

# Interim report January – September 2019

**Continued positive growth in Accessibility. Patient Handling Institutional US and Brexit uncertainties impact revenues. The Board has initiated a strategic review aimed to uncover underlying value**

## Third quarter 2019

- Revenue amounted to MEUR 65.6 (65.2)
- Organic growth was 0.2% (0.4)
- The gross margin was 41.2% (44.0)
- Adjusted EBITA amounted to MEUR 4.7 (5.9), corresponding to a margin of 7.2% (9.1)
- EBIT amounted to MEUR 3.2 (4.5), corresponding to a margin of 4.9% (6.9)
- Net profit (including discontinued operations) amounted to MEUR 3.9 (3.5)
- Earnings per share (including discontinued operations) before and after dilution amounted to EUR 0.07 (0.06)
- Adjusted operating cash flow amounted to MEUR 6.9 (0.8)
- Pernilla Lindén was appointed CFO effective 14 August
- Erik Østby was appointed Executive Vice President Patient Handling Europe effective 12 August

## Changed outlook 2019:

- Expected organic growth in the second half-year will be lower than 4-6%. For more information, see CEO's Comments on page 2

## January-September 2019

- Revenue amounted to MEUR 202.2 (200.5)
- Organic growth was -0.3% (2.8)
- The gross margin was 41.8% (43.5)
- Adjusted EBITA amounted to MEUR 16.2 (17.8), corresponding to a margin of 8.0% (8.9)
- EBIT amounted to MEUR 11.7 (11.8), corresponding to a margin of 5.8% (5.9)
- Net profit (including discontinued operations) amounted to MEUR 13.9 (10.5)
- Earnings per share (including discontinued operations) before and after dilution amounted to EUR 0.24 (0.18)
- Adjusted operating cash flow amounted to MEUR 7.8 (8.1)
- The Puls business unit was divested. The purchase price amounted to MEUR 10.9

## Significant events after the end of the period:

- In order to expose Handicare's underlying value, the Board has decided to initiate a strategic review that may include the divestment of one or more business units, Handicare is acquired, or other strategic transactions. The strategic review may also result in Handicare remaining in its current structure. In order to support the Board in this process, Rothschild has been appointed as financial advisors

Group in Summary MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	65.6	65.2	0.6 %	202.2	200.5	0.8 %	271.4	269.8
Gross profit*	27.1	28.7	-5.7 %	84.4	87.3	-3.3 %	110.4	113.3
Gross margin*, %	41.2 %	44.0 %	-	41.8 %	43.5 %	-	40.7 %	42.0 %
Adjusted EBITA*	4.7	5.9	-20.5 %	16.2	17.8	-8.8 %	19.1	20.7
Adjusted EBITA margin*, %	7.2 %	9.1 %	-	8.0 %	8.9 %	-	7.0 %	7.7 %
Operating profit/loss (EBIT)	3.2	4.5	-28.7 %	11.7	11.8	-1.1 %	11.9	12.0
Operating margin, (EBIT margin)*, %	4.9 %	6.9 %	-	5.8 %	5.9 %	-	4.4 %	4.5 %
Adjusted operating profit/loss (adjusted EBIT)*	3.1	4.5	-31.6 %	11.4	13.8	-17.9 %	12.6	15.0
Adjusted operating margin (adjusted EBIT margin)*, %	4.7 %	6.9 %	-	5.6 %	6.9 %	-	4.6 %	5.6 %
Net profit/loss (incl. discontinued operations)	3.9	3.5	12.6 %	13.9	10.5	31.8 %	14.7	11.4
Earnings per share (incl. discontinued operations) before and after dilution, EUR	0.07	0.06	12.6 %	0.24	0.18	31.8 %	0.25	0.19
Adjusted operating Cash Flow*	6.9	0.8	741.0 %	7.8	8.1	-2.9 %	16.9	17.2
Net debt / Adjusted EBITDA (LTM)*, times	3.1	3.3	-6.9 %	3.1	3.3	-6.9 %	3.1	3.3

\* Alternative performance measures, refer to pages 18-19 for definitions and calculations. From 1 January 2019, the Group applies IFRS 16 Leases. To facilitate comparison between the periods, the alternative performance measures are presented excluding the effects of IFRS 16. The transition effects are set out in Note 7.

Puls was divested on 22 May 2019 and is therefore reported as discontinued operations during 2019 and 2018, see Note 4. If not stated otherwise, this report describes Handicare's continuing operations.

## CEO's Comments

*Continued positive growth in Accessibility. Patient Handling Institutional US and Brexit uncertainties impact revenues. The Board has initiated a strategic review aimed to uncover underlying value*

Our efforts to increase focus on quality and customer experience continued in the quarter. A recent customer survey confirmed Handicare's leading position in Accessibility and Patient Handling. We have an attractive product offering, a strong geographical presence and a good value proposition. The survey also pinpointed some areas of improvement, which are already addressed in our program aimed at further improving the customer experience, service quality and the offering.

The improvement measures have been successful and we're now seeing solid organic revenue growth on several of our major markets. The launch of the new 1100 stairlift was very successful with consistent high order intake on most of our markets. The exceptions in an otherwise solid quarter were the UK, where Brexit concerns led to lower revenue, and Patient Handling in the US, where revenues were down year-on-year despite a number of actions initiated.

At Group level, negative factors offset some positive progress, and Group revenue totaled 65.6 MEUR (65.2) in the third quarter. Operating profit measured as adjusted EBITA was 4.7 MEUR (5.9), corresponding to a margin of 7.2% (9.1). Profits were negatively impacted by decreased revenue and a lower gross margin, and positively impacted by lower costs. Gross margin fell compared to a strong Q3 in the previous year. The decrease was mainly due to a changed country mix and weak revenues that reduced cost absorption.

### *Progress by business unit*

Quarterly revenue in the Accessibility business unit totaled 48.0 MEUR (46.6), an increase of 3.1%. The stairlift business delivered organic growth of 3.7%, slightly below our expectations. The lower growth was mainly due to a weaker market in the UK. We consider the market downturn is due to Brexit, which is generating temporary uncertainties at consumer level. Very strong growth continued on other major markets such as Germany, the Netherlands and Italy. The strategically important North American market made solid progress and grew organically by 9% in the quarter. Overall, we foresee continued long-term profitability and growth potential for the stairlift business. Vehicle Accessibility developed according to plan and delivered organic growth in the quarter.

Sales in the Patient Handling business unit totaled 17.6 MEUR (18.6). Canada progressed as expected, while the effects from the improvement initiatives in the US are taking longer than anticipated. We expected the reorganization and improved sales processes to take effect in the third quarter. It takes time for all the measures to feed through and to achieve the full effect of new sales staff focusing on institutional customers with longer sales cycles. We continue to drive sales effectiveness, a stronger geographical presence and an improved product, service and delivery offering. Progress is moving in the right direction, and all installation engineers in Patient Handling in the US are fully booked in the fourth quarter. We expect our initiatives to yield results during the first half of 2020.

### *New product launches and innovation*

After the summer, I've had the opportunity to visit most of our key markets in Europe and attended the launch of our new 1100 stairlift in the US. We received very positive feedback on the launch; a clear confirmation of the strength of the Handicare brand, and that our investments in innovation and product development are providing return on investment. The reception has been very positive across the board and has led to several new customers and increased share-of-wallet from existing customers. It is my ambition to continue the customer-oriented innovation and strengthen Handicare as a supplier of premium products to further improve our position as the market leader in stairlifts.

### *Changed outlook 2019*

Based on lower revenue than anticipated in the third quarter, we expect organic growth in the second half-year of 2019 to be lower than previously communicated forecast of 4 - 6%. We retain the outlook for an improved adjusted EBITA margin in the second half of the year compared to the first half (8.4%).

