Handicare Group AB (publ)
Ingmar Bergmans gata 4,
114 34 Stockholm
Tel +46 8-523 281 00
Reg.no 556982-7115
www.handicaregroup.com

Year-end report 2019

Fourth quarter: Strengthened organic growth in Accessibility and strong cash flow; Patient Handling in US remained weak

Fourth quarter 2019

- Revenue amounted to MEUR 68.6 (69.2)
- Organic growth was 1.2%
- The gross margin was 40.6% (37.5)
- Adjusted EBITA amounted to MEUR 4.8 (2.8), corresponding to a margin of 7.0% (4.1)
- EBIT amounted to MEUR -7.1 (0.2), corresponding to a margin of -10.3% (0.3)
- Net profit (including discontinued operations) amounted to MEUR -11.5 (0.9)
- Earnings per share (including discontinued operations) before and after dilution amounted to EUR -0.20 (0.01)
- Adjusted operating cash flow amounted to MEUR 5.8 (9.1)
- The strategic review continued and led to the divestment of Handicare Auto A/S in December, generating a capital loss of MEUR 9.3 posted to Other specified items
- Tom Vorpahl left his role as Executive Vice President of North America on November 22

January-December 2019

- Revenue amounted to MEUR 271.0 (269.8)
- Organic growth was 1.1%
- The gross margin was 41.5% (42.0)
- Adjusted EBITA amounted to MEUR 21.0 (20.7), corresponding to a margin of 7.8% (7.7)
- EBIT amounted to MEUR 4.6 (12.0), corresponding to a margin of 1.7% (4.5)
- Net profit (including discontinued operations) amounted to MEUR 2.3 (11.4)
- Adjusted operating cash flow amounted to MEUR 13.6 (17.2)
- The business unit Puls was divested in May, and Handicare Auto A/S (part of Accessibility) was divested in December
- Earnings per share (including discontinued operations) before and after dilution amounted to EUR 0.04 (EUR 0.19) and the Board proposes a dividend of EUR 0.07 (EUR 0.05) for 2019**

Group in Summary	October - December			January - December		
MEUR	2019	2018	Δ%	2019	2018	Δ%
Revenue	68.8	69.2	-0.6 %	271.0	269.8	0.5 %
Gross profit*	27.9	26.0	7.6 %	112.4	113.3	-0.8 %
Gross margin,%*	*40.6 %*	*37.5 %*	-	*41.5 %*	*42.0 %*	-
Adjusted EBITA*	4.8	2.8	68.5 %	21.0	20.7	1.9 %
Adjusted EBITA margin,%*	*7.0 %*	*4.1 %*	-	*7.8 %*	*7.7 %*	-
Operating profit/loss (EBIT)	-7.1	0.2	n/a	4.6	12.0	-61.7 %
Operating margin, (EBIT margin),%*	*-10.3 %*	*0.3 %*	-	*1.7 %*	*4.5 %*	-
Adjusted operating profit/loss (adjusted EBIT)*	3.3	1.2	174.1 %	14.7	15.0	-2.5 %
Adjusted operating margin (adjusted EBIT margin),%*	*4.8 %*	*1.7 %*	-	*5.4 %*	*5.6 %*	-
Net profit/loss (incl. discontinued operations)	-11.5	0.9	n/a	2.3	11.4	-79.4 %
Earnings per share (incl. discontinued operations) before and after dilution, EUR	-0.20	0.01	n/a	0.04	0.19	-79.4 %
Adjusted Operating Cash Flow*	5.8	9.1	-36.5 %	13.6	17.2	-20.7 %
Net debt / Adjusted EBITDA (LTM)*, times	2.6	3.3	-22.3 %	2.6	3.3	-22.3 %

** Alternative performance measures, refer to pages 19-21 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.*
*** corresponding to circa 0.7 SEK (February 11, 2020)*
Handicare Auto A/S was divested in December and is included in continuing operations. Puls was divested on 22 May 2019 and has been reported as discontinued operations for 2019 and 2018, see Note 4. This report refers to Handicare's continuing operations unless otherwise indicated.

This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish original, the Swedish version shall prevail.

CEO's Comments

It's with mixed feelings that I summarize an eventful 2019. On the one hand, growth and Group profit were very disappointing due to the continued challenges faced by Patient Handling in the US, a very weak 2019 for Vehicle Accessibility Denmark and Brexit concerns that affected sales in Stairlifts UK in the third quarter. On the other hand, I'm satisfied with the progress made by Stairlifts, which outgrew the market at sustained profitability. I'm also satisfied with our improvement program which has strengthened the company and built a platform for the future, despite the delay in turning around Patient Handling in the US.

We started the year with the clear aim of laying the foundation for long-term, stable operations and the capacity to reach our financial targets. With the exception of Patient Handling in the US, the improvement program launched in early 2019 resulted in improved sales force effectiveness driven by organizational changes, a new incentive program and increased sales activity and quality. The implementation of the program was delayed in Patient Handling in the US, but after further management changes we've now seen pronounced positive changes. We've also further strengthened our offering by improving product and service quality and broadening the product offering.

