 2018, cash and cash equivalents totalled MEUR 23.6 and unutilised credit facilities amounted to MEUR 37.

Financing risk
The Group maintains funding flexibility by using credit agreements to ensure the immediate and long-term availability of credit facilities, to control loan maturities and to raise loans with several creditworthy lenders.

The Group was refinanced in conjunction with its listing on the stock exchange in October 2017. Existing credit agreements contain financial covenants pertaining to the net debt/EBITDA metric. Should the contracted financial covenants not be met, the creditors ultimately have the right to terminate the credit agreements. In 2018, all financial metrics met the agreed values.

The table below analyses the Group's financial liabilities, divided into the periods remaining on the closing date until the agreed date of maturity. Derivatives that comprise financial liabilities are included in the analysis if their contractual maturities are material to understanding the timing of future cash flows. The amounts stated in the table comprise contractual, undiscounted cash flows.

31 Dec 2018	<1 year 2019	1-2 years 2020–2021	3-5 years 2022–2024	Over 5 years 2025–
Loans	–	–	100,261	–
Interest on credit facilities	2,756	5,512	2,756	–
Accounts payable and other liabilities	49,705	–	–	–
Total	52,461	5,512	103,017	–

NOTE 4 FINANCIAL RISK MANAGEMENT CONT.

31 Dec 2017	<1 year 2018	1–2 years 2019–2020	3–5 years 2021–2023	Over 5 years 2024–
Loans	–	–	100,152	–
Interest on credit facilities	2,318	4,636	6,954	–
Accounts payable and other liabilities	45,769	–	–	–
Total	48,087	4,636	107,106	–

PRESENTATION OF CARRYING AMOUNTS OF BORROWINGS, COLLATERAL AND CREDIT FACILITIES

Carrying amount	2018	2017
Shareholder loans	0	3
Long-term facility	100,261	100,152
Short-term facility, Revolver	–	–
Recognised interest	17	20
Recognised expenses	–841	–1,064
Contingent consideration	2,271	
Other liabilities	1,388	1,357
Total	103,096	100,469

Overview of facilities	Facility	Utilised	Carrying amount in EUR
Facility EUR	20,000	20,000	20,000
Facility NOK	357,030	357,030	35,889
Facility GBP	24,160	24,160	27,008
Facility CAD	27,098	27,098	17,365
Total			100,261

Capital structure

The Group's capital structure goal is to ensure the Group's ability to continue its operations to thereby ensure the long-term return to shareholders. By optimising its capital structure, the Group will also reduce its capital costs.

The Group controls its capital structure and implements necessary changes based on ongoing evaluations of operational prerequisites in the short and medium term. A key principle for the capital structure is that the debt/equity ratio is calculated as total net debt in relation to total assets. The debt/equity ratio is to be reduced in stages over time.

	2018	2017
Interest-bearing liabilities	103,937	101,532
Accounts payable	30,480	24,945
Cash and cash equivalents	–23,572	–12,891
Shareholders' equity	171,269	164,654
Total capital	282,115	278,240
Debt/equity ratio	39.3%	40.8%

NOTE 5 REVENUE

TEUR	2018	2017
Sale of goods	266,210	249,547
Services	24,656	34,793
Total revenue from continuing operations	290,866	284,340

Interest income during the period totalled TEUR 100 (2,181). Interest income is included in financial items. During the period, the company has had no significant revenue from royalties and dividends.

NOTE 6 DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that represents either a separate major line of business or a geographical area of operations. Classification as a discontinued operation occurs upon divestment or at an earlier point in time when the operation qualifies for held-for-sale classification. Profit after tax from discontinued operations is recognised on a separate row. When an entity is classified as discontinued, the presentation of the comparative year changes. The presentation of the statement of financial position for the current and preceding year is not changed in a corresponding manner. At August 1, 2017, the BD operations (part of the Puls segment) were 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.

No operations in Handicare were divested during 2018.

BD TEUR	2018	2017
Revenue	–	10,374
Cost of goods sold	–	–7,237
Personnel expenses	–	–1,133
Other operating expenses	–	–850
Depreciation, amortisation and impairment	–	–78
Other specified items	–	0
EBIT	–	1,076
Financial income	–	530
Profit before tax	–	1,606
Income tax	–	– 318
Earnings from discontinued operations	–	1,287
Attributable to the Parent Company's shareholders	–	1,287
Attributable to non-controlling interests	–	0

NOTE 7 SHARES IN SUBSIDIARIES

Directly owned subsidiaries:	Operation	Registered office	Owner share 2018	Owner share 2017
Handicare Group AS	3	Moss, Norway	100	100
Indirectly owned subsidiaries:				
Magsum B.V.	3	Heerhugowaard, the Netherlands	100	100
Crystal Amethyst B.V.	3	Heerhugowaard, the Netherlands	100	100
Handicare Bathroom Safety B.V.	1	Pijnacker, the Netherlands	100	100
Handicare Accessibility B.V.	3	Heerhugowaard, the Netherlands	100	100
Handicare Stairlifts B.V.	1	Heerhugowaard, the Netherlands	100	100
Handicare Monte-escaliers	2	Saint Genevieve les Bois, France	100	100
Handicare AS	1	Moss, Norway	100	100
Puls AS	2	Oslo, Norway	100	100
Handicare A/S	2	Brøndby, Denmark	100	100
Handicare Auto AS	1	Herning, Denmark	100	100
Handicare AB	1	Kista, Sweden	100	100
Alemedic Care AB	4	Kista, Sweden	100	100
Handicare Sverige AB	4	Kista, Sweden	100	100
Handicare Holding Ltd.	3	Kingswinford, UK	100	100
Minivator Group Ltd.	3	Kingswinford, UK	100	100
Companion Stairlifts Ltd.	2	Leeds, UK	100	100
Handicare Accessibility Ltd.	1	Kingswinford, UK	100	100
YouQ B.V.	4	Helmond, the Netherlands	100	100
Handicare Accessibility (Xiamen) Co. LTD	1	Xiamen, China	100	100
Handicare Accessibility GmbH	2	Minden, Germany	100	100
Handicare Patient Handling AS	2	Moss, Norway	100	100
Puls Homecare A/S (DK)	2	Herning, Denmark	100	100
Puls Homecare AS	2	Oslo, Norway	100	100
Prism Medical Ltd	1	Toronto, Ontario, Canada	100	100
Handicare USA Inc	1	Delaware, USA	100	100
Mid-AtlanticCare South (dormant)	4	Pennsylvania, USA	100	100
Ergosafe Products LLC	2	Delaware, USA	100	100

Type of operation: 1: Production, development and sales
2: Sales 3: Holding company 4: Dormant

NOTE 8 TANGIBLE FIXED ASSETS

COST	Land and buildings	Machinery, fixtures and fittings and equipment	Total
1 January 2018	2,460	17,688	20,148
Acquisitions through business combinations	–	117	117
Purchases	117	2,156	2,273
Divestments/reclassifications	–4	–49	–53
Exchange-rate fluctuations	–9	30	22
31 December 2018	2,564	19,943	22,507
DEPRECIATION			
1 January 2018	–924	–8,339	–9,263
Depreciation/impairment	–167	–3,683	–3,850
Divestments/reclassifications	2	163	165
Exchange-rate fluctuations	8	84	92
31 December 2018	–1,081	–11,775	–12,856
Carrying amount at 31 Dec 2018	1,483	8,168	9,651

COST	Land and buildings	Machinery, fixtures and fittings and equipment	Total
1 January 2017	2,425	17,254	19,679
Acquisitions through business combinations	–	–	–
Purchases	35	2,381	2,416
Divestments/reclassifications	0	–442	–442
Exchange-rate fluctuations	0	–1,505	–1,505
31 December 2017	2,460	17,688	20,148
DEPRECIATION			
1 January 2017	–748	–6,323	–7,072
Depreciation/impairment	–179	–3,332	–3,510
Divestments/reclassifications	0	412	412
Exchange-rate fluctuations	3	905	908
31 December 2017	–924	–8,339	–9,263
Carrying amount at 31 Dec 2017	1,536	9,349	10,885

The information in this note is not adjusted for discontinued operations.