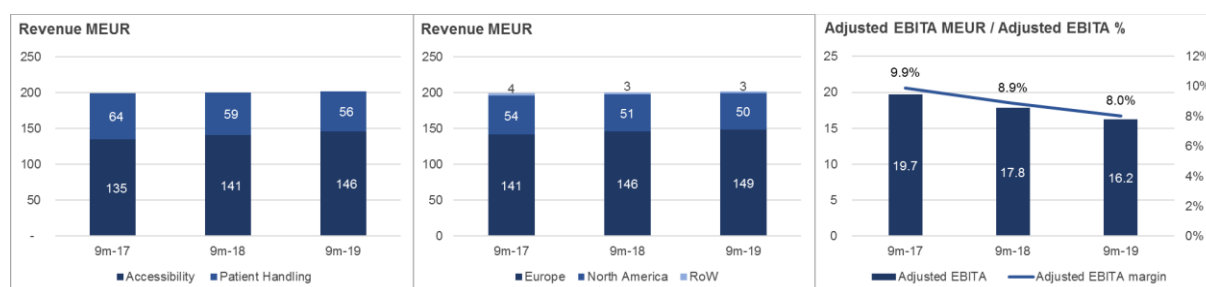
### *The Board has decided to review a range of strategic options*

We're a leading player on attractive markets with demographically driven growth. The extensive and important improvement measures that have been implemented over the past 12 months have not yet fed through to improved results. However, I'm convinced that we're on the right track and that we've built a solid foundation for profitable growth in line with our financial targets. I look forward to uncover Handicare's full potential through the strategic review process.

*Staffan Ternström  
President and CEO*



## Group performance



Group MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	65.6	65.2	0.6 %	202.2	200.5	0.8 %	271.4	269.8
Acquisitions	-	-	-	-	-	-	-	-
Currency effects*	-	0.3	-	-	2.2	-	0.2	2.5
<b>Revenue excl acquisitions and currency</b>	<b>65.6</b>	<b>65.5</b>	<b>0.2 %</b>	<b>202.2</b>	<b>202.8</b>	<b>-0.3 %</b>	<b>271.7</b>	<b>272.2</b>

\*adjusted for translation effects, not transaction effects

Group MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	65.6	65.2	0.6 %	202.2	200.5	0.8 %	271.4	269.8
Cost of goods sold	-38.6	-36.5	n/a	-117.8	-113.2	n/a	-161.0	-156.5
<b>Gross profit*</b>	<b>27.1</b>	<b>28.7</b>	<b>-5.7 %</b>	<b>84.4</b>	<b>87.3</b>	<b>-3.3 %</b>	<b>110.4</b>	<b>113.3</b>
Operating costs	-21.5	-21.9	n/a	-65.6	-66.7	n/a	-87.8	-88.9
<b>Adjusted EBITDA*</b>	<b>5.6</b>	<b>6.8</b>	<b>-18.5 %</b>	<b>18.8</b>	<b>20.7</b>	<b>-8.9 %</b>	<b>22.6</b>	<b>24.4</b>
Depreciation of tangible fixed assets	-0.9	-0.9	n/a	-2.6	-2.8	n/a	-3.5	-3.8
<b>Adjusted EBITA*</b>	<b>4.7</b>	<b>5.9</b>	<b>-20.5 %</b>	<b>16.2</b>	<b>17.8</b>	<b>-8.8 %</b>	<b>19.1</b>	<b>20.7</b>
Other specified items	-	-	n/a	-	-2.0	n/a	-1.0	-3.0
IFRS 16 impact*	0.1	-	n/a	0.3	-	n/a	0.3	-
<b>EBITA</b>	<b>4.8</b>	<b>5.9</b>	<b>-18.3 %</b>	<b>16.6</b>	<b>15.8</b>	<b>5.0 %</b>	<b>18.4</b>	<b>17.7</b>

### Key figures, %

Gross margin*	41.2 %	44.0 %	41.8 %	43.5 %	40.7 %	42.0 %
Adjusted EBITDA margin*	8.5 %	10.5 %	9.3 %	10.3 %	8.3 %	9.1 %
Adjusted EBITA margin*	7.2 %	9.1 %	8.0 %	8.9 %	7.0 %	7.7 %
EBITA margin*	7.4 %	9.1 %	8.2 %	7.9 %	6.8 %	6.5 %

\* Alternative performance measures, refer to pages 18-19 for definitions and calculations. From 1 January 2019, the Group applies IFRS 16 Leases. To facilitate comparison between the periods, the alternative performance measures are presented excluding the effects of IFRS 16. The transition effects are set out in Note 7. Puls is reported as discontinued operations in this report.

## July – September 2019 Revenue and earnings

Revenue increased by 0.6% to MEUR 65.6 (65.2) in the third quarter. Organic revenue growth was 0.2%. Accessibility reported organic growth of 3.4%, driven by solid sales in stairlifts. Patient Handling's organic revenue decreased by -7.7%, primarily due to weaker progress in Patient Handling Institutional US.

EBITA amounted to MEUR 4.8 (5.9). Adjusted EBITA totaled MEUR 4.7 (5.9), corresponding to an adjusted EBITA margin of 7.2% (9.1). There was nothing to report under Other specified items for the quarter. The transition to IFRS 16 had a positive impact on reported EBITA of MEUR 0.1. Gross margin decreased to 41.2% (44.0), against a strong third quarter in the previous year. This was due to country mix in combination with reduced cost absorption. Operating expenses decreased in the quarter, both in nominal terms and in relation to revenue.

The exchange rate effect (translation effect) on adjusted EBITA was MEUR -0.1.

Net financial items improved to MEUR 1.1 (-0.9). Interest expenses amounted to MEUR -1.0 (-0.7), of which MEUR -0.2 related to lease liabilities and the transition to IFRS 16 (see Note 7). Exchange rate effects had a positive impact of MEUR 2.2 (0.0) on net financial items. Profit before tax for continuing operations amounted to MEUR 4.3 (3.6).

Tax expense for the quarter amounted to MEUR -0.4 (-0.2). Profit for the period for continuing operations totaled MEUR 3.9 (3.4), corresponding to earnings per share of EUR 0.07 (0.06) before and after dilution.

Profit for the period amounted to MEUR 3.9 (3.5), corresponding to earnings per share of EUR 0.07 (0.06) before and after dilution.

## **January – September 2019**

### **Revenue and earnings**

Revenue for the nine-month period increased by 0.8% to MEUR 202.2 (200.5). Revenue decreased organically by -0.3%. Accessibility reported organic growth of 3.3%, driven by solid sales in stairlifts. Patient Handling reported an organic decrease of -8.7% due to weak progress in Patient Handling Institutional US.

EBITA amounted to MEUR 16.6 (15.8). Adjusted EBITA totaled MEUR 16.2 (17.8), corresponding to an adjusted EBITA margin of 8.0% (8.9). There was nothing to report under Other specified items (2018: MEUR -2.0). The transition to IFRS 16 had a positive impact on reported EBITA of MEUR 0.3. Gross margin was 41.8% (43.5), the reduction was due to country mix and product mix in combination with lower cost absorption. Operating expenses decreased, both in nominal terms and in relation to revenue, primarily driven by lower personnel expenses for administrative staff.

There was no exchange rate effect (translation effect) on adjusted EBITA.

Net financial items improved to MEUR -1.1 (-2.0). Interest expenses amounted to MEUR -3.1 (-2.0), of which MEUR -0.7 related to lease liabilities and the transition to IFRS 16 (see Note 7). Exchange rate effects had a positive impact of MEUR 2.3 (0.4) on net financial items. Profit before tax for continuing operations was MEUR 10.6 (9.8).

Tax expenses amounted to MEUR -1.3 (-0.3). Profit for the period for continuing operations totaled MEUR 9.3 (9.5), corresponding to earnings per share of EUR 0.16 (0.16) before and after dilution.

Profit for the period amounted to MEUR 13.9 (10.5), corresponding to earnings per share of EUR 0.24 (0.18) before and after dilution.

### **Cash flow and financial position**

During the quarter, cash flow from operating activities amounted to MEUR 10.8 (1.4). Excluding the effect of IFRS 16, cash flow from operating activities was MEUR 9.3 with the year-on-year increase primarily attributable to a decrease in working capital. Disbursements under Other specified items amounted to MEUR -0.3 (-0.9).

Net investments in the quarter amounted to MEUR -1.2 (-1.1). These were distributed over fixed assets of MEUR -0.4, capitalized development costs of MEUR -0.6 and IT-systems MEUR -0.1.

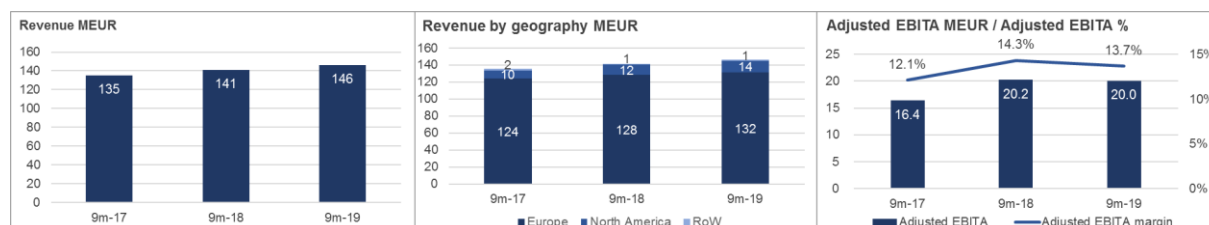
Consolidated cash and cash equivalents at the end of the period amounted to MEUR 35.6 (15.0). Interest-bearing net debt (excluding lease liabilities pursuant to IFRS 16) totaled MEUR 70.4 (92.0) at the end of the period. The year-on-year decrease in net debt was driven by cash flow from operating activities and the sale of Puls. Lease liabilities pursuant to IFRS 16 amounted to MEUR 26.6 at the end of the period and primarily comprised rental contracts for premises.