Financially, 2019 was a weak year and we didn't reach our target of delivering stable organic growth and improved margins for the Group. Net sales increased marginally and adjusted EBITA was up slightly on 2018. Accessibility delivered organic growth of 5.5% in 2019, and adjusted EBITA was 13.5%. Patient Handling saw another weak year due to continued weak sales in the Institutional Sales division in the US. The Business unit sales decreased by 8.0% and adjusted EBITA was 7.6% for the full year.

Profitable growth for Accessibility in the fourth quarter

Accessibility returned stable organic growth of 4.8% and sales totaled MEUR 48.8 (48.3) in the fourth quarter. Profitability improved in the business area and the adjusted EBITA margin was 12.7% (10.8). Adjusted for the divestment of Vehicle Accessibility Denmark, adjusted EBITA was 13.6%.

The Stairlifts business unit delivered strong organic growth of 6.6% in the quarter. In terms of individual markets, North America delivered growth of 24% according to plan, and the UK returned to growth following Brexit concerns that impacted the third quarter. Most other markets continued to deliver strong organic growth. The success of the Stairlifts business is due to the strong brand and an attractive premium offering. We've also successfully met growing demand and continued to gain market share. The launch of our latest stairlift was a major success and illustrates the importance of product development and innovation. There's still room to improve margins through increased operational efficiency.

Vehicle Accessibility in Norway delivered good organic growth for the full year, although the fourth quarter was comparatively weak as the corresponding period in the previous year was unusually strong.

Continued challenges in Patient Handling in the US in Q4

In contrast to Accessibility, Patient Handling had a weak fourth quarter. Sales decreased organically by 6.0%, totaling MEUR 20.0 (20.9). Improvement measures were effective in the Canadian and European operations, which made stable progress year-on-year. Management in North America was replaced in November, as the program aimed at improving Patient Handling in the US had not been effectively implemented. New management is now in place and has addressed the problems relating to sales to hospitals and other institutional customers (Institutional Sales). Despite the delay in implementing the measures in the US, we're seeing signs of positive progress and the actions are starting to have an effect on ongoing operations. This was evident from increased customer inflows towards the end of the quarter, and we've become better at retaining and developing our existing customer base. The new management in North America are successfully driving sales force effectiveness and we have now implemented changes so that the organization sells our complete offering.

Strategic review continues

The strategic review that began towards the end of October led to the divestment of the shares in Handicare Auto A/S (Vehicle Accessibility Denmark) in the fourth quarter. From a Group perspective, the divestment is positive because it releases management resources and sharpens our focus on developing those Group operations that have the potential to deliver long-term profitable sustainable growth.
In order to increase transparency between business segments, we've divided the Accessibility business into two separate business areas in 2020: Accessibility and Vehicle Accessibility.

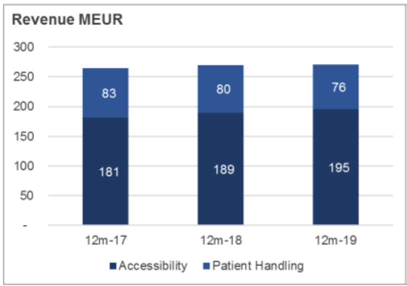
The strategic review continues, and we'll provide updates as soon as new material information emerges.

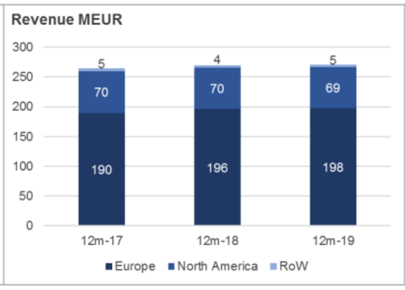
Ready to deliver on long-term goals

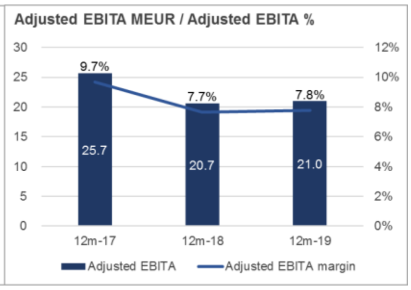
Handicare is now stronger with a clear vision and understanding of what's required to achieve it. We're seeing positive signs in the operations, and I would like to thank all our committed and competent employees who work hard to make our customers' everyday lives easier. With their commitment we're building a sharper and more focused Handicare—ready to deliver on our long-term goals.