NOTE 9 INTANGIBLE ASSETS

COST	Internally generated development expenditures	Customer relations	Brands/Patents	Software/ technology	Goodwill	Total
1 January 2018	15,049	11,398	28,161	15,961	163,518	234,086
Acquisitions through business combinations	0	2,150	0	0	1,100	3,250
Acquisitions	2,772	1	19	746	0	3,538
Divestments/reclassifications	0	–297	297	2	0	1
Exchange-rate fluctuations	–204	171	–54	–167	–1,795	–2,050
31 December 2018	17,617	13,422	28,422	16,542	162,822	238,825
AMORTISATION						
1 January 2018	–8,922	–5,765	–373	–6,339	–	–21,398
Amortisation for the year	–1,636	–1,494	–153	–2,267	–	–5,551
Impairment	–58	0	0	0	–	–58
Divestments/reclassifications	0	0	0	0	–	1
Exchange-rate fluctuations	115	–89	–41	105	–	91
31 December 2018	–10,500	–7,348	–567	–8,500	–	–26,915
Carrying amount at 31 Dec 2018	7,117	6,074	27,856	8,041	162,822	211,909

COST	Internally generated development expenditures	Customer relations	Brands/Patents	Software/ technology	Goodwill	Total
1 January 2017	13,685	12,180	30,087	15,371	177,461	248,784
Acquisitions through business combinations	0	0	0	0	269	269
Acquisitions	1,249	19	–288	2,051	0	3,326
Divestments/reclassifications	239	– 336	0	0	–8,931	–9,323
Exchange-rate fluctuations	–124	–465	–1,638	–1,461	–5,282	–8,971
31 December 2017	15,049	11,398	28,161	15,961	163,518	234,086
AMORTISATION						
1 January 2017	–7,194	–4,543	–506	–4,976	–	–17,219
Amortisation for the year	–1,431	–1,488	–135	–1,648	–	–4,701
Impairment	–397	0	0	0	–	–397
Divestments/reclassifications	–179	0	179	0	–	0
Exchange-rate fluctuations	279	266	89	285	–	920
31 December 2017	–8,922	–5,765	–373	–6,339	–	–21,398
Carrying amount at 31 Dec 2017	6,128	5,632	27,788	9,622	163,518	212,688

The information in this note is not adjusted for discontinued operations.

NOTE 10 IMPAIRMENT TESTING OF INTANGIBLE ASSETS

Handicare has significant values recognised in the balance sheet regarding Goodwill and Brands, which must be impairment tested on a yearly basis. This is done in the fourth quarter every year. Impairment testing is based on calculations of future value in use built on cash-flow estimates, the first three years of which are based on budgets for future years and the strategic plan adopted by management. Cash flows that are estimated with a longer horizon than the first three years have been based on an annual rate of growth, which corresponds to the estimated average long-term rate of growth per segment.

Cash-generating units

Cash-generating units (CGUs) are the lowest level at which it is possible to measure independent cash flows. The table below shows which CGUs Handicare tests together with the associated Goodwill and Brand values.

CGU	2018		2017	
Business unit	Goodwill	Brands	Goodwill	Brands
Accessibility	95,966	24,217	96,155	24,397
Patient Handling	66,856	3,602	67,363	3,383
Puls	–	–	–	–
Total	162,822	27,818	163,518	27,780

Impairment testing resulted in no impairment of intangible assets in 2018.

Critical prerequisites and assumptions

Future cash flows are estimated based on the budget adopted by the Board for 2019 and overall strategies. After 2019–2021, a future value (long-term growth) has been applied. The key prerequisites and assumptions for the model are growth and the discount rate (WACC).

For the segments, a growth rate between 2 and 6 percent was used between 2019 and 2021. After 2021, a future value of 2 percent was used. The discount rate used before tax was 11 percent.

The discount rate is based on the weighted average cost of capital (WACC), which is derived through the capital asset pricing model (CAPM). In calculating the company's average cost of capital, the company takes into consideration the respective proportion of shareholders' equity and liabilities. WACC is calculated with a 10-year risk-free interest rate on government bonds in the countries where Handicare has a significant part of its operations. Moreover, the discount rate takes the beta value into consideration, the market's risk premium, the tax rates in the respective countries, credit spreads and the risk premium for smaller companies. These parameters are established to the greatest extent possible using external sources, but despite this the discount rate is largely dependent on the company management's own assumptions.

Sensitivity analysis

Disclosure must be carried out of any reasonable change in a key assumption on which management has based its determination of a CGU's recoverable amount that would entail the CGU's carrying amount exceeding its recoverable amount. The factors that have the greatest impact on the calculation of the recoverable amount are the discount rate and the future value. The following two sensitivity analyses have been carried out:

– a WACC increase of 1 percentage point
– a 1% change in future value

None of the sensitivity analyses above generate any need for impairment of intangible assets with an indeterminate economic life in any CGU.

Under prevailing market conditions, it is the understanding of company management that no reasonable changes in the assumptions concerning WACC or other key assumptions that the value of the CGUs is based on could result in the reported value exceeding the recoverable amount.

NOTE 11 OTHER OPERATING EXPENSES

TEUR	2018	2017
Freight expenses	7,083	6,033
Property rental related expenses	6,892	6,424
IT costs, equipment leases, maintenance and other costs	7,287	6,296
Travel costs	4,416	4,807
Outsourced services and fees	4,228	4,367
Marketing and selling costs	12,865	12,768
Transportation	4,975	5,057
Insurance, warranties and service	1,059	1,090
License and patent costs	714	592
Other expenses	4,143	2,576
Total	53,662	50,011

NOTE 12 OTHER SPECIFIED ITEMS

Other specified items refers to reorganisations carried out in 2018 and severance costs in conjunction with these.

In 2017, these expenses consisted mainly of expenses for listing, severance pay related to the reorganisation carried out in March 2017 and costs for outsourcing of IT. The outsourcing of IT was completed in the fourth quarter of 2017.