Cash flow from operating activities amounted to MEUR 17.1 (11.1) in the period. Excluding the effect of IFRS 16, cash flow from operating activities was MEUR 12.7 (see Note 7). The year-on-year improvement was primarily due to a decrease in working capital. Disbursements for Other specified items amounted to MEUR -1.6 (-3.4) and primarily comprised severance pay to former members of management in the North American operations.

Net investments in the period amounted to MEUR 4.9 (-5.0). These were distributed over fixed assets of MEUR -1.2, capitalized development costs of MEUR -1.6, IT systems of MEUR -0.4, contingent consideration of MEUR 0.2 and the net purchase consideration received for Puls of MEUR 8.2.

## Accessibility

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



Accessibility MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	48.0	46.6	3.1 %	146.3	141.1	3.7 %	194.6	189.4
Acquisitions	-	-	-	-	-	-	-	-
Currency effects*	-	-0.2	-	-	0.5	-	-0.1	0.3
<b>Revenue excl acquisitions and currency</b>	<b>48.0</b>	<b>46.4</b>	<b>3.4 %</b>	<b>146.3</b>	<b>141.6</b>	<b>3.3 %</b>	<b>194.5</b>	<b>189.7</b>

\*adjusted for translation effects, not transaction effects

Accessibility MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	48.0	46.6	3.1 %	146.3	141.1	3.7 %	194.6	189.4
Operating costs	-41.4	-38.9	n/a	-124.9	-119.1	n/a	-167.4	-161.6
<b>Adjusted EBITDA*</b>	<b>6.7</b>	<b>7.7</b>	<b>-13.7 %</b>	<b>21.5</b>	<b>22.0</b>	<b>-2.5 %</b>	<b>27.2</b>	<b>27.8</b>
Depreciation of tangible fixed assets	-0.5	-0.6	n/a	-1.4	-1.8	n/a	-2.0	-2.3
<b>Adjusted EBITA*</b>	<b>6.2</b>	<b>7.2</b>	<b>-13.8 %</b>	<b>20.0</b>	<b>20.2</b>	<b>-0.8 %</b>	<b>25.3</b>	<b>25.4</b>
Other specified items	-	-	n/a	-	-1.1	n/a	-	-1.1
<b>EBITA</b>	<b>6.2</b>	<b>7.2</b>	<b>-13.8 %</b>	<b>20.0</b>	<b>19.1</b>	<b>4.9 %</b>	<b>25.3</b>	<b>24.3</b>

### Key figures, %

Adjusted EBITDA margin*	13.9 %	16.6 %	14.7 %	15.6 %	14.0 %	14.7 %
Adjusted EBITA margin*	12.9 %	15.4 %	13.7 %	14.3 %	13.0 %	13.4 %
EBITA margin*	12.9 %	15.4 %	13.7 %	13.5 %	13.0 %	12.8 %

\* Alternative performance measures, refer to pages 18 and 19 for definitions and calculations. The Group's segments are presented excluding the effects from IFRS 16 since the segments report lease agreements according to the former standard IAS 17 Leases in the internal management reporting.

### July – September 2019

Revenue in the third quarter increased by 3.1% to MEUR 48.0 (46.6). Organic growth was 3.4%. The business unit reported solid growth for stairlifts in both Europe and North America. Organic growth for stairlifts was 3.7% in the quarter. The slightly lower growth rate compared with previous quarters is primarily due to a weaker market in the UK. We consider the market downturn is due to Brexit, which is generating temporary uncertainties at consumer level. Other major markets such as Germany, the Netherlands and Italy reported a continued very strong growth. Growth was 9.1% in North America. Vehicle Accessibility reversed the previous negative revenue trend and delivered organic growth of 2.2% in the quarter.

EBITA and Adjusted EBITA amounted to MEUR 6.2 (7.2). The adjusted EBITA margin decreased to 12.9% (15.4) as a result of a weaker gross margin. The lower gross margin was driven by country mix in Stairlifts and product mix in Vehicle Accessibility. Operating expenses (excluding cost of goods sold) were down slightly in relation to revenue.

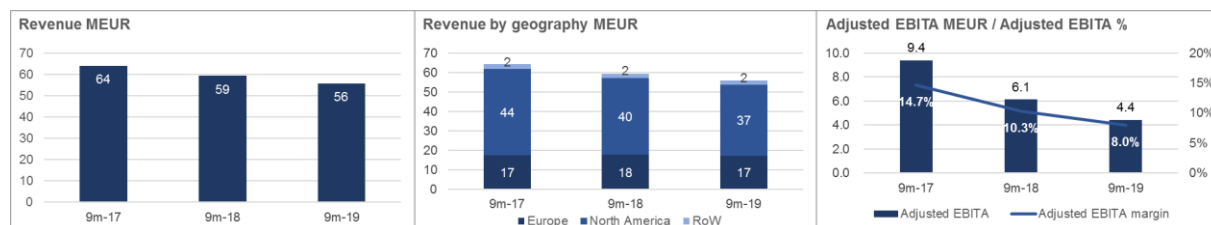
### January – September 2019

Revenue increased by 3.7% to MEUR 146.3 (141.1) in the nine-month period. Organic growth was 3.3%. The business unit reported solid growth for stairlifts in both Europe and North America. Organic growth for stairlifts was 5.3% in the period, and North America reported organic growth of 6.9%. Vehicle Accessibility returned to organic growth in the quarter but as a result of a softer market in Denmark in the first six months of the year, revenue decreased organically by 3.7% in the nine-month period.

EBITA amounted to MEUR 20.0 (19.1). Adjusted EBITA amounted to MEUR 20.0 (20.2). The adjusted EBITA margin decreased to 13.7% (14.3) due to weaker gross margin which was negatively impacted by country mix and product mix, mainly in stairlifts. Operating expenses (excluding cost of goods sold) decreased in relation to revenue in year-on-year terms.

## Patient Handling

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



Patient Handling MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	17.6	18.6	-5.5 %	55.8	59.4	-5.9 %	76.7	80.3
Acquisitions	-	-	-	-	-	-	-	-
Currency effects*	-	0.5	-	-	1.8	-	0.4	2.1
<b>Revenue excl acquisitions and currency</b>	<b>17.6</b>	<b>19.1</b>	<b>-7.7 %</b>	<b>55.8</b>	<b>61.1</b>	<b>-8.7 %</b>	<b>77.1</b>	<b>82.4</b>

\*adjusted for translation effects, not transaction effects

Patient Handling MEUR	July - September			January - September			LTM 2018/2019	FY 2018
	2019	2018	Δ%	2019	2018	Δ%		
Revenue	17.6	18.6	-5.5 %	55.8	59.4	-5.9 %	76.7	80.3
Operating costs	-16.2	-16.6	n/a	-50.3	-52.2	n/a	-69.8	-71.8
<b>Adjusted EBITDA*</b>	<b>1.4</b>	<b>2.0</b>	<b>-27.7 %</b>	<b>5.6</b>	<b>7.2</b>	<b>-22.2 %</b>	<b>6.9</b>	<b>8.5</b>
Depreciation of tangible fixed assets	-0.4	-0.4	n/a	-1.1	-1.0	n/a	-1.5	-1.4
<b>Adjusted EBITA*</b>	<b>1.1</b>	<b>1.6</b>	<b>-35.1 %</b>	<b>4.4</b>	<b>6.1</b>	<b>-27.5 %</b>	<b>5.4</b>	<b>7.1</b>
Other specified items	-	-	n/a	-	-0.7	n/a	-1.0	-1.7
<b>EBITA</b>	<b>1.1</b>	<b>1.6</b>	<b>-35.1 %</b>	<b>4.4</b>	<b>5.5</b>	<b>-18.9 %</b>	<b>4.4</b>	<b>5.4</b>

### Key figures %

Adjusted EBITDA margin*	8.1 %	10.6 %	10.0 %	12.1 %	9.0 %	10.6 %
Adjusted EBITA margin*	6.0 %	8.7 %	8.0 %	10.3 %	7.0 %	8.8 %
EBITA margin*	6.0 %	8.7 %	8.0 %	9.2 %	5.7 %	6.8 %

\* Alternative performance measures, refer to pages 18 and 19 for definitions and calculations. The Group's segments are presented excluding the effects from IFRS 16 since the segments report lease agreements according to the former standard IAS 17 Leases in the internal management reporting.