Staffan Ternström
President and CEO

Group performance







Group	October - December			January - December		
MEUR	2019	2018	Δ%	2019	2018	Δ%
Revenue	68.8	69.2	-0.6 %	271.0	269.8	0.5 %
Vehicle Accessibility Denmark	-3.4	-5.2	-	-18.0	-22.2	-
Currency effects*		0.6	-		2.8	-
Revenue excl divestments, currency	**65.4**	**64.6**	**1.2 %**	**253.1**	**250.4**	**1.1 %**

**adjusted for translation effects, not transaction effects*

Group	October - December			January - December		
MEUR	2019	2018	Δ%	2019	2018	Δ%
Revenue	68.8	69.2	-0.6 %	271.0	269.8	0.5 %
Cost of goods sold	-40.9	-43.3	n/a	-158.7	-156.5	n/a
Gross profit*	**27.9**	**26.0**	**7.6 %**	**112.4**	**113.3**	**-0.8 %**
Operating costs	-22.3	-22.2	n/a	-87.9	-88.9	n/a
Adjusted EBITDA*	**5.6**	**3.8**	**48.6 %**	**24.4**	**24.4**	**0.0 %**
Depreciation of tangible fixed assets	-0.8	-0.9	n/a	-3.4	-3.8	n/a
Adjusted EBITA*	**4.8**	**2.8**	**68.5 %**	**21.0**	**20.7**	**1.9 %**
Other specified items	-10.5	-1.0	n/a	-10.5	-3.0	n/a
IFRS 16 impact*	0.1	-	n/a	0.5	-	n/a
EBITA	**-5.6**	**1.8**	**n/a**	**11.0**	**17.7**	**-37.7 %**
Adjusted EBITA (excl Vehicle Acc. Denmark)*	**4.7**	**3.0**	**58.5 %**	**20.9**	**20.4**	**2.7 %**
Key figures, %						
*Gross margin**	*40.6 %*	*37.5 %*		*41.5 %*	*42.0 %*	
*Adjusted EBITDA margin**	*8.2 %*	*5.5 %*		*9.0 %*	*9.1 %*	
*Adjusted EBITA margin**	*7.0 %*	*4.1 %*		*7.8 %*	*7.7 %*	
*EBITA margin**	*-8.1 %*	*2.7 %*		*4.1 %*	*6.5 %*	
*Adjusted EBITA margin (excl Vehicle Acc. DK)**	*7.2 %*	*4.7 %*		*8.3 %*	*8.2 %*	

** Alternative performance measures, refer to pages 19-21 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.*
Handicare Auto A/S was divested in December and is included in the continuing operations (revenue is excluded in the organic growth calculation). Puls is reported as discontinued operations in this report.

October – December 2019

Revenue and earnings

Revenue decreased by -0.6% to MEUR 68.8 (69.2) in the fourth quarter. Organic revenue growth was 1.2%. Accessibility reported organic growth of 4.8%, driven by strong sales of stairlifts. Patient Handling's organic revenue decreased by -6.0%, primarily as a result of weak progress in the US.

EBITA amounted to MEUR -5.6 (1.8). Adjusted EBITA totaled MEUR 4.8 (2.8), corresponding to an adjusted EBITA margin of 7.0% (4.1). Other specified items amounted to MEUR -10.5 in the quarter, primarily due to a capital loss of MEUR -9.3 in relation to the divestment of Handicare Auto A/S. The transition to IFRS 16 had a positive impact on reported EBITA of MEUR 0.1. Gross margin increased by some three percentage points to 40.6% (37.5%) compared to a weak Q4 in the previous year. Gross margin was negatively impacted in the previous year, primarily by inventory adjustments. Operating expenses were in line with the corresponding period in the previous year.

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

Net financial items decreased to MEUR -0.9 (0.8). Interest expenses amounted to MEUR -1.0 (-0.7), of which MEUR -0.2 related to lease liabilities and the transition to IFRS 16 (refer to Note 7). Exchange rate effects had a negative impact of MEUR -0.5 (1.6) on net financial items. Net financial items increased by MEUR 0.7 from the final settlement of contingent consideration from a previous acquisition (refer to Note 3). Profit before tax for continuing operations was MEUR -8.0 (1.0).

Tax expense for the quarter amounted to MEUR -3.6 (-0.4). Profit for the period for continuing operations totaled MEUR -11.5 (0.7), corresponding to earnings per share of EUR -0.20 (0.01) before and after dilution. The increased tax expense in the quarter related to impairment of previously capitalized loss carryforwards.

Profit for the period amounted to MEUR -11.5 (0.9), corresponding to earnings per share of EUR -0.20 (0.01) before and after dilution.

January – December 2019
Revenue and earnings

Revenue for the full year increased by 0.5% to MEUR 271.0 (269.8). Organic revenue growth was 1.1%. Accessibility reported organic growth of 5.5%, driven by strong sales of stairlifts. Patient Handling recorded an organic decline of -8.0% as a result of weak development for Patient Handling Institutional USA.