TEUR	2018	2017
Restructuring costs	2,998	1,894
Transaction costs	–	73
Integration costs	–	374
IPO costs	–	4,800
Other efficiency projects	–	–46
Total	2,998	7,096

NOTE 13 CLASSIFICATION OF FINANCIAL LIABILITIES AND ASSETS

The following principles have been applied to the measurement of financial liabilities and assets in the balance sheet:

Assets 31 Dec 2018	Assets measured at FVTPL	Assets measured at amortised cost	Total
Shares	18		18
Other non-current receivables		160	160
Accounts receivable		43,685	43,685
Prepayments		2,908	2,908
Other current receivables		382	382
Cash and bank balances		23,572	23,572
Total	18	70,707	70,725

Commitments 31 Dec 2018	Liabilities measured at FVTPL	Liabilities measured at amortised cost	Total
Long-term liabilities to credit institutions		100,763	100,763
Accounts payable		30,480	30,480
Contingent consid-eration	2,271	–	2,271
Other current liabilities		45	45
Total	2,271	131,288	133,559

Assets 31 Dec 2017	Assets measured at FVTPL	Assets measured at amortised cost	Total
Shares	18	–	18
Other non-current receivables	–	275	275
Accounts receivable	–	41,657	41,657
Prepayments	–	2,396	2,396
Other current receivables	–	2,548	2,548
Cash and bank balances	–	12,891	12,891
Total	18	59,766	59,785

Commitments 31 Dec 2017	Liabilities measured at FVTPL	Liabilities measured at amortised cost	Total
Shareholder loans	–	3	3
Long-term liabilities to credit institutions	–	100,341	100,341
Accounts payable	–	24,945	24,945
Other current liabilities	–	20	20
Total	–	125,309	125,309

NOTE 14 CREDIT RISK EXPOSURE

Credit risk attributable to accounts receivable is managed by the respective subsidiaries, which have established procedures in place for credit monitoring and checking of customers. Customers normally receive 30–45 days credit. Financial transactions are made with parties with good credit rating. Over the years, the Group has only had limited customer credit losses. 2018, the expenses for realised customer credit losses totalled TEUR 45. The provision for expected losses is made at the inception of the receivable and the level of provision depends on the probability of payment default. The amount provided for outstanding receivables changes over time. The recognised amounts for financial assets represent the maximum credit exposure. The maximum exposure to credit risk at year end, as below. The transition to IFRS 9 had no material impact on the provision for customer credit losses.

ACCOUNTS RECEIVABLE	2018	2017
Contract assets	1,747	1,501
Accounts receivable	43,812	41,359
Provision for expected losses	-1,874	-1,203
Total	43,685	41,657

The contract assets above are primarily attributable to the Group's Patient Handling operations in North America.

PROVISION FOR CUSTOMER CREDIT LOSSES	2018	2017
Provision at 1 January	–1,203	–1,238
Provisions during the year	–692	–256
Reversed during the period	30	210
Exchange-rate fluctuations	–10	81
Total provisions	–1,874	–1,203

Reversed provisions are recognised under Other operating expenses.
At 31 December, the Group had the following accounts receivable outstanding after deducting provisions.

	Total	Not past due	<30 days	30–60 days	60–90 days	More than 90 days
2018	43,685	24,414	8,585	2,885	2,259	5,541
2017	41,657	24,307	9,746	3,285	1,716	2,603

NOTE 15 INVENTORY

TEUR	2018	2017
Raw materials and semi-finished goods	14,749	8,059
Work-in-progress	238	49
Finished goods	20,583	27,560
Total	35,570	35,667

The inventory is valued at the lower of cost and net realisable value less selling costs. No component of inventory is measured at fair value. At 31 December 2018, the provision for obsolescence was TEUR 4,858 (5,053). During the year, the company's cost of goods sold totalled TEUR 137,885 (131,905).

NOTE 16 BANK BALANCES AND CREDIT FACILITIES

Handicare has a cash pool that includes the subsidiaries in Sweden, Norway, the Netherlands, the UK, Denmark and North America. All subsidiaries bear joint and several liability for the use of credits. At 31 December 2018, the Group account holder was Crystal Amethyst BV. The Group's bank balances amounted to TEUR 23,572 (12,891).

NOTE 17 FINANCIAL INCOME AND EXPENSES

Financial income and expenses mainly comprise interest income and expense arising from the company's total funding. Unhedged net currency effects are recognised as exchange-rate gains or losses, respectively.

TEUR	2018	2017
Interest income	100	2,181
Exchange-rate gains	13,048	18,063
Other financial income	90	23
Total financial income	13,237	20,267
Interest expense	–3,070	–18,630
Exchange-rate losses	–11,079	–19,212
Other financial expenses	–275	0
Total financial expenses	–14,424	–37,841
Net financial items	–1,186	–17,574

NOTE 18 PROVISIONS

TEUR	Contract liabilities (Deferred revenue)	Warranty reserves	Other provisions and obligations	Total
Balance at 1 Jan 2018	2,372	1,150	452	3,974
Provisions during the year	1,597	0	66	1,663
Recognised during the year	–1,578	–396	–302	–2,276
Reversal of previous provisions	0	–551	0	–551
Translation differences	–12	2	1	–10
Closing balance, 31 Dec 2018	2,379	205	216	2,800
Balance at 1 Jan 2017	2,410	2,869	317	5,596
Provisions during the year	1,152	216	288	1,656
Recognised during the year	–1,140	–1,890	–76	–3,105
Reversal of previous provisions	0	–45	–38	–84
Translation differences	–50	0	–39	–89
Closing balance, 31 Dec 2017	2,372	1,150	452	3,974

Contract liabilities are deferred revenue attributable to future service contracts with a normal duration of 3–5 years. This revenue is recognised on a straight-line basis over the duration.

Provisions for warranty costs are based on general valuations and special conditions that are expected to generate future warranty and service costs. The calculations are based on actual warranty and service costs in relation to the number of products under warranty.

NOTE 19 FUTURE MINIMUM LEASING FEES FOR NON-CANCELLABLE LEASES

2018 TEUR	2019	2020	2021	2022	2023	After 2024	Total
Premises rental expenses	4,545	4,139	2,774	2,042	1,573	2,204	17,278
Leased machinery and equipment	199	178	171	156	48	0	752
Leased transportation	1,652	966	401	198	54	0	3,272
Leased IT systems	6	4	0	0	0	0	10
Other leases	20	20	16	12	2	0	69
Total	6,423	5,307	3,362	2,408	1,677	2,205	21,382
Finance leases							
Leased machinery and equipment	39	38	31	5	0	0	114
Leased transportation	64	197	0	0	0	0	261
Total	104	235	31	5	0	0	375

Recognised leasing fees for the period amounted to TEUR 7,543.

2017 TEUR	2018	2019	2020	2021	2022	After 2023	Total
Premises rental expenses	3,162	2,714	2,501	1,728	1,419	2,295	13,818
Leased machinery and equipment	120	115	106	28	26	26	421
Leased transportation	1,860	1,458	889	141	7	0	4,355
Leased IT systems	46	41	41	0	0	0	127
Other leases	0	0	0	0	0	0	0
Total	5,188	4,328	3,536	1,897	1,452	2,321	18,722
Finance leases							
Leased transportation	134	137	182	46	41	–	540
Total	134	137	182	46	41	–	540

Recognised leasing fees for the period amounted to TEUR 6,244.