### July – September 2019

Revenue for the third quarter decreased by -5.5% to MEUR 17.6 (18.6). Revenue decreased organically by -7.7% as a result of lower sales in both North America and Europe. North America reported negative organic growth of -9.1%, primarily driven by decreased sales to institutional customers in the US. The European operations remained negatively affected by continued slightly lower sales by some major distributors.

EBITA and Adjusted EBITA amounted to MEUR 1.1 (1.6). The adjusted EBITA margin decreased to 6.0% (8.7), driven by higher operating expenses (excluding cost of goods sold) in relation to revenue, in combination with a somewhat lower gross margin. Both were mainly driven by lower cost absorption in North America. Operating expenses (excluding cost of goods sold) were unchanged in nominal terms. Profitability in the European operations remained good.

### January – September 2019

Revenue in the period decreased by -5.9% to MEUR 55.8 (59.4). Revenue decreased organically by -8.7%. Revenue in the European operations was down slightly in year-on-year terms. North America reported negative organic growth of -12.0%. This was primarily due to lower sales to institutional customers in the US. Despite improvements in several areas, challenges remain, and the previously communicated target of a return to organic growth during the first six months of 2020 stands.

EBITA amounted to MEUR 4.4 (5.5). Adjusted EBITA amounted to MEUR 4.4 (6.1). The adjusted EBITA margin decreased to 8.0% (10.3), mainly driven by a lower gross margin. The decrease in gross margin was attributable to product mix and reduced cost absorption in North America. Operating expenses (excluding cost of goods sold) declined in nominal terms but increased in relation to revenue. The profitability of the European operations remained good.

## Group-wide expenses

Group-wide expenses, excluding Other specified items, amounted to MEUR -2.5 (-2.9) for the third quarter and MEUR -8.2 (-8.5) for the nine-month period. The lower costs in the quarter compared with last year is primarily a result of lower costs for IT and variable compensation. No amortization or depreciation was included in Group-wide expenses.

## Employees

At the end of the period, the number of FTEs was 1,125 (1,159). The average number of FTEs was 1,113 (1,161) for the quarter and 1,131 (1,161) for the nine-month period. In connection with the sale of Puls, the number of full-time equivalents decreased by 37.

## Parent Company

Nine-month revenue amounted to MEUR 7.8 (6.4). Profit before tax was MEUR 3.2 (2.7) and profit for the period was MEUR 3.2 (2.7).

## Seasonal variations

The Group's revenue is subject to limited impact from seasonal variations. Normally, revenue generation is relatively evenly distributed between the first and second half of the year.

## Risks and uncertainties

Handicare is a global Group represented in some 20 countries and, as such, is exposed to a number of business and financial risks. Risk management is therefore an important process for Handicare in order to achieve its set goals. Effective risk management is a natural part of the ongoing monitoring and forward-looking assessment of the Group's operations. Handicare's long-term risk exposure is not expected to deviate from the natural exposure associated with Handicare's ongoing business activities. For a more in-depth risk analysis, refer to Handicare's 2018 Annual Report.

## Disputes

Handicare Stairlifts B.V. is currently involved in a legal process with one of the Group's suppliers, Eriks B.V., with regard to a product recall concerning the accumulator supplied by Eriks B.V. to Handicare. The negotiations with the counterparty could not be concluded in the third quarter and will continue in the fourth quarter of 2019. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision as of 30 September 2019.

## Shares

The number of shares at the end of the period amounted to 58 939 000. No change versus last year. In accordance with the decision of the May 2019 Annual General Meeting, an incentive programme was introduced in which a maximum of 1,211,804 warrants can be issued. In the event of maximum utilisation of the programme, the dilution effect will correspond to approximately 2% of the share capital and the number of votes. In accordance with the decision of the October 2017 Annual General Meeting, an incentive programme was introduced in which a maximum of 556,416 warrants can be issued. In the event of maximum utilisation of the programme, the dilution effect will correspond to approximately 1% of the share capital and the number of votes.

## Significant events during the reporting period

### *Changes to the Group Management team*

Pernilla Lindén took up the position as Group CFO on 14 August 2019. She therefore left her role as Executive Vice President Strategy and Business Excellence. Pernilla replaced Stephan Révay, who is leaving Handicare for a role as Partner at PwC.

Erik Østby took up the position as Executive Vice President Patient Handling EUROW & Global Commercial Excellence 12 August 2019. Erik replaced Helena Skarle, who has left Handicare.

## Significant events after the end of the period

In order to uncover Handicare's underlying value, the Board has decided to initiate a strategic review that may include the divestment of one or more business units, Handicare is acquired, or other strategic transactions. The strategic review may also result in Handicare remaining in its current structure.

The decision has been made based on the Board's view that Handicare has a leading position on very attractive growth markets and that the Board sees continued long-term potential in Handicare. The strategic review will uncover Handicare's underlying value and provide a clear direction going forward, which will benefit customers, employees and shareholders. In order to support the Board in this process, Rothschild has been appointed as financial advisors.

## Condensed consolidated income statement

Group* MEUR	July - September		January - September		FY 2018
	2019	2018	2019	2018	
Revenue	65.6	65.2	202.2	200.5	269.8
Cost of material	-29.9	-28.5	-92.0	-89.0	-123.6
Employee benefits expenses	-17.8	-17.2	-53.3	-52.9	-70.0
Other operating costs	-10.9	-12.6	-33.8	-38.0	-51.8
Depreciation and amortization	-3.8	-2.3	-11.5	-6.8	-9.4
Other specified items**	-	-	-	-2.0	-3.0
<b>Operating profit/loss (EBIT)</b>	<b>3.2</b>	<b>4.5</b>	<b>11.7</b>	<b>11.8</b>	<b>12.0</b>
Financial items, net	1.1	-0.9	-1.1	-2.0	-1.2
<b>Profit/loss before tax</b>	<b>4.3</b>	<b>3.6</b>	<b>10.6</b>	<b>9.8</b>	<b>10.9</b>
Tax	-0.4	-0.2	-1.3	-0.3	-0.7
<b>Profit/loss after tax from continuing operations</b>	<b>3.9</b>	<b>3.4</b>	<b>9.3</b>	<b>9.5</b>	<b>10.2</b>
Profit after tax from discontinued operations***	0.0	0.1	4.6	1.0	1.2
<b>Net profit/loss for the period</b>	<b>3.9</b>	<b>3.5</b>	<b>13.9</b>	<b>10.5</b>	<b>11.4</b>
Earnings per share (EUR) before and after dilution (continuing operations)	0.07	0.06	0.16	0.16	0.17
Earnings per share (EUR) before and after dilution (including discontinued operations)	0.07	0.06	0.24	0.18	0.19
Average number of shares before and after dilution (000's)	58 939	58 939	58 939	58 939	58 939

\* From 1 January 2019, the Group applies IFRS 16 Leases. Therefore, the income statement for 2019 is not fully comparable with 2018. Refer to Note 7 for a specification of the impact on the income statement.

\*\* See Note 5

\*\*\* Puls is reported as discontinued operations during 2019 and 2018. See Note 4.