EBITA amounted to MEUR 11.0 (17.7). Adjusted EBITA totaled MEUR 21.0 (20.7), corresponding to an adjusted EBITA margin of 7.8% (7.7). Other specified items amounted to MEUR -10.5 in the year, primarily due to a capital loss of MEUR 9.3 in relation to the divestment of Handicare Auto A/S. The transition to IFRS 16 had a positive impact on reported EBITA of MEUR 0.5. Gross margin decreased slightly to 41.5% (42.0), due to product mix in combination with lower cost absorption. Operating expenses declined, both in nominal terms and in relation to revenue, mainly driven by lower IT and consultancy costs.

Exchange rate effects (translation effect) on adjusted EBITA was MEUR -0.1.

Net financial items decrease to MEUR -2.0 (-1.2). Interest expenses amounted to MEUR -4.0 (-2.8), of which MEUR -1.0 related to lease liabilities and the transition to IFRS 16 (refer to Note 7). Exchange rate effects had a positive impact of MEUR 1.9 (2.0) on net financial items. Net financial items increased by MEUR 0.7 from the final settlement of contingent consideration from a previous acquisition (refer to Note 3). Profit before tax for continuing operations was MEUR 2.7 (10.9).

Tax expense amounted to MEUR -4.9 (-0.7). Profit for the period for continuing operations totaled MEUR -2.2 (10.2), corresponding to earnings per share of EUR -0.04 (0.17) before and after dilution.

Profit for the period amounted to MEUR 2.3 (11.4), corresponding to earnings per share of EUR 0.04 (0.19) before and after dilution.

Cash flow and financial position

During the quarter, cash flow from operating activities amounted to MEUR 8.0 (11.5). Excluding the effect of IFRS 16, cash flow from operating activities was MEUR 6.5, with the year-on-year decrease primarily due to an increase in working capital. Disbursements under Other specified items amounted to MEUR -0.2 (-0.5).

Net investments in tangible/intangible assets amounted to MEUR -1.9 (-2.0) in the quarter. These were distributed over fixed assets MEUR -0.9, capitalized development costs MEUR -0.5 and IT MEUR -0.5.

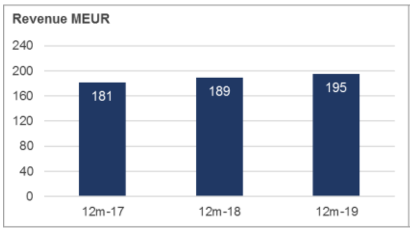
Consolidated cash and cash equivalents amounted to MEUR 33.8 (23.6) at the end of the period. Interest-bearing net debt (excluding lease liabilities pursuant to IFRS 16) totaled MEUR 62.5 (80.5) at the end of the period. The decrease in net debt year-on-year was driven by cash flow from operating activities and the sale of Puls and Handicare Auto A/S. Lease liabilities pursuant to IFRS 16 amounted to MEUR 22.6 at the end of the period and primarily comprised rental contracts for premises.

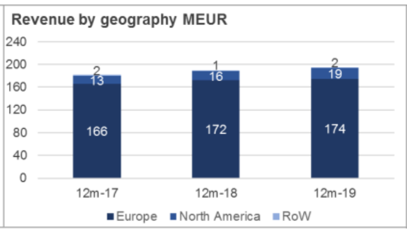
For the full year, cash flow from operating activities amounted to MEUR 25.1 (22.6). Excluding the effect of IFRS 16, cash flow from operating activities was MEUR 19.2 (refer to Note 7). The decrease year-on-year was primarily due to an increase in working capital. Disbursements relating to Other specified items amounted to MEUR -1.8 (-3.9) and primarily comprised severance pay to former members of management in North America.

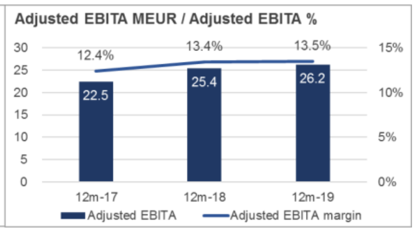
Net investments in tangible/intangible assets for the full year amounted to MEUR -5.0 (-5.9). These were distributed over fixed assets MEUR -2.1, capitalized development costs MEUR -2.1 and IT MEUR -0.8.

Accessibility

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







Accessibility	October - December			January - December		
MEUR	2019	2018	Δ%	2019	2018	Δ%
Revenue	48.8	48.3	1.1 %	195.1	189.4	3.0 %
Vehicle Accessibility Denmark	-3.4	-5.2	-	-18.0	-22.2	-
Currency effects*		0.3	-		0.7	-
Revenue excl divestm., currency	**45.4**	**43.3**	**4.8 %**	**177.2**	**167.9**	**5.5 %**