NOTE 20 EMPLOYEES, PERSONNEL EXPENSES, REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Employees by region	31 Dec 2018	31 Dec 2017
Europe	890	834
North America	264	279
Rest of the world	36	29
Total	1,190	1,142

Salaries and personnel expenses	2018	2017
Salaries and vacation pay	60,103	59,467
Payroll tax	8,380	8,772
Pension expenses incl. payroll tax	2,061	2,050
Other personnel expenses	3,081	2,478
Total	73,623	72,768

REMUNERATION TO SENIOR EXECUTIVES

2018 (TEUR)	Fixed salary	Variable salary	Pension expenses	Long-term incentives	Other benefits 4)	Total
President and CEO 1)	143	7	36	–	9	194
Former President and CEO 2)	417	10	7	–	14	448
Other members of Group management 3)	1,354	130	225	–	101	1,810
Total	1,914	147	268	–	125	2,453

1) President and CEO Staffan Ternström was designated new CEO by the Board 13 August starting the 14 August 2018.
2) Former CEO Asbjørn Eskild stepped down from his position on 6 August 2018; his employment terminated on 28 February 2019. The cost of his remuneration for 2019 was taken in 2018 and is included in the amount above. The remuneration for the August 2018 - February 2019 amount to 227 TEUR.
3) Other members of Group management consist of six people. During the year, 2 people left Group management and 1 person joined. The remuneration accounted for above pertains to the period those individuals were part of Group management.
4) Pertains to housing, vehicle and travel benefits.

2017 (TEUR)	Fixed salary	Variable salary	Pension expenses	Long-term incentives	Other benefits 2)	Total
President and CEO	315	96	6	–	13	464
Other members of Group management 1)	1,280	168	200	–	4	1,652
Total	1,595	264	206	–	17	2,116

1) Other members of Group management consist of seven individuals.
2) Pertains to housing, vehicle and travel benefits

Guidelines for remuneration of senior executives

The general guidelines for remuneration to Group management entail that it should be based on position, individual performance and the Group's results, and that the remuneration must be competitive in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition to this, there are terms and conditions that apply when notice of termination is served and relating to severance pay. Fixed salary constitutes the basis for total remuneration. The salary should be related to the relative market and reflect the responsibility implied by the position.

Members of Group Management are entitled to variable salary in the form of a short-term incentive program (STI) in addition to their fixed salary. The STI is based on the Group's financial performance and/or for the business unit for which the member of Group Management is responsible. STIs may amount to a maximum of 50 percent ("stretch" level) of the fixed salary. The Board of Directors will conduct an annual evaluation of whether a long-term incentive programme (for example, share or share-price based) should be proposed to the Annual General Meeting.

Pension benefits should be defined contribution. Retirement age follows the pension rules of the specific country. A mutual notice period of six months applies between the company and the CEO. For other members of the Group Management mutual notice periods of six months apply. In the event of termination of employment by the company, severance pay corresponding to a maximum of 12 months' fixed salary is payable to the CEO and other members of Group management. No severance pay is payable when notice is given by an employee.

Individual remuneration of the CEO is approved by the Board of Directors, while individual compensation to other members of Group management is decided by the CEO conditioned upon approval by the Chairman of the Board. All decisions on individual remuneration of members of the Group management are within the approved remuneration policy adopted by the Board of Directors.

The Board has the right depart from the guidelines adopted by the general meeting if, in a individual case, particular reasons exist for so doing. In 2018, the Board of Directors decided to approve an employment contract for the CEO of the Group that entailed an STI totalling a maximum of 60 percent of the fixed salary. The Board's decision was motivated by the argument that there was particular reason, with regard to the need of recruiting the right person, to depart from the guidelines and that furthermore, the Board regarded a higher level of remuneration as suitable, market-based and necessary.

Terms of employment for the CEO

Remuneration is paid to the CEO in the form of basic salary, variable salary, pension and other benefits. Basic salary totals TEUR 370 per year. Variable remuneration can total up to a maximum of 60 percent of the basic salary. Bonus payments, if any, and their size are linked to the degree to which annual well-defined pre-determined financial targets are met. The targets are linked to revenue, EBITDA and cash flow. The CEO is entitled to compensation for housing and travel costs, as well as vehicle benefits.

Upon voluntary termination salary and other remuneration benefits will be paid in full, regardless of whether or not there is an obligation to work. Upon termination by the company, severance pay equivalent to six months' salary will additionally be paid, to be disbursed monthly divided into six equal amounts over a period of six months after the conclusion of the period of notice.

As regards the CEO, the company implements a monthly pension provision of 25 percent of the CEO's monthly salary.

Terms of employment for the former CEO

During the year, remuneration in the form of basic salary, variable salary, pension and other benefits was paid to the outgoing CEO. Remuneration totalled TEUR 357. In addition, monthly remuneration regarding vehicle benefits were paid. Variable remuneration could total up to a maximum of 50 percent of the basic salary. Bonus payments, if any, and their size were related to the degree to which annual well-defined pre-determined financial targets were met. The targets were linked to revenue, EBITDA and cash flow.

The outgoing CEO is covered by pension conditions that are mandatory under Norwegian law (folketrygd). The company sets aside a provision of 3 to 5 percent of the CEO's salary up to 12 Norwegian base amounts. For salaries greater than 12 base amounts, no provisions are made.

For the CEO, a mutual period of notice of six months applied. The CEO chose to end his employment in August 2018. During the notice period, salary and other remuneration benefits will be paid in full. Since termination was the choice of the CEO, no severance pay was provided.

Other senior executives

Remuneration for other senior executives consists of basic salary, variable salary, pension and other benefits. Variable remuneration for other senior executives amounts to a maximum 50 percent of the basic salary. Bonus payments, if any, and the size thereof are established on the basis of meeting well-defined, pre-determined annual financial and individual targets. The targets are linked to revenue, EBITDA, cash flow, and individual goals based on personal performance.

For the members of Group management, upon own resignation, salary and other employment benefits will be paid in full during the notice period. All management members have employment contracts, including terms of notice, in accordance with local legislation in the respective countries.

One member of Group management is entitled to a severance payment of twelve months' base salary upon termination of employment. Other than the payments stated above, no member of the Group management is entitled to post-employment remuneration, except in the event that existing competition clauses come into question.

For five members of Group management, Handicare carries out monthly premium pension provisions of between 5 and 27 percent of their basic salaries. Senior executives employed in the US are paid pension benefits under the 401k retirement plan.

Remuneration to the Board

The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by resolution at the AGM. The AGM held on 8 May 2018 resolved that remuneration of SEK 450,000 be paid to the Chairman of the Board and remuneration of SEK 180,000 be paid to the other Board members.

Further, it was resolved that for work on Board committees, fees of SEK 100,000 each would be paid to the chairmen and SEK 50,000 to the other members of the committees. Additionally, it was resolved that, for work on the Remuneration Committee, fees of 50,000 would be paid to the Chairman and 25,000 to the other members of the Committee. The members of the Board of Directors are not entitled to any benefits upon ceasing to serve as a member of the Board.