## Condensed consolidated statement of comprehensive income

Group* MEUR	July - September		January - September		FY 2018
	2019	2018	2019	2018	
Net profit for the period, continuing operations	3.9	3.4	9.3	9.5	10.2
Net profit for the period, discontinued operations	0.0	0.1	4.6	1.0	1.2
<b>Net profit for the period</b>	<b>3.9</b>	<b>3.5</b>	<b>13.9</b>	<b>10.5</b>	<b>11.4</b>
<b>Other comprehensive income for the period</b>					
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	0.0	0.0	0.0	0.0	0.0
Translation differences (can be reversed)	-0.1	1.1	3.0	-1.4	-2.1
Net investment hedges (can be reversed)	0.4	-0.2	-1.9	1.5	0.1
Income tax attributable to components in other comprehensive income (can be reversed)	-0.1	0.1	0.5	-0.4	0.0
<b>Sum continuing operations</b>	<b>0.3</b>	<b>0.9</b>	<b>1.6</b>	<b>-0.3</b>	<b>-2.1</b>
Sum discontinued operations	0.0	0.0	0.1	0.3	0.2
<b>Other comprehensive income for the period, net of tax</b>	<b>0.3</b>	<b>0.9</b>	<b>1.7</b>	<b>0.0</b>	<b>-1.9</b>
Total comprehensive income for the period, continuing operations	4.2	4.3	10.9	9.2	8.1
Total comprehensive income for the period, discontinued operations	0.0	0.2	4.7	1.4	1.3
<b>Total comprehensive income for the period</b>	<b>4.2</b>	<b>4.4</b>	<b>15.6</b>	<b>10.6</b>	<b>9.5</b>
Comprehensive income attributable to Parent company's shareholders	4.2	4.4	15.6	10.6	9.5
Comprehensive income attributable to non-controlling interests	-	-	-	-	-



## Condensed consolidated balance sheet

Group* MEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Goodwill	165.9	164.8	162.8
Other intangible assets	46.7	50.3	49.1
Property, plant and equipment	8.1	9.9	9.7
Right-of-use assets	26.6	-	-
Deferred tax assets	7.2	7.7	8.0
Other non-current assets	0.1	0.2	0.2
<b>Total non-current assets</b>	<b>254.6</b>	<b>233.0</b>	<b>229.7</b>
Inventory	33.0	39.2	35.6
Accounts receivable	41.5	45.4	43.7
Tax receivables	0.2	0.2	0.1
Other current assets	3.1	4.6	3.3
Cash and cash equivalents	35.6	15.0	23.6
<b>Total current assets</b>	<b>113.5</b>	<b>104.3</b>	<b>106.3</b>
<b>Total assets</b>	<b>368.1</b>	<b>337.4</b>	<b>336.0</b>
<b>Total equity</b>	<b>184.1</b>	<b>172.4</b>	<b>171.3</b>
Provisions for pensions	0.2	0.4	0.2
Deferred tax liabilities	7.9	8.9	8.3
Advance payments	2.4	2.3	2.4
Other liabilities	0.3	0.7	0.4
Lease liabilities	21.7	-	-
Interest-bearing loans	105.0	105.6	103.0
<b>Total long-term liabilities</b>	<b>137.5</b>	<b>117.9</b>	<b>114.3</b>
Interest-bearing loans	0.0	0.1	0.0
Lease liabilities	4.9	-	-
Accounts payable	24.5	27.0	30.5
Other liabilities	0.9	1.9	1.1
Accrued expenses and deferred income	16.1	18.1	18.7
<b>Total current liabilities</b>	<b>46.5</b>	<b>47.1</b>	<b>50.4</b>
<b>Total shareholders' equity and liabilities</b>	<b>368.1</b>	<b>337.4</b>	<b>336.0</b>

\* From 1 January 2019, the Group applies IFRS 16 Leases. Therefore, the balance sheet for 2019 is not fully comparable with 2018. Refer to Note 7 for a specification of the impact on the balance sheet. Note that the Balance sheet for 2018 is not adjusted for the divestment of Puls.

## Condensed consolidated cash flow statement

Group* MEUR	July - September		January - September		FY 2018
	2019	2018	2019	2018	
Profit/loss before tax from continuing operations	4.3	3.6	10.6	9.8	10.9
Profit/loss before tax discontinued operations	0.0	0.1	4.6	1.0	1.2
Depreciation, amortization and impairment	3.8	2.3	11.5	6.9	9.5
Capital gain	-	-	-4.3	-	-
Reversal of interest expense/ income	1.1	0.8	3.2	2.2	3.0
Other non-cash items	-0.6	-0.4	-0.1	1.2	1.0
Taxes paid	-0.3	-0.2	-0.6	-1.3	-1.6
<b>Cash flow before changes in working capital</b>	<b>8.3</b>	<b>6.3</b>	<b>25.0</b>	<b>19.8</b>	<b>23.9</b>
Inventory	0.3	-1.6	-0.1	-2.8	0.5
Accounts receivable	1.3	0.8	1.3	-3.1	-1.8
Accounts payable	0.9	-2.2	-5.4	2.0	5.7
Other current receivables/liabilities	0.0	-1.9	-3.6	-4.7	-5.7
<b>Cash flow from operating activities</b>	<b>10.8</b>	<b>1.4</b>	<b>17.1</b>	<b>11.1</b>	<b>22.6</b>
Acquired / divested operations	-	-	8.0	-1.1	-1.1
Acquired / divested tangible/intangible assets	-1.2	-1.1	-3.1	-3.9	-5.9
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-1.1</b>	<b>4.9</b>	<b>-5.0</b>	<b>-7.0</b>
Changes in interest-bearing loans	-	-0.0	-	1.2	1.2
Changes in lease liabilities	-1.5	-	-4.4	-	-
Interest, net	-0.8	-0.7	-2.3	-2.0	-2.8
Dividend paid/capital contribution	-	0.0	-2.7	-2.9	-2.9
<b>Cash flow from financing activities</b>	<b>-2.3</b>	<b>-0.8</b>	<b>-9.5</b>	<b>-3.7</b>	<b>-4.4</b>
<b>Cash flow for the period</b>	<b>7.4</b>	<b>-0.5</b>	<b>12.5</b>	<b>2.5</b>	<b>11.2</b>
Cash and cash equivalents at the beginning of the period	29.1	15.7	23.6	12.9	12.9
Cash flow for the period	7.4	-0.5	12.5	2.5	11.2
Translation differences	-0.9	-0.2	-0.5	-0.4	-0.5
<b>Cash and cash equivalents at end of the period</b>	<b>35.6</b>	<b>15.0</b>	<b>35.6</b>	<b>15.0</b>	<b>23.6</b>

\* From 1 January 2019, the Group applies IFRS 16 Leases. Therefore, the cash flow for 2019 is not fully comparable with 2018. Refer to Note 7 for the impact on cash flow.

## Condensed consolidated statement of changes in shareholders' equity

Group MEUR	Attributable to equity holders of the Parent	Non- controlling interest	Total equity
<b>Opening balance January 1, 2018</b>	<b>164.7</b>	<b>-</b>	<b>164.7</b>
Dividend	-2.9	-	-2.9
Profit for the year	10.5	-	10.5
Other comprehensive income	0.0	-	0.0
<b>Closing balance September 30, 2018</b>	<b>172.4</b>	<b>-</b>	<b>172.4</b>
<b>Opening balance January 1, 2019</b>	<b>171.3</b>	<b>-</b>	<b>171.3</b>
Capital contribution	0.2	-	0.2
Dividend	-2.9	-	-2.9
Profit for the year	13.9	-	13.9
Other comprehensive income	1.7	-	1.7
<b>Closing balance September 30, 2019</b>	<b>184.1</b>	<b>-</b>	<b>184.1</b>

## Condensed Parent Company income statement

Parent Company MEUR	July - September		January - September		FY 2018
	2019	2018	2019	2018	
Revenue	2.6	2.1	7.8	6.4	11.8
Employee benefits expenses	-1.1	-1.2	-3.5	-3.3	-4.6
Other operating costs	-0.5	-0.4	-1.4	-1.4	-8.4
Depreciation and amortization	-0.0	-0.0	-0.1	-0.0	-0.0
<b>Operating profit/loss (EBIT)</b>	<b>1.0</b>	<b>0.5</b>	<b>2.7</b>	<b>1.8</b>	<b>-1.2</b>
Financial items, net	0.2	-0.3	0.4	1.0	0.9
<b>Profit/loss before tax</b>	<b>1.3</b>	<b>0.2</b>	<b>3.2</b>	<b>2.7</b>	<b>-0.3</b>
Appropriations	-	-	-	-	-
Tax	-	-	-	-	-
<b>Net profit/loss for the period</b>	<b>1.3</b>	<b>0.2</b>	<b>3.2</b>	<b>2.7</b>	<b>-0.3</b>