**adjusted for translation effects, not transaction effects*

Accessibility	October - December			January - December		
MEUR	2019	2018	Δ%	2019	2018	Δ%
Revenue	48.8	48.3	1.1 %	195.1	189.4	3.0 %
Operating costs	-42.2	-42.5	n/a	-167.0	-161.6	n/a
Adjusted EBITDA*	**6.6**	**5.7**	**15.4 %**	**28.1**	**27.8**	**1.2 %**
Depreciation of tangible fixed assets	-0.4	-0.5	n/a	-1.9	-2.3	n/a
Adjusted EBITA*	**6.2**	**5.2**	**19.0 %**	**26.2**	**25.4**	**3.3 %**
Other specified items	-	-	n/a	-	-1.1	n/a
EBITA	**6.2**	**5.2**	**19.0 %**	**26.2**	**24.3**	**7.9 %**
Adjusted EBITA (excl Vehicle Acc. Denmark)*	**6.2**	**5.4**	**14.8%**	**26.1**	**25.1**	**4.0 %**
Key figures, %						
*Adjusted EBITDA margin**	*13.6 %*	*11.9 %*		*14.4 %*	*14.7 %*	
*Adjusted EBITA margin**	*12.7 %*	*10.8 %*		*13.5 %*	*13.4 %*	
*EBITA margin**	*12.7 %*	*10.8 %*		*13.5 %*	*12.8 %*	
*Adjusted EBITA margin (excl Vehicle Acc. DK)**	*13.6 %*	*12.5 %*		*14.7 %*	*15.0 %*	

** Alternative performance measures, refer to pages 19 and 21 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.*

Handicare Auto A/S was divested in December and is included in the continuing operations. Revenue is excluded in the organic growth calculation.

October – December 2019

Revenue increased by 1.1% to MEUR 48.8 (48.3) in the fourth quarter. Organic growth was 4.8%. The business unit reported solid growth in stairlifts in both Europe and North America. Organic growth for stairlifts was 6.6% during the quarter. Larger markets like Germany, the Netherlands and Italy reported continued strong growth, and the UK recorded positive growth in the fourth quarter. The growth rate was 23.7% in North America. Revenue in Vehicle Accessibility declined organically by -7.2% in the quarter due to strong sales of ambulances in a challenging comparative period.

EBITA and adjusted EBITA amounted to MEUR 6.2 (5.2). The adjusted EBITA margin increased to 12.7% (10.8) as a result of a higher gross margin. The improved gross margin was mainly due to low gross margin in the previous year, primarily attributable to inventory adjustments. Operating expenses (excluding cost of goods sold) were higher year-on-year, both in nominal terms and in relation to revenue, mainly from investments in Sales FTEs.

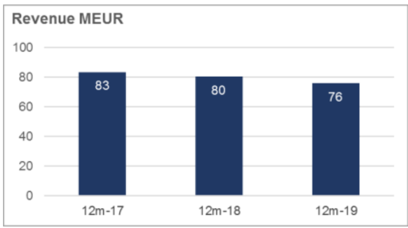
January – December 2019

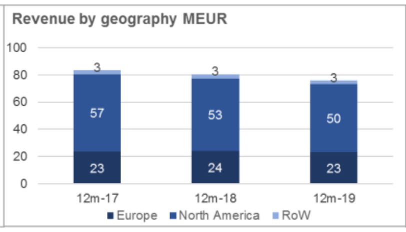
Revenue for the full year increased 3.0% to MEUR 195.1 (189.4). Organic growth was 5.5%. The business unit reported solid growth in stairlifts in both Europe and North America. Organic growth for stairlifts was 5.6% in the full-year, and North America reported organic growth of 11.1%. Full-year organic growth for Vehicle Accessibility was 4.4%.

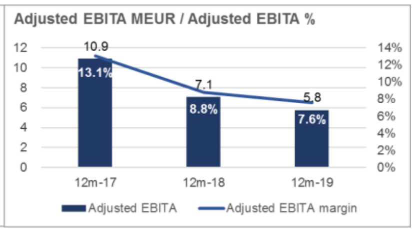
EBITA amounted to MEUR 26.2 (24.3). Adjusted EBITA amounted to MEUR 26.2 (25.4). The adjusted EBITA margin was 13.5% and principally unchanged year-on-year. This was driven by gross margin and operating expenses (excluding cost of goods sold) in relation to revenue, which were largely unchanged year-on-year.

Patient Handling

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







Patient Handling	October - December			January - December		
MEUR	2019	2018	∆%	2019	2018	∆%
Revenue	20.0	20.9	-4.3 %	75.8	80.3	-5.5 %
Acquisitions/divestments	-	-	-	-	-	-
Currency effects*		0.4	-		2.1	-
Revenue excl acquis./divestm., currency	**20.0**	**21.3**	**-6.0 %**	**75.8**	**82.4**	**-8.0 %**