	2018			2017
TEUR	Fee	Fee for Board committee	Total fee	Total fee
Lars Marcher	44	5	49	50
Joakim Andreasson	18	7	25	26
Jonas Arlebäck	18	–	18	–
Maria Carell	18	5	22	23
Johan Ek	18	–	18	18
Elisabeth Thand Ringqvist	18	2	20	21
Claes Magnus Åkesson	18	10	27	28
Total	149	29	178	166

Long-term incentive programmes

In conjunction with listing, five members of Group management were offered an incentive programme with a maximum of 556,416 warrants. The warrants were issued at SEK 50, the price in the IPO. The maximum number of shares that participants may subscribe for by exercising the warrants amounts to 556,416 shares, equivalent to approximately 0.94 percent of the total number of shares.

The warrants were issued in two separate series, in which each participant subscribed for an equal number of warrants of both series.

Series 2017/2019 comprises up to 278,208 warrants that may be exercised during the following subscription period: 10 October 2019–10 January 2020, with the exception of the thirty-day period preceding (a) the day of the announcement of Handicare's interim report for the third quarter of 2019 and (b) the day of the announcement of Handicare's interim report for the fourth quarter of 2019. The exercise price for Series 2017/2019 is equivalent to SEK 59.50 (118.91 percent of the price in the IPO).

Series 2017/2020 comprises up to 278,208 warrants that may be exercised during the following subscription period: 10 October 2020–10 January 2021, with the exception of the thirty-day period preceding (a) the day of the announcement of Handicare's interim report for the third quarter of 2020 and (b) the day of the announcement of Handicare's interim report for the fourth quarter of 2020. The exercise price for Series 2017/2020 corresponds to 128.42 percent of the price in the IPO.

The former CEO holds 185,472 warrants. The remainder are divided among the other four participants in the programme.

Handicare reserves the right to repurchase warrants, for example, if the participant's employment with the company is terminated. Handicare's total costs for the programme during its term are expected to be limited and mainly relating to social security contributions for participants in jurisdictions where participation in the incentive programme is taxed as earned income.

The call options were issued by Cidron Liberty Systems.

In August 2018, Handicare's largest shareholder, Cidron Liberty Systems SARL, issued 583,657 call options, which gives Handicare's CEO the right to acquire 583,657 Handicare shares. The call options were acquired for a total purchase price of MSEK 1.5. Each call option grants the right to purchase one Handicare share for a brief period after the publication of Handicare's quarterly report for Q2 2020. These options involve no cost to Handicare.

NOTE 21 PENSION EXPENSES

Most of the Group's pension plans are defined-contribution plans, whereby the company's obligations are limited to the contributions that the company has undertaken to pay. The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in the income statement at the rate at which they are earned by employees performing services for the company during a period. During the year, the expenses recognised for defined-contribution plans amounted to TEUR 1,845 (1,931).

The Group only has limited obligations vis-à-vis defined-benefit pension plans in Norway, and from 1 January 2008, all new employees in Norway have defined-contribution plans. The Group's net obligation for defined-benefit plans is calculated separately by actuaries through the assessment of the future benefit earned by the employees through their service in the current and prior periods. This obligation is discounted to a present value. The expense recognised for the year was TEUR 216 (119). The net debt recognised in the balance sheet was TEUR 187 (378). The present value of the defined-benefit plans is TEUR 5,909 and the plan assets total TEUR 5,722.

NOTE 22 FEES TO AUDITORS

TEUR	2018	2017
Fees for the audit engagement	600	764
Fees for other audit operations apart from the audit engagement	68	513
Tax consultancy	35	153
Other services	44	38
Total	746	1,469

Fees for other audit operations in 2017 pertain above all to fees in conjunction with the company's listing process.

NOTE 23 TAX EXPENSE AND DEFERRED TAX

TAX EXPENSE	2018	2017
Current tax		
Current tax for the year	–939	–173
Adjustment in relation to last year	–176	–337
Total current tax	–1,115	–510
Deferred tax		
Temporary differences	–112	1,534
Change in tax rate	565	–2,254
Total deferred tax	453	–720
Tax expense for the year	–663	–1,229

The changes to the tax rate in 2018 relate primarily to the UK and Norway. In 2017, the change was mainly due to the adjusted corporate tax in the US.

DEFERRED TAX LIABILITIES AND RECEIVABLES	2018	2017
Intangible assets	–24,710	–20,037
Fixed assets	5,317	4,992
Pension obligations, net	207	333
Unrealised currency effects	–6,652	–4,862
Provisions and other non-current items	–2,825	–1,684
Inventory	4,398	2,522
Accounts receivable	618	576
Provisions and other current items	–1,113	–3,761
Loss carry-forwards	53,948	33,087
Total	29,187	11,166

Estimated deferred tax	7,835	352
Unrecognised tax loss carry-forwards	–8,170	– 2,757
Net deferred tax	–335	–2,405
Deferred tax assets	7,981	6,179
Deferred tax liabilities	–8,316	–8,584

RECONCILIATION OF DEFERRED TAX	2018	2017
Opening balance	–2,405	–2,902
Recognised in profit or loss	453	–720
Recognised in other comprehensive income	–48	704
Recognised in shareholders' equity	0	486
Acquisition/Divestment of operations	0	50
Reclassification, balance sheet	1,389	–
Translation effects	276	–24
Total	–335	–2,405

NOTE 23 TAX EXPENSE AND DEFERRED TAX CONT.

RECONCILIATION OF EFFECTIVE TAX	2018	2017
Profit/loss before tax	12,053	–3,545
Tax based on local tax rates	–3,091	74
Impact of changed tax rates	565	–1,691
Non-deductible expenses	–378	–3,130
Non-taxable income	690	334
Recognition of previously unrecognised loss carry-forwards	3,284	4,018
Unrecognised tax loss carry-forwards during the year	–1,758	–872
Change in unrecognised temporary differences	–89	28
Other items	113	10
Tax expense	–663	–1,229
Effective tax rate	5.5%	34.6%

MATURITY STRUCTURE OF TAX LOSS CARRY-FORWARDS	2018	2017
Maturing in 2018	0	596
Maturing in 2019 or later	29,981	19,529
No time limitation	23,967	12,961
Total loss carry-forwards	53,948	33,087
Unrecognised loss carry-forwards	–28,172	–11,057

NOTE 24 OTHER CURRENT LIABILITIES

TEUR	2018	2017
Provision for salaries, bonus and vacation pay	7,016	7,664
Contract liabilities – Advances from customers	561	1,069
Provision for restructuring costs and other items	2,797	2,757
Tax liabilities	1,660	2,427
Other accrued expenses	7,811	9,853
Total	19,844	23,770

Other accrued expenses include, inter alia, customer discounts, audit fees and Board fees

NOTE 25 SHARE CAPITAL

Share capital totalled TEUR 81 at year-end. At 31 December 2018, there was a total of 58,939,000 shares and voting rights in Handicare. The quotient value was EUR 0.00138. See below for changes in number of shares and share capital.

YEAR	Transaction	Change in number of shares	Total number of shares	Change in share capital, TEUR	Total share capital TEUR
1 Jan 2017			50,002		5.28
2017	Bonus issue	–	50,002	47.5	52.78
2017	Share split	38,254,198	38,304,200	–	52.78
2017	Bonus issue	168,646	38,472,846	0.2	53.01
2017	Share issue in-kind	2,345,686	40,818,532	3.2	56.24
2017	Share issue in-kind	6,681,468	47,500,000	9.2	65.44
2017	New issue of shares	11,439,000	58,939,000	15.8	81.21

The total impact on shareholders' equity from new share issue and refinancing in 2017 totalled MEUR 92.7. Handicare Group AB's shareholder loan was converted into common shares in Handicare Group AB. The total amount including accrued interest was MEUR 34.5. The new share issue, reduced for transaction costs, yielded an addition of MEUR 58.2.