## Condensed Parent Company balance sheet

Parent Company MEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Intangible assets	0.3	-	0.4
Shares in Group companies	272.1	272.1	272.1
Tangible fixed assets	0.1	0.1	0.1
Long-term receivables	0.8	0.6	0.6
<b>Total non-current assets</b>	<b>273.3</b>	<b>272.8</b>	<b>273.1</b>
Receivables from Group companies	0.1	2.6	0.3
Other receivables	0.3	1.0	0.3
Cash and cash equivalents	0.0	-	-
<b>Total current assets</b>	<b>0.4</b>	<b>3.6</b>	<b>0.5</b>
<b>Total assets</b>	<b>273.6</b>	<b>276.4</b>	<b>273.7</b>
<b>Shareholders' equity</b>	<b>251.0</b>	<b>253.7</b>	<b>250.6</b>
Liabilities from Group companies	21.6	21.3	21.6
Accounts payable	0.2	0.4	0.5
Other liabilities	0.2	0.1	0.1
Accrued expenses and deferred income	0.6	0.9	0.9
<b>Total current liabilities</b>	<b>22.6</b>	<b>22.7</b>	<b>23.0</b>
<b>Total shareholders' equity and liabilities</b>	<b>273.6</b>	<b>276.4</b>	<b>273.7</b>

## Notes

### Note 1 – Accounting policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The application of the accounting policies is consistent with those contained in the 2018 Annual Report and are to be read together with said policies. Moreover, IFRS 16 Leases apply from 1 January 2019 (see below and Note 7). In addition to the financial measures prepared in accordance with IFRS, Handicare presents non-IFRS financial measures, such as Gross profit, EBITA, EBITA before Other specified items and Net debt. These alternative performance measures are considered key earnings and performance indicators for investors and other users of the interim report. The alternative performance measures are a complement to, but not a replacement for, the financial information prepared in accordance with IFRS. Definitions and reconciliations of the alternative performance measures are presented on pages 18-19.

In 2019, the Group applies IFRS 16 Leases for the first time. 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. The effect from implementing IFRS 16 is presented in Note 7. The parent company does not apply IFRS 16. The Group's segments are presented excluding the effects from IFRS 16 since the segments report lease agreements according to the former standard IAS 17 Leases in the internal management reporting. The effect from the transition to IFRS 16 is not included in some of the Group's alternative performance measures (see pages 18-19).

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

### Note 2 – Segment overview

Group MEUR	July - September		January - September		LTM 2018/2019	FY 2018
	2019	2018	2019	2018		
Accessibility	48.0	46.6	146.3	141.1	194.6	189.4
Patient Handling	17.6	18.6	55.8	59.4	76.7	80.3
Group-wide functions	0.0	0.0	0.0	0.0	0.1	0.1
<b>Revenue - Group</b>	<b>65.6</b>	<b>65.2</b>	<b>202.2</b>	<b>200.5</b>	<b>271.4</b>	<b>269.8</b>

Group MEUR	July - September		January - September		LTM 2018/2019	FY 2018
	2019	2018	2019	2018		
Accessibility	6.2	7.2	20.0	20.2	25.3	25.4
Patient Handling	1.1	1.6	4.4	6.1	5.4	7.1
Group-wide functions	-2.5	-2.9	-8.2	-8.5	-11.6	-11.8
<b>Adj EBITA - Group</b>	<b>4.7</b>	<b>5.9</b>	<b>16.2</b>	<b>17.8</b>	<b>19.1</b>	<b>20.7</b>

Group MEUR	July - September		January - September		LTM 2018/2019	FY 2018
	2019	2018	2019	2018		
Adj EBITA - Group	4.7	5.9	16.2	17.8	19.1	20.7
Other specified items	-	-	-	-2.0	-1.0	-3.0
IFRS 16 adjustment - EBITA	0.1	-	0.3	-	0.3	-
Amortization	-1.6	-1.4	-4.9	-4.0	-6.5	-5.6
Financial items, net	1.1	-0.9	-1.1	-2.0	-0.3	-1.2
<b>EBT - Group</b>	<b>4.3</b>	<b>3.6</b>	<b>10.6</b>	<b>9.8</b>	<b>11.7</b>	<b>10.9</b>

The operations do not allocate assets and liabilities to different segments and the company's management does not monitor operations from this perspective, which is why a segment overview is not included.

Puls, which previously was reported as a separate segment, is treated as discontinued operations during 2019 and 2018, and is therefore not included in the segment overview, see Note 4.

### Note 3 – Acquisitions

Handicare has not carried out any acquisitions in 2019. In January 2018, Handicare acquired the assets of a distributor in North America. A larger share of the purchase price was conditional and based on the distributor's future sales. The size of the contingent consideration is based on sales growth over a 48-month period. The fair value of the contingent consideration is estimated at MEUR 2.3 and is based on a discount rate of 3% and probability-adjusted, assumed future sales. In the first quarter of 2019, MEUR 0.2 of the contingent consideration was disbursed. The acquisition analysis for the acquisition is shown below.

Business combination	MEUR
Tangible fixed assets	0.1
Customer contracts and customer relations	2.2
Inventory	0.4
<b>Total identifiable net assets</b>	<b>2.6</b>
Goodwill	0.8
<b>Total net assets</b>	<b>3.4</b>
Less:	
Contingent consideration	-2.3
<b>Net cash flow - investments</b>	<b>1.1</b>

Goodwill pertains to expected synergy effects from the merger of the Group's and the distributor's US operations.

### Note 4 – Discontinued operations

As of 22 May 2019, Puls AS was sold to Mediq International BV. Puls AS and its subsidiaries represented the Puls strategic business unit in Handicare's segment reporting. As a result of the sale, Puls is reported as a discontinued operation. A discontinued operation is a component of an entity that represents either a separate major line of business or a geographical area of operations. Profit after tax from discontinued operations is reported on a separate row in the income statement in the period and the comparative period. The presentation of the statement of financial position for the current and preceding year is not changed in a corresponding manner.

The purchase price for Puls amounted to MEUR 10.9 (MNOK 106). The pre-tax capital gain amounted to MEUR 4.3 and is included in the financial items below.

Discontinued operations Puls MEUR	July - September		January - September		LTM	FY
	2019	2018	2019	2018	2018/2019	2018
Revenue	-	4.9	6.2	16.4	10.9	21.1
Cost of material	-	-3.4	-4.3	-11.5	-7.5	-14.7
Employee benefits expenses	-	-0.9	-1.1	-2.7	-2.1	-3.7
Other operating cost	-	-0.3	-0.5	-1.2	-0.8	-1.5
Depreciation and amortization	-	0.0	0.0	0.0	0.0	-0.1
<b>Operating profit/loss (EBIT)</b>	-	<b>0.1</b>	<b>0.3</b>	<b>1.0</b>	<b>0.5</b>	<b>1.2</b>
Result from sale of discontinued operations	-	-	4.3	-	4.3	-
<b>Profit/loss before tax</b>	-	<b>0.1</b>	<b>4.6</b>	<b>1.0</b>	<b>4.8</b>	<b>1.2</b>
Tax	-	-	-	-	-	-
<b>Profit after tax from discontinued operations</b>	-	<b>0.1</b>	<b>4.6</b>	<b>1.0</b>	<b>4.8</b>	<b>1.2</b>
Cashflow from operating activities	-	0.8	-0.1	2.3	0.6	2.9
Cashflow from investing activities	-	0.0	8.1	0.0	8.1	0.0
<b>Cash and cash equivalents generated from discontinued operations</b>	-	<b>0.8</b>	<b>8.0</b>	<b>2.3</b>	<b>8.7</b>	<b>2.9</b>

### Note 5 – Other specified items

Handicare had no Other specified items in the third quarter 2018 or 2019. During the full year 2018, in conjunction with reorganisations, Handicare charged costs of MEUR 3.0 (mainly severance costs) to earnings. These costs were reported under Other specified items.

**Note 6 – Financial net debt**

Group MEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Interest-bearing long-term loans	102.1	102.9	100.3
Lease liabilities IFRS 16	26.6	-	-
Other interest-bearing debt	3.9	4.1	3.8
Deduct: cash and cash equivalents	-35.6	-15.0	-23.6
Deduct: IFRS 16 impact	-26.6	-	-
<b>Interest-bearing net debt</b>	<b>70.4</b>	<b>92.0</b>	<b>80.5</b>

**Note 7 – Presentation of the transition to IFRS 16 Leases**

Handicare applies IFRS 16 Leases as from 1 January 2019. During 2018, Handicare 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. Handicare have chosen the modified retrospective approach, which means that the comparative figures have not been restated. The accumulated effect of the initial application of the standard have been recognised on the date of initial application, in other words, 1 January 2019. Handicare have measured the 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. Handicare has chosen to use the exemptions contained in the standard regarding 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.

Several of the Group's lease agreements, especially for property, offer opportunities to extend the leases. When calculating the lease liability, the Group has included options for extension when it is reasonably certain that these options will be used. Discount rate has been set per country and average interest rate used for the valuation of the lease liability is 3.5%. The impact from applying IFRS 16 on the Group's financial statements is presented below.