**adjusted for translation effects, not transaction effects*

Patient Handling	October - December			January - December		
MEUR	2019	2018	∆%	2019	2018	∆%
Revenue	20.0	20.9	-4.3 %	75.8	80.3	-5.5 %
Operating costs	-18.3	-19.6	n/a	-68.6	-71.8	n/a
Adjusted EBITDA*	**1.7**	**1.3**	**27.9 %**	**7.3**	**8.5**	**-14.4 %**
Depreciation of tangible fixed assets	-0.4	-0.4	n/a	-1.5	-1.4	n/a
Adjusted EBITA*	**1.3**	**0.9**	**38.5 %**	**5.8**	**7.1**	**-18.8 %**
Other specified items	-0.1	-1.0	n/a	-0.1	-1.7	n/a
EBITA	**1.2**	**-0.1**	**n/a**	**5.6**	**5.4**	**3.7 %**
Key figures %						
*Adjusted EBITDA margin**	*8.5 %*	*6.3 %*		*9.6 %*	*10.6 %*	
*Adjusted EBITA margin**	*6.5 %*	*4.5 %*		*7.6 %*	*8.8 %*	
*EBITA margin**	*5.9 %*	*-0.3 %*		*7.4 %*	*6.8 %*	

** Alternative performance measures, refer to pages 19 and 21 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.*

October – December 2019

Revenue decreased by -4.3% to MEUR 20.0 (20.9) in the fourth quarter. Revenue decreased organically by -6.0% as a result of lower sales in North America. North America reported negative organic growth of -8.8%. Revenue for Europe was in-line with the corresponding period in the previous year.

EBITA increased by MEUR 1.3 and amounted to MEUR 1.2 (-0.1). Other specified items amounted to MEUR -0.1 (-1.0) and were attributable to the reorganization in North America. The adjusted EBITA margin increased to 6.5% (4.5), driven primarily by a higher gross margin. The improved gross margin was mainly due to low gross margin in the previous year, primarily attributable to inventory impairment in the fourth quarter 2018. Operating expenses (excluding the cost of goods sold) declined slightly in relation to revenue. Profitability remained good in the European operations.

January – December 2019

Revenue for the full year decreased by -5.5% to MEUR 75.8 (80.3). Revenue decreased organically by -8.0%. North America reported negative organic growth of -11.1%, primarily driven by lower sales to institutional customers in the US. Revenue in the European operations decreased slightly year-on-year.

EBITA amounted to MEUR 5.6 (5.4). Adjusted EBITA amounted to MEUR 5.8 (7.1). The adjusted EBITA margin decreased to 7.6% (8.8), mainly driven by a lower gross margin. The decline in gross margin was attributable to product mix and reduced cost absorption in North America. Operating expenses (excluding the cost of goods sold) declined in nominal terms but increased slightly in relation to revenue. The profitability of the operations in Europe remained good for the full year.

Group-wide expenses
Group-wide expenses, excluding Other specified items, amounted to MEUR -2.7 (-3.3) for the fourth quarter and MEUR -11.0 (-11.8) for the full year. The lower costs in the quarter compared with last year is primarily a result of lower IT and consultancy costs. No amortization or depreciation was included in Group-wide expenses.

Employees
At the end of the period, the number of FTEs was 1,040 (1,190). The average number of FTEs was 1,083 (1,180) for the quarter and 1,107 (1,167) for the full year. In connection with the divestment of Puls and Handicare Auto A/S, the number of full-time equivalents decreased by 37 and 54, respectively.

Parent Company
Full year revenue amounted to MEUR 10.6 (11.8). Profit before tax was MEUR 28.5 (-0.3) and profit for the period was MEUR 28.5 (-0.3). The parent company received an internal dividend of MEUR 30 in the fourth quarter.

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 fourth quarter and will continue in the first quarter of 2020. Handicare estimates that the remaining costs attributable to the product recall will not exceed the provision as of 31 December 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 program was introduced in which a maximum of 1,211,804 warrants can be issued. In the event of maximum utilization of the program, 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 program was introduced in which a maximum of 556,416 warrants can be issued. In the event of maximum utilization of the program, the dilution effect will correspond to approximately 1% of the share capital and the number of votes.

Dividend, Annual General Meeting and annual report

Dividend
The Board proposes the distribution to shareholders of a dividend of EUR 0.07 (0.05) for the 2019 financial year, corresponding to a total dividend payment of approximately MEUR 4.1 based on the number of outstanding shares at the end of 2019. The proposed record date is May 8, 2020. Euroclear is expecting to start paying dividend to shareholders on May 13, 2020.

Annual General Meeting 2020
The 2020 Annual General Meeting will be held in Stockholm on May 6, 2020. The announcement of the 2020 Annual General Meeting will be available at www.handicaregroup.com from April 6, 2020.

Shareholders who wish to bring up a matter for consideration by the Annual General Meeting should address their written proposal to the Board of Directors and send it by post to Handicare Group AB (publ), FAO: The Board of Directors, Ingmar Bergmans gata 4, 114 34 Stockholm, Sweden, by no later than March 18, 2020.

Annual report
The annual report will be made available on the Handicare website, www.handicaregroup.com, during week 14.

Significant events during the reporting period

Divestments

On December 16, 2019 Handicare announced that the company had signed agreement with Auto Solutions ApS relating to the divestment of Handicare Auto A/S. In 2019 (January-November), revenue from Handicare Auto A/S totaled MEUR 18.0, corresponding to 7% of Handicare's total revenue, and EBITA was MEUR 0.1.