NOTE 26 RECONCILIATION OF CHANGE IN FINANCING ACTIVITIES

Cost	2017	Cash flow	Changes attributable to non-cash items: Exchange-rate effects	Unwinding of financing costs	Contingent consideration	2018
Non-current loans	100,003	1,307	–1,107	219	2,271	102,693
Finance leases	446	–64	4	–	–	386
Total liabilities related to financing activity	100,449	1,243	–1,103	219	2,271	103,079

Cost	2016	Cash flow	Changes attributable to non-cash items: Exchange-rate effects	Unwinding of financing costs	Interest accrued	Non-cash issue, Shareholder loan	Conversion of Shareholder Loan 1)	2017
Non-current loans	140,288	–40,397	–5,751	5,862	–	–	–	100,003
Shareholder loans	77,917	–965	–2,118	–	5,760	–34,586	–46,008	–
Current loans	8,000	–7,690	–310	–	–	–	–	–
Finance leases	266	182	–2	–	–	–	–	446
Total liabilities related to financing activity	226,471	–48,870	–8,180	5,862	5,760	–34,586	–46,008	100,449

1) Repayment of shareholders' loan with no impact on cash flow through the transfer of receivables against Cidron Liberty Systems Limited and sales of the BD operations to Cidron Liberty Systems Limited.

NOTE 27 RELATED-PARTY TRANSACTIONS

Sales to related parties takes place under market conditions. See the Parent Company's directly owned subsidiaries in Note 7, Shares in subsidiaries.

Information on Board members and Group management, as well as remuneration for them, is reported in Note 20, Employees, personnel expenses, remuneration to the Board and senior executives. No abnormal business transactions occurred between Handicare Group and Board members or senior executives in the Group. The value of the transactions that did occur is insignificant.

On 1 August 2017, Handicare AS, a subsidiary of the Handicare Group AB, entered into a share transfer agreement regarding the divestment of BD operations (which was part of Puls and acted as a distributor of medical equipment supplied by Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, a shareholder of Handicare Group AB). The purchase consideration for the BD operations was MEUR 11.4 (MNOK 109), equivalent to the market valuation of the operations and was settled through a reduction in the shareholder loan outstanding from Cidron Liberty Systems Limited to Handicare AS with a corresponding amount.

NOTE 28 BUSINESS COMBINATIONS

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 approximately MEUR 4.2. Handicare had no sales to the distributor in 2017.

ACQUISITION ANALYSIS (MEUR)	
Tangible fixed assets	0.1
Customer contracts and customer relations	2.2
Inventory	0.4
Identifiable net assets	2.6
Goodwill	0.8
Total net assets	3.4
Less:	
Contingent consideration	–2.3
Net cash flow — investing activities	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's from the start of the year. Sales in 2018 totalled MEUR 1.9, 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 percent and probability-adjusted, assumed future sales.

NOTE 29 EARNINGS PER SHARE

TEUR	2018	2017
Earnings attributable to Parent Company's shareholders		
Continuing operations	11,390	–4,775
Divested operations	–	1,287
Earnings attributable to Parent Company's shareholders	11,390	–3,487
Weighted average number of shares	58,939,000	43,126,793
Dilution effect	–	–
Weighted average number of shares adjusted for dilution effect	58,939,000	43,126,793
Earnings per share – EUR	0.19	–0.08
Diluted earnings per share – EUR	0.19	–0.08

NOTE 30 CONTINGENT LIABILITIES AND PLEDGED ASSETS

As a result of the refinancing and the new share issue in 2017, Handicare Group has no pledged assets.

NOTE 31 REPORT OF TRANSITION TO IFRS 16 LEASES

IFRS 16 Leases will enter force for financial years 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. The Group's leases have been grouped into the following asset classes: properties, vehicles and inventory. 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 leases. The right of use will also be adjusted for any leases resulting in a loss (onerous lease agreements). 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 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.

At the balance-sheet date, the Group's non-cancellable operational lease commitments totalled MEUR 21.8; refer to Note 19. Of these commitments, approximately MEUR 0.7 is attributable to short-term leases and MEUR 0.5 to low-value leases, which will be recognised as a cost on a straight-line basis over the lease period.

For the remaining lease commitments, the Group expects to recognise a financial liability totalling MEUR 27.1 as of 1 January. The difference between the non-cancellable operational leases indicated in Note 19 and financial liability for lease commitments under IFRS 16 consists largely of considerations of renewal options. In accordance with IFRS 16, the Group has included renewal options that, it is reasonably certain, will be utilised in calculating the financial liability.
Handicare's equivalent right-of-use assets as of 1 January 2019 were estimated to total MEUR 27.5 (after adjustments for deferred and accrued lease fees recognised as of 31 December 2018).

The effect on the Group's balance sheet as per 1 January 2019 is shown below:

IMPACT ON CONSOLIDATED BALANCE SHEET AT 1 JANUARY 2019 (MEUR)	
Assets	27,1
Tangible fixed assets	27,5
Deferred expenses	–0,3
Liabilities	27,1
Long-term lease liabilities	21,7
Current lease liabilities	5,4

Application of IFRS 16 will mean that the Group's EBIT improves somewhat, and interest expenses will increase. The Group's fixed assets will increase, as will the Group's net debt.

Parent Company Financial Statements

PARENT COMPANY INCOME STATEMENT

TEUR	Note	2018	2017
Operating revenue			
Revenue	2	11,774	8,534
		11,774	**8,534**
Operating expenses			
Personnel expenses	3	–4,558	–3,525
Depreciation/amortisation	7	–31	–12
Other operating expenses	4	–8,381	–9,283
EBIT		**–1,196**	**–4,286**
Financial income	10	2,314	3,586
Financial expense	10	–1,422	–3,375
Profit/Loss after financial items		**–304**	**–4,075**
Year-end appropriations	5	0	–508
Tax expense		0	–15
NET PROFIT/LOSS FOR THE YEAR		**–304**	**–4,598**
Other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**–304**	**–4,598**

STATEMENT OF PARENT COMPANY'S FINANCIAL POSITION

TEUR	Note	2018	2017
ASSETS			
Non-current assets			
Shares in Group companies	6	272,082	272,082
Deferred tax assets		487	487
Tangible fixed assets	7	76	21
Intangible fixed assets	7	384	0
Non-current receivables		105	133
Total non-current assets		**273,134**	**272,724**
Current assets			
Receivables from Group companies		254	859
Other receivables		102	389
Prepaid expenses and accrued income	8	170	160
		526	**1,409**
Cash and cash equivalents		**0**	**272**
Total current assets		**526**	**1,681**
TOTAL ASSETS		**273,660**	**274,405**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		81	81
Other contributed capital		273,798	273,798
Retained earnings		-22,950	-15,482
Net profit/loss for the year		-304	-4,598
Total shareholders' equity		**250,624**	**253,799**
Liabilities			
Current liabilities			
Liabilities to Group companies		21,605	17,303
Accounts payable		485	641
Other current liabilities		60	75
Accrued expenses and deferred revenue	9	887	2,586
Total liabilities		**23,036**	**20,606**
TOTAL EQUITY AND LIABILITIES		**273,660**	**274,405**