## Impact on the Group's income statement, balance sheet and cash flow

Group Income statement	July - September 2019			January - September 2019		
	incl IFRS 16	IFRS 16 impact	excl IFRS 16	incl IFRS 16	IFRS 16 impact	excl IFRS 16
<b>MEUR</b>						
Revenue	65.6	-	65.6	202.2	-	202.2
Cost of material	-29.9	-	-29.9	-92.0	-	-92.0
Employee benefits expenses	-17.8	-	-17.8	-53.3	-	-53.3
Other operating costs	-10.9	-1.5	-12.4	-33.8	-4.4	-38.1
Depreciation and amortization	-3.8	1.3	-2.5	-11.5	4.0	-7.5
<b>Operating profit/loss (EBIT)</b>	<b>3.2</b>	<b>-0.1</b>	<b>3.1</b>	<b>11.7</b>	<b>-0.3</b>	<b>11.4</b>
Financial items, net	1.1	0.2	1.3	-1.1	0.7	-0.3
<b>Profit before tax</b>	<b>4.3</b>	<b>0.1</b>	<b>4.4</b>	<b>10.6</b>	<b>0.4</b>	<b>11.0</b>
Tax	-0.4	-0.0	-0.4	-1.3	-0.1	-1.4
<b>Profit after tax</b>	<b>3.9</b>	<b>0.1</b>	<b>4.0</b>	<b>9.3</b>	<b>0.3</b>	<b>9.7</b>
<b>Key ratios</b>						
	July - September 2019			January - September 2019		
<b>MEUR</b>	incl IFRS 16	IFRS 16 impact	excl IFRS 16	incl IFRS 16	IFRS 16 impact	excl IFRS 16
EBITDA	7.0	-1.5	5.6	23.2	-4.4	18.8
EBITA	4.8	-0.1	4.7	16.6	-0.3	16.2
EBIT	3.2	-0.1	3.1	11.7	-0.3	11.4
<b>Group Balance sheet</b>						
	30 Sep 2019			31 Dec 2018		1 Jan 2019
<b>MEUR</b>	incl IFRS 16	IFRS 16 impact	excl IFRS 16	IFRS 16 impact		
Total non-current assets	254.6	-26.6	227.9	229.7	27.5	257.2
Total current assets	113.5	0.4	113.9	106.3	-0.3	105.9
<b>Total assets</b>	<b>368.1</b>	<b>-26.2</b>	<b>341.8</b>	<b>336.0</b>	<b>27.1</b>	<b>363.1</b>
<b>Total equity</b>	<b>184.1</b>	<b>0.3</b>	<b>184.4</b>	<b>171.3</b>	<b>-</b>	<b>171.3</b>
Lease liabilities	21.7	-21.7	-	-	21.7	21.7
Interest-bearing loans	105.0	-	105.0	103.0	-	103.0
Other long-term liabilities	10.8	-	10.8	11.3	-	11.3
<b>Total long-term liabilities</b>	<b>137.5</b>	<b>-21.7</b>	<b>115.8</b>	<b>114.3</b>	<b>21.7</b>	<b>136.1</b>
Lease liabilities	4.9	-4.9	-	-	5.4	5.4
Other current liabilities	41.6	-	41.6	50.4	-	50.4
<b>Total current liabilities</b>	<b>46.5</b>	<b>-4.9</b>	<b>41.6</b>	<b>50.4</b>	<b>5.4</b>	<b>55.8</b>
<b>Total shareholders' equity and liabilities</b>	<b>368.1</b>	<b>-26.2</b>	<b>341.8</b>	<b>336.0</b>	<b>27.1</b>	<b>363.1</b>

The Group cash flow from operating activities has, in comparison with last year, improved by MEUR 4.4 for the nine-month period, with a corresponding decline in cash flow from financing activities.

Stockholm, October 24, 2019  
Handicare Group AB (publ)

Staffan Ternström  
President and CEO

## Auditors' review report

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

### Introduction

We have reviewed the condensed interim report for Handicare Group AB (publ) as at 30 September 2019 and for the nine months period then ended. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

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

### Conclusion

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

Stockholm, October 24, 2019

Ernst & Young AB

Stefan Andersson-Berglund  
Authorised Public Accountant



### Telephone conference

A telephone conference, hosted by Staffan Ternström, President and CEO, and Pernilla Lindén, CFO, will be held at 10:00 a.m. CET on 24 October 2019. To participate, please register in advance using the following link <http://emea.directeventreg.com/registration/4999302>

A presentation will be available at [www.handicaregroup.com/investors](http://www.handicaregroup.com/investors).

### Dates for financial reports and Annual General Meeting

Year-end report 2019	12 February 2020
Interim report January – March 2020	23 April 2020
The Annual General Meeting will be held in Stockholm 6 May 2020	

### For more information, contact:

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

Pernilla Lindén, CFO & IR, Tel: +46 708 775 832

*This information is information that Handicare Group AB (publ) is required to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 24 October 2019.*

### Forward-looking statements

To the extent this report contains forward-looking statements, these statements are based on the current expectations of Handicare's Group management. Although management considers the expectations expressed in such forward-looking statements to be reasonable, there is no guarantee that these expectations will prove correct. Accordingly, actual future outcomes may differ significantly from those expressed in the forward-looking statements due to such factors as changed economic, market and competitive conditions, changes in regulatory requirements and other policy measures, and fluctuations in exchange rates.

### About Handicare

Handicare offers solutions to increase the independence of disabled or elderly people, and to facilitate for their care providers and family. The offering encompasses a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids and vehicle adaptations. Handicare is a global company with sales in more than 20 countries and is one of the market leader in this field. The head office is in Stockholm, Sweden and manufacturing and assembly is located at five sites distributed across North America, Asia and Europe. In the twelve-month period to September 2019, revenue amounted to MEUR 271 and the adjusted EBITA margin was 7.0%. Employees numbered around 1,100 and the share is listed on Nasdaq Stockholm. For more information, [www.handicaregroup.com](http://www.handicaregroup.com).

**Quarterly data**

Group	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
MEUR	2017	2017	2018	2018	2018	2018	2019	2019	2019
Revenue	64.8	65.4	65.3	70.0	65.2	69.2	67.2	69.4	65.6
Cost of goods sold	-36.4	-37.0	-37.5	-39.2	-36.5	-43.3	-39.1	-40.1	-38.6
<b>Gross profit*</b>	<b>28.4</b>	<b>28.4</b>	<b>27.8</b>	<b>30.8</b>	<b>28.7</b>	<b>26.0</b>	<b>28.0</b>	<b>29.3</b>	<b>27.1</b>
Operating costs	-21.0	-21.5	-22.0	-22.8	-21.9	-22.2	-22.1	-22.0	-21.5
<b>Adjusted EBITDA*</b>	<b>7.4</b>	<b>6.9</b>	<b>5.8</b>	<b>8.1</b>	<b>6.8</b>	<b>3.8</b>	<b>6.0</b>	<b>7.3</b>	<b>5.6</b>
Depreciation of tangible fixed assets	-0.8	-0.9	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.9
<b>Adjusted EBITA*</b>	<b>6.6</b>	<b>6.0</b>	<b>4.7</b>	<b>7.2</b>	<b>5.9</b>	<b>2.8</b>	<b>5.1</b>	<b>6.5</b>	<b>4.7</b>
Other specified items	-4.9	-0.3	-	-2.0	-	-1.0	-	-	-
IFRS 16 impact	-	-	-	-	-	-	0.1	0.1	0.1
<b>EBITA</b>	<b>1.7</b>	<b>5.7</b>	<b>4.7</b>	<b>5.2</b>	<b>5.9</b>	<b>1.8</b>	<b>5.2</b>	<b>6.6</b>	<b>4.8</b>
<b>Adjusted EBITDA (incl IFRS 16)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>7.4</b>	<b>8.8</b>	<b>7.0</b>
<b>Key figures, %</b>									
Gross margin*	43.9 %	43.5 %	42.6 %	44.0 %	44.0 %	37.5 %	41.7 %	42.3 %	41.2 %
Adjusted EBITDA margin*	11.4 %	10.5 %	8.8 %	11.5 %	10.5 %	5.5 %	8.9 %	10.5 %	8.5 %
Adjusted EBITA margin*	10.2 %	9.2 %	7.3 %	10.2 %	9.1 %	4.1 %	7.6 %	9.3 %	7.2 %
EBITA margin*	2.7 %	8.7 %	7.3 %	7.4 %	9.1 %	2.7 %	7.7 %	9.5 %	7.4 %

\* Alternative performance measures, refer to pages 18 and 19 for definitions and calculations. Discontinued operations are not included in the table above (BD was sold during 2017 and Puls was sold during 2019)

**Alternative performance measures**

Handicare uses certain alternative performance measures (APMs) not defined in the rules for financial reporting adopted by Handicare. These APMs are considered important result and performance indicators for investors and other readers of the interim report. The purpose of these APMs is to provide a better understanding of how the business develops. These APMs shall be seen as a complement to, and not substitute to, the financial information prepared in accordance with IFRS. These APMs, as defined, cannot be fully compared with other companies' APMs. For a complete description, refer to the 2018 Annual report, pages 93-94.