The purchase price amounted to MDKK 25 (MEUR 3.3) on a cash and debt-free basis (Enterprise value). The transaction triggered an impairment of goodwill and other intangible assets and resulted in a capital loss of MEUR -9.3, which was recognized in the fourth quarter 2019 (recorded under Other specified items). The transaction was closed on December 16, 2019.

Changes to the Group Management team

Staffan Ternström, CEO and President, was appointed Acting President of Handicare North America after Tom Vorpahl left as Executive Vice President North America as of November 22.

Strategic review

In order to uncover Handicare's underlying value, the Board decided to initiate a strategic review in connection with the Q3 report, 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 was 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 aims to uncover Handicare's underlying value and provide a clear direction going forward, which will benefit customers, employees and shareholders.

The strategic review resulted in the divestment of Handicare Auto A/S (see above) during the fourth quarter. Following the strategic review, management has also decided to change the internal reporting structure. As from 1 January 2020 the Accessibility business area is divided into two separate business areas in 2020: Accessibility (which will include the Stairlifts business) and Vehicle Accessibility. Patient Handling remains unchanged. This will increase transparency and better reflect the current business structure. For 2019 figures following the new reporting structure, see page 21-22.

Significant events after the end of the period

No significant events have occurred after the reporting period.

Condensed consolidated income statement

Group*	October - December		January - December	
MEUR	2019	2018	2019	2018
Revenue	68.8	69.2	271.0	269.8
Cost of material	-32.1	-34.6	-124.1	-123.6
Employee benefits expenses	-18.3	-17.1	-71.6	-70.0
Other operating costs	-11.3	-13.8	-45.1	-51.8
Depreciation and amortization	-3.7	-2.6	-15.1	-9.4
Other specified items**	-10.5	-1.0	-10.5	-3.0
Operating profit/loss (EBIT)	**-7.1**	**0.2**	**4.6**	**12.0**
Financial items, net	-0.9	0.8	-2.0	-1.2
Profit/loss before tax	**-8.0**	**1.0**	**2.7**	**10.9**
Tax	-3.6	-0.4	-4.9	-0.7
Profit/loss after tax from continuing operations	**-11.5**	**0.7**	**-2.2**	**10.2**
Profit after tax from discontinued operations***	0.0	0.2	4.6	1.2
Net profit/loss for the period	**-11.5**	**0.9**	**2.3**	**11.4**
Earnings per share (EUR) before and after dilution (continuing operations)	-0.20	0.01	-0.04	0.17
Earnings per share (EUR) before and after dilution (including discontinued operations)	-0.20	0.01	0.04	0.19
Average number of shares before and after dilution (000's)	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*	October - December		January - December	
MEUR	2019	2018	2019	2018
Net profit for the period, continuing operations	-11.5	0.7	-2.2	10.2
Net profit for the period, discontinued operations	0.0	0.2	4.6	1.2
Net profit for the period	**-11.5**	**0.9**	**2.3**	**11.4**
Other comprehensive income for the period				
Gains/losses pertaining to defined benefit pension plans (can not be reversed)	-0.4	0.0	-0.4	0.0
Translation differences (can be reversed)	1.3	-0.7	4.3	-2.1
Net investment hedges (can be reversed)	-0.1	-1.4	-2.0	0.1
Income tax attributable to components in other comprehensive income (can be reversed)	0.1	0.3	0.6	0.0
Sum continuing operations	**0.9**	**-1.7**	**2.5**	**-2.1**
Sum discontinued operations	0.0	-0.2	0.1	0.2
Other comprehensive income for the period, net of tax	**0.9**	**-1.9**	**2.6**	**-1.9**
Total comprehensive income for the period, continuing operations	-10.6	-1.1	0.2	8.1
Total comprehensive income for the period, discontinued operation:	0.0	0.0	4.7	1.3
Total comprehensive income for the period	**-10.6**	**-1.1**	**4.9**	**9.5**
Comprehensive income attributable to Parent company's shareholders	-10.6	-1.1	4.9	9.5
Comprehensive income attributable to non-controlling interests	-	-	-	-

Condensed consolidated balance sheet

Group* MEUR	31 Dec 2019	31 Dec 2018
Goodwill	159.3	162.8
Other intangible assets	46.3	49.1
Property, plant and equipment	7.9	9.7
Right-of-use assets	22.5	-
Deferred tax assets	3.2	8.0
Other non-current assets	0.1	0.2
Total non-current assets	**239.2**	**229.7**
Inventory	27.7	35.6
Accounts receivable	40.4	43.7
Tax receivables	0.3	0.1
Other current assets	2.8	3.3
Cash and cash equivalents	33.8	23.6
Total current assets	**105.0**	**106.3**
Total assets	**344.2**	**336.0**
Total equity	**173.4**	**171.3**
Provisions for pensions	0.6	0.2
Deferred tax liabilities	6.0	8.3
Advance payments	2.4	2.4
Other liabilities	0.8	0.4
Lease liabilities	18.2	-
Interest-bearing loans	95.1	103.0
Total long-term liabilities	**123.1**	**114.3**
Interest-bearing loans	-	0.0
Lease liabilities	4.4	-
Accounts payable	23.1	30.5
Other liabilities	0.9	1.1
Accrued expenses and deferred income	19.3	18.7
Total current liabilities	**47.7**	**50.4**
Total shareholders' equity and liabilities	**344.2**	**336.0**