PARENT COMPANY CASH-FLOW STATEMENT

TEUR	Note	2018	2017
Cash flow from operating activities			
Profit/Loss after financial items		**–304**	**–4,075**
Non-cash items			
Depreciation, amortisation and impairment		31	12
Capital gain/loss		0	–25
Other non-cash items		28	–514
Tax paid		0	–6
Cash flow from operating activities excluding changes in working capital		**–245**	**–4,608**
Changes in working capital			
Changes in Group receivables/liabilities		4,906	3,683
Change in accounts payable		–157	393
Change in other current liabilities/receivables		–1,437	1,224
Cash flow from working capital		**3,312**	**5,300**
Cash flow from operating activities		**3,068**	**691**
Investing activities			
Shareholders' contributions received		0	58,131
Shareholders' contributions provided		0	–58,131
Investment in tangible fixed assets		–86	0
Investment in intangible assets		–384	0
Cash flow from investing activities		**–470**	**0**
Cash flow from operating activities and investing activities		**2,598**	**691**
Financing activities			
Loan repayments		0	–139
Paid dividend		–2,870	0
Group contributions provided/received		0	–508
Cash flow from financing activities		**–2,870**	**–647**
Cash flow for the year		–272	44
Cash and cash equivalents at beginning of the year		272	228
Cash and cash equivalents at end of the year		**0**	**272**

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Retained earnings	Other capital	Total
Shareholders' equity at 1 Jan 2017	**5**	**168,481**	**–10,624**	**–4,858**	**153,004**
Appropriation of preceding year's earnings			–4,858	4,858	0
Net profit/loss for the year				–4,598	–4,598
Transactions with owners					
Bonus issue	48	–48			0
Share issue in-kind	12	47,249			47,261
Contributed capital	16	58,115			58,131
Shareholders' equity, 31 Dec 2017	**81**	**273,798**	**–15,482**	**–4,598**	**253,799**
Shareholders' equity at 1 Jan 2018	**81**	**273,798**	**–15,482**	**–4,598**	**253,799**
Appropriation of preceding year's earnings			–4,598	4,598	0
Net profit/loss for the year				–304	–304
Transactions with owners					
Dividend			–2,870		–2,870
Shareholders' equity at 31 Dec 2018	**81**	**273,798**	**–22,950**	**–304**	**250,624**

Notes, Parent Company

Note PC1 Basis for preparation of the financial statements

This Annual Report for Handicare Group AB (publ) has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. The Parent Company follows the International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent allowed under the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and given the connection between reporting and taxation. The Parent Company thereby observes the same principle presented in Note 1 of the Group notes, with the exceptions noted below.

Group contributions

Handicare applies the alternate rules in RFR 2, and reports Group contributions both received and provided as appropriations.

Note PC2 Revenue

TEUR	2018	2017
Other revenue, management fee allocated to the Group's units	11,774	8,534
Total revenue	11,774	8,534

Note PC3 Employees, personnel expenses, remuneration to senior executives

SALARIES AND PERSONNEL EXPENSES	2018	2017
Salaries and vacation pay	1,106	1,851
Payroll tax	520	378
Pension expenses incl. payroll tax	283	188
Other personnel expenses	2,649	1,108
Total	4,558	3,525

At the end of the year, the number of full-time equivalents was 14 (13) and the average over the year was 14 (10).

Remuneration to senior executives totalled TEUR 1,638 (1,253). For more information, refer to Note 20 on page 77.

Note PC4 Other expenses

OTHER EXPENSES	2018	2017
Property rental related expenses	242	87
IT costs, equipment leases, maintenance and other costs	4,439	106
Travel costs	421	322
Fees for outsourced services	1,631	4,590
Marketing and selling costs	60	0
Insurances, warranties and service	80	85
License and patent costs	8	5
Audit, see following table	202	623
Other expenses	1,298	3,463
Total	8,381	9,283

FEES FOR THE AUDITORS	2018	2017
Ernst & Young AB		
Fees for the audit engagement	141	141
Fees for other audit operations apart from the audit engagement	0	470
Tax consultancy	23	12
Other services	38	0
Total	202	623

Fees for other audit operations pertain above all to fees in conjunction with the company's listing process.

Note PC5 Year-end appropriations

In 2018, the company had neither paid nor received any Group contributions. In 2017, the company paid a Group contribution totalling TEUR 508 to the subsidiary Handicare AB.

Note PC6 Subsidiaries

Handicare Group AB owns 100 percent of Handicare Group AS, which in turn owns the other subsidiaries. Refer to Note 7 on page 71 for further information.

Note PC7 Tangible and intangible fixed assets

COST	Machinery, fixtures and fittings, and equipment	Internally generated development expenditures
1 January 2018	51	0
Purchases	86	384
Divestments	0	0
31 December 2018	137	384
DEPRECIATION/AMORTISATION		
1 January 2018	–30	0
Depreciation/amortisation for the year	–31	0
Impairment	0	0
Divestments	0	0
31 December 2018	–61	0
Carrying amount per 31 Dec 2018	76	384

COST	Machinery, fixtures and fittings, and equipment	Internally generated development expenditures
1 January 2017	51	0
Purchases	0	0
Divestments	0	0
31 December 2017	51	0
DEPRECIATION/AMORTISATION		
1 January 2017	–18	0
Depreciation/amortisation for the year	–12	0
Impairment	0	0
Divestments	0	0
31 December 2017	–30	0
Carrying amount per 31 Dec 2017	21	0

Note PC8 Prepaid expenses and accrued income

TEUR	2018	2017
Prepaid insurance premiums	41	66
Prepaid rent	56	94
Other prepaid expenses and accrued income	72	0
Total	170	160

Note PC9 Accrued expenses and deferred revenue

TEUR	2018	2017
Provision for salaries, bonus and vacation pay	522	313
Other accrued expenses	364	2,273
Total	887	2,586

Note PC10 Financial income and expenses

TEUR	2018	2017
Interest income	2	1
Exchange-rate gains	2,313	3,560
Other financial income	0	25
Total financial income	2,314	3,586
Interest expense	–54	–8
Exchange-rate losses	–1,365	–3,367
Other financial expenses	–2	0
Total financial expenses	–1,422	–3,375
Net financial items	892	211

Note PC11 Appropriation of profits

TEUR	
The following earnings are at the disposal of the Annual General Meeting	
Share premium reserve	273,798
Retained earnings	–23,255
Total unappropriated earnings	250,543

TEUR	
The Board of Directors proposes the following allocation of unappropriated earnings:	
EUR 0.05 per share to be distributed to shareholders	2,947
To be carried forward	247,596
Total unappropriated earnings	250,543

Assurance of the Board of Directors and the President

The Board of Directors and President affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS), as endorsed by the EU, and provide a fair and accurate account of the Group's financial position and profit. The Annual Report has been prepared in accordance with the generally accepted accounting practices in Sweden and accurately reflects the Parent Company's financial position and performance. The Board of Directors' Report for the Group and the Parent Company provides a true and fair view of trends in the Group's and Parent Company's operations, financial position and performance, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group. The income statements and balance sheets will be presented for approval to the Annual General Meeting on 8 May 2019.