**Adjusted EBIT**

EBIT excluding Other specified items and the impact from the IFRS 16 transition.

**Adjusted EBIT margin**

Adjusted EBIT as a percentage of revenue.

**Adjusted EBITA**

EBITA excluding Other specified items and the impact from the IFRS 16 transition.

**Adjusted EBITA margin**

Adjusted EBITA as a percentage of revenue.

**Adjusted EBITDA**

EBITDA excluding Other specified items and the impact from the IFRS 16 transition.

**Adjusted EBITDA margin**

Adjusted EBITDA as a percentage of revenue.

**Adjusted operating cash flow**

Cash flow from operating activities (including changes in working capital) excluding Other specified items and the impact from the IFRS 16 transition.

**Adjusted operating cash flow/Adjusted EBITDA**

Adjusted operating cash flow from operating activities as a percentage of Adjusted EBITDA.

**Capital expenditure (CAPEX)**

Investments in both tangible and intangible assets, excluding financial assets.

**Constant currency**

Translation of the preceding period at the average exchange rates for the current period.

**EBIT margin**

Operating profit (EBIT) as a percentage of revenue.

**EBITA**

Earnings before interest, tax and amortisation.

**EBITA margin**

EBITA as a percentage of revenue.

**EBITDA**

Earnings before interest, tax, depreciation and amortisation.

**EBITDA margin**

EBITDA as a percentage of revenue.

**Gross margin**

Gross profit as a percentage of revenue.

**Gross profit**

Revenue less direct costs (direct material, direct labour and freight costs) for the manufacture and sale of products.

**Net debt**

Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents.

**Net debt/Adjusted EBITDA**

Interest-bearing net debt in relation to adjusted EBITDA.

**Organic growth**

Organic growth refers to revenue growth excluding (i) growth related to acquisitions and divestments and (ii) growth related to fluctuations in currency exchange rates. For more details, see the section Definitions in the company's 2018 Annual Report

**Other specified items**

Other specified items cover transaction costs, integration costs, restructuring costs, IPO costs, recall costs and other efficiency projects.

**Reconciliation of significant alternative performance measures**

Group MEUR	July - September		January - September		FY
	2019	2018	2019	2018	2018
<b>Revenue</b>	<b>65.6</b>	<b>65.2</b>	<b>202.2</b>	<b>200.5</b>	<b>269.8</b>
Direct material	-29.1	-27.5	-89.3	-85.9	-119.4
Direct Labor	-7.0	-6.5	-20.7	-19.4	-26.2
Freight (inbound / outbound)	-2.4	-2.5	-7.7	-7.9	-10.8
<b>Gross profit</b>	<b>27.1</b>	<b>28.7</b>	<b>84.4</b>	<b>87.3</b>	<b>113.3</b>
<i>Gross margin (%)</i>	<i>41.2%</i>	<i>44.0%</i>	<i>41.8%</i>	<i>43.5%</i>	<i>42.0%</i>
<b>Operating profit/loss (EBIT)</b>	<b>3.2</b>	<b>4.5</b>	<b>11.7</b>	<b>11.8</b>	<b>12.0</b>
Other specified items	-	-	-	2.0	3.0
IFRS 16 impact (rent)	-1.5	-	-4.4	-	-
IFRS 16 impact (depreciation)	1.3	-	4.0	-	-
<b>Adjusted operating profit/loss (adjusted EBIT)</b>	<b>3.1</b>	<b>4.5</b>	<b>11.4</b>	<b>13.8</b>	<b>15.0</b>
<i>EBIT margin</i>	<i>4.9%</i>	<i>6.9%</i>	<i>5.8%</i>	<i>5.9%</i>	<i>4.5%</i>
<i>Adjusted operating margin (adjusted EBIT margin)</i>	<i>4.7%</i>	<i>6.9%</i>	<i>5.6%</i>	<i>6.9%</i>	<i>5.6%</i>
<b>Operating profit/loss (EBIT)</b>	<b>3.2</b>	<b>4.5</b>	<b>11.7</b>	<b>11.8</b>	<b>12.0</b>
Amortisation / impairment of intangible assets	1.6	1.4	4.9	4.0	5.6
<b>EBITA</b>	<b>4.8</b>	<b>5.9</b>	<b>16.6</b>	<b>15.8</b>	<b>17.7</b>
Other specified items	-	-	-	2.0	3.0
IFRS 16 impact (rent)	-1.5	-	-4.4	-	-
IFRS 16 impact (depreciation)	1.3	-	4.0	-	-
<b>Adjusted EBITA</b>	<b>4.7</b>	<b>5.9</b>	<b>16.2</b>	<b>17.8</b>	<b>20.7</b>
<i>EBITA margin</i>	<i>7.4%</i>	<i>9.1%</i>	<i>8.2%</i>	<i>7.9%</i>	<i>6.5%</i>
<i>Adjusted EBITA margin</i>	<i>7.2%</i>	<i>9.1%</i>	<i>8.0%</i>	<i>8.9%</i>	<i>7.7%</i>
<b>Operating profit/loss (EBIT)</b>	<b>3.2</b>	<b>4.5</b>	<b>11.7</b>	<b>11.8</b>	<b>12.0</b>
Amortisation / impairment of intangible assets	1.6	1.4	4.9	4.0	5.6
Depreciation of tangible fixed assets	2.2	0.9	6.6	2.8	3.8
<b>EBITDA</b>	<b>7.0</b>	<b>6.8</b>	<b>23.2</b>	<b>18.7</b>	<b>21.4</b>
Other specified items	-	-	-	2.0	3.0
IFRS 16 impact (rent)	-1.5	-	-4.4	-	-
<b>Adjusted EBITDA</b>	<b>5.6</b>	<b>6.8</b>	<b>18.8</b>	<b>20.7</b>	<b>24.4</b>
<i>EBITDA margin</i>	<i>10.7%</i>	<i>10.5%</i>	<i>11.5%</i>	<i>9.3%</i>	<i>7.9%</i>
<i>Adjusted EBITDA margin</i>	<i>8.5%</i>	<i>10.5%</i>	<i>9.3%</i>	<i>10.3%</i>	<i>9.1%</i>
<b>Cash flow before changes in working capital</b>	<b>8.3</b>	<b>6.3</b>	<b>25.0</b>	<b>19.8</b>	<b>23.9</b>
Taxes paid	0.3	0.2	0.6	1.3	1.6
Cash Interest and Cost	-1.1	-0.8	-3.2	-2.2	-3.0
Net financial items per the profit and loss statement	-1.1	0.9	1.1	2.0	1.2
Other non cash-items	0.6	0.4	0.1	-1.2	-1.0
Other specified items	-	-	-	2.0	3.0
IFRS 16 impact	-1.5	-	-4.4	-	-
Discontinued operations	-	-0.2	-0.3	-1.1	-1.3
<b>Adjusted EBITDA</b>	<b>5.6</b>	<b>6.8</b>	<b>18.8</b>	<b>20.7</b>	<b>24.4</b>
Change in net working capital	2.5	-4.9	-7.9	-8.7	-1.3
Acquired / divested tangible/intangible assets	-1.2	-1.1	-3.1	-3.9	-5.9
<b>Adjusted operating cash flow</b>	<b>6.9</b>	<b>0.8</b>	<b>7.8</b>	<b>8.1</b>	<b>17.2</b>
<b>Group MEUR</b>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>	<b>31 Dec 2018</b>		
Interest-bearing long-term loans	102.1	102.9	100.3		
Lease liabilities IFRS 16	26.6	-	-		
Other interest-bearing debt	3.9	4.1	3.8		
Deduct: cash and cash equivalents	-35.6	-15.0	-23.6		
Deduct: IFRS 16 impact	-26.6	-	-		
<b>Interest-bearing net debt</b>	<b>70.4</b>	<b>92.0</b>	<b>80.5</b>		