Stockholm, 25 March 2019

Lars Marcher
Chairman of the Board

Joakim Andreasson
Board member

Jonas Arlebäck
Board member

Maria Carell
Board member

Johan Ek
Board member

Elisabeth Thand Ringqvist
Board member

Claes Magnus Åkesson
Board member

Staffan Ternström
CEO

Our auditor's report was submitted on 25 March 2019

Ernst & Young AB

Stefan Andersson-Berglund
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Handicare Group AB (publ), corporate identity number 556982-7115

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Handicare Group AB (publ) except for the corporate governance statement on pages 48-57 for the year 2018 (the financial year). The annual accounts and consolidated accounts of the company are included on pages 35-89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48-57. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and intangible assets with indefinite useful lives

Description	How our audit addressed this key audit matter
Per December 31, 2018, the majority of the Group's total assets consisted of goodwill and intangible assets with indefinite useful lives. The majority of the parent company's assets consisted of shares in subsidiaries (hereinafter referred to as the assets together with goodwill and intangible assets with indefinite useful lives). The assets are recorded at historical cost and are tested annually per cash generating unit for impairment or when indications of impairment exist. An impairment is recorded if the recoverable value of an asset is lower than its carrying value. The recoverable value of the assets is based on the Group's and the cash generating unit's future opportunity and ability to sell products and services on the market and in that way generate cash flows. The Company's assessment of the recoverable amount as at December 31, 2018 is therefore based on the Company's internal forecast of future cash flows for the cash generating units. The assessment include, among other, discount rates and growth rates. With respect to the value of assets in relation to the Group's and parent company's total assets and the inherent uncertainty connected with the assessments of the recoverable amount, we have determined the valuation of the assets as a key audit matter in our audit.	We have in our audit evaluated the forecast of future cash flows, which includes the growth rate at which the company based its valuation models. The forecast was evaluated for reasonableness in comparison with our knowledge of the Group's business and historical information as well as the Company's past accuracy in developing forecasts. The by the Company identified cash generating units have been evaluated and compared with how the Company internally evaluates its business. We have in our audit been assisted by our internal valuation specialists in the evaluation of the valuation model and discount rates prepared by the Company. Refer to note 1, 2 and 10 for the Company's description of the assets and impairment tests. We have assessed whether the disclosed information is suited for the purpose.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-20 and 93-96. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Directors of Handicare Group AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 48-57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm with Stefan Andersson-Berglund as auditor in charge was appointed as auditors of Handicare Group AB by the general meeting of the shareholders on the 8th of May 2018 and has been the company's auditors since the 29th of September 2014. Handicare Group AB (publ) has been a public interest entity since October 10th, 2017.

Stockholm the 25 March 2019
Ernst & Young AB

Stefan Andersson-Berglund
Authorised Public Accountant

Definitions

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 as a percentage of Adjusted EBITDA.	Adjusted operating cash flow/Adjusted EBITDA is used to monitor the yield on working capital and investments.

Alternative performance measures	Definition	Reason for use
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. The various components of organic growth are calculated as follows: **Acquisitions and divestments** Represents how acquisitions and divestments completed during the relevant period have affected reported revenue. To estimate the impact of acquisitions on the actual change in revenue, revenue contributions from acquired entities for the current period are subtracted from total revenue for the current period. For example, the effect of a business that was acquired on 30 September in a particular year represents the contributions to revenue from the acquired business in the fourth quarter of that year. To estimate the impact of divestments on the actual change in revenue, the revenue of the divested entities in the current period and in the comparative (prior) period, respectively, is subtracted from total revenue for the current period and for the comparative (prior) period, respectively. **Currency exchange rate fluctuations** Represents how the reported revenue has been affected by the conversion of revenue generated in currencies other than EUR (which is the Group's reporting currency) when exchange-rate differences occur between the relevant period and the corresponding period for the previous year. Revenues in different currencies other than EUR for the comparative (prior) period are converted using the applicable exchange rate of the current period to eliminate, for the relevant periods, the effect of exchange rate fluctuations on total revenue between the periods.	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 shareholders' equity, and is used by Group management to monitor the company's long-term financial strength and ability to withstand losses.

Below is a reconciliation of the significant alternative performance measures Handicare uses.

MEUR	2018	2017
Revenue	290.9	284.3
Direct material	–133.3	–128.0
Direct labour	–26.2	–25.3
Freight (inbound/outbound)	–11.7	–10.0
Gross profit	**119.7**	**121.1**

MEUR	2018	2017
EBIT	13.2	14.0
Amortisation and impairment of intangible assets	5.6	5.0
Other specified items	3.0	7.1
Adjusted EBITA	**21.8**	**26.2**
Depreciation and impairment of tangible assets	3.8	3.5
Adjusted EBITDA	**25.7**	**29.7**

MEUR	2018	2017
Cash flow before changes in working capital	23.9	21.0
Income tax paid	1.6	0.4
Net interest income	3.0	–16.4
Net financial items in profit or loss	1.2	17.6
Other non-cash items	–1.0	1.7
Other specified items	3.0	7.1
Divested operations	–	–1.7
Adjusted EBITDA	**25.7**	**29.7**
Change in working capital	–1.3	–12.4
Net investment in tangible/intangible assets	–5.9	–5.6
Adjusted operating cash flow	**18.4**	**11.6**

2019 Annual General Meeting

The Handicare Group AB Annual General Meeting will be held at 1:00 p.m. 8 May 2019 at Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm.

PARTICIPATION

Shareholders wishing to participate at the AGM must:

- Be recorded in the share book kept by Euroclear Sweden AB on 2 May 2019.
- Notify their attendance to the company not later than 2 May 2019, at which point the number of assistants (maximum of two) must be stated.

REGISTRATION

Registration can occur:

- By post, addressed to Handicare Group AB, Ingmar Bergmans gata 4, SE-114 34 Stockholm, Sweden.
- By telephone, +46 (0)73 305 30 65 weekdays between 9:00 a.m. and 4:00 p.m.
- www.handicaregroup.com.

When registering, the shareholder must indicate their name, personal ID or corporate registration number, address, and telephone number. The information submitted during registration will be processed and used only for the 2019 AGM. If participation is by virtue of a power of attorney, this must be submitted to Handicare prior to the AGM.

SHARES HELD IN TRUST

Shareholders who have registered their shares in the name of a trustee must temporarily register the shares in their own name in order to participate in the AGM. For this registration to be entered into the share book on 2 May 2019, the shareholder must request that the trustee carry out a registration of this kind well in advance of that date.

DIVIDEND

The Board of Directors has proposed a dividend for the 2018 financial year of EUR 0.05 per share, with 10 May 2019 as the record date. If the AGM resolves in accordance with this proposal, distribution of the dividend is expected to take place from Euroclear Sweden AB 17 May 2019.

Calendar

Interim report January–March	25 April 2019
Annual General Meeting	8 May 2019
Interim report January–June	14 August 2019
Interim report January–September	24 October 2019

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