* 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	October - December 2019	October - December 2018	January - December 2019	January - December 2018
Profit/loss before tax from continuing operations	-8.0	1.0	2.7	10.9
Profit/loss before tax discontinued operations	0.0	0.2	4.6	1.2
Depreciation, amortization and impairment	3.7	2.6	15.2	9.5
Capital gain/loss	9.3	-	5.0	-
Reversal of interest expense/ income	1.0	0.8	4.2	3.0
Other non-cash items	-0.3	-0.2	-0.4	1.0
Taxes paid	0.3	-0.2	-0.3	-1.6
Cash flow before changes in working capital	**6.0**	**4.2**	**30.9**	**23.9**
Inventory	0.6	3.3	0.5	0.5
Accounts receivable	-1.5	1.3	-0.2	-1.8
Accounts payable	1.0	3.7	-4.4	5.7
Other current receivables/liabilities	1.9	-1.0	-1.7	-5.7
Cash flow from operating activities	**8.0**	**11.5**	**25.1**	**22.6**
Acquired / divested operations	3.8	-	11.9	-1.1
Acquired / divested tangible/intangible assets	-1.9	-2.0	-5.0	-5.9
Cash flow from investing activities	**2.0**	**-2.0**	**6.9**	**-7.0**
Changes in interest-bearing loans	-10.0	0.0	-10.0	1.2
Changes in lease liabilites	-1.5	-	-5.9	-
Interest, net	-0.7	-0.7	-3.0	-2.8
Dividend paid/capital contribution	-	-	-2.7	-2.9
Cash flow from financing activities	**-12.2**	**-0.7**	**-21.7**	**-4.4**
Cash flow for the period	**-2.3**	**8.8**	**10.3**	**11.2**
Cash and cash equivalents at the beginning of the period	35.6	15.0	23.6	12.9
Cash flow for the period	-2.3	8.8	10.3	11.2
Translation differences	0.4	-0.2	-0.1	-0.5
Cash and cash equivalents at end of the period	**33.8**	**23.6**	**33.8**	**23.6**

* 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 intrerest	Total equity
Opening balance January 1, 2018	**164.7**	**-**	**164.7**
Dividend	-2.9	-	-2.9
Profit for the year	11.4	-	11.4
Other comprehensive income	-1.9	-	-1.9
Closing balance December 31, 2018	**171.3**	**-**	**171.3**
Opening balance January 1, 2019	**171.3**	**-**	**171.3**
Capital contribution	0.2	-	0.2
Dividend	-2.9	-	-2.9
Profit for the year	2.3	-	2.3
Other comprehensive income	2.6	-	2.6
Closing balance December 31, 2019	**173.4**	**-**	**173.4**

Condensed Parent Company income statement

Parent Company	October - December		January - December	
MEUR	2019	2018	2019	2018
Revenue	2.9	5.4	10.6	11.8
Employee benefits expenses	-1.4	-1.3	-4.9	-4.6
Other operating costs	-6.0	-7.0	-7.4	-8.4
Depreciation and amortization	-0.0	-0.0	-0.1	-0.0
Operating profit/loss (EBIT)	**-4.6**	**-3.0**	**-1.8**	**-1.2**
Financial items, net	29.9	-0.1	30.4	0.9
Profit/loss before tax	**25.4**	**-3.1**	**28.5**	**-0.3**
Appropriations	-	-	-	-
Tax	-	-	-	-
Net profit/loss for the period	**25.4**	**-3.1**	**28.5**	**-0.3**

Condensed Parent Company balance sheet

Parent Company	31 Dec	31 Dec
MEUR	2019	2018
Intangible assets	0.3	0.4
Shares in Group companies	272.1	272.1
Tangible fixed assets	0.1	0.1
Long-term receivables	0.8	0.6
Total non-current assets	**273.2**	**273.1**
Receivables from Group companies	0.1	0.3
Other receivables	0.3	0.3
Cash and cash equivalents	19.0	-
Total current assets	**19.4**	**0.5**
Total assets	**292.7**	**273.7**
Shareholders´ equity	**276.4**	**250.6**
Liabilities from Group companies	15.0	21.6
Accounts payable	0.1	0.5
Other liabilities	0.2	0.1
Accrued expenses and deferred income	0.9	0.9
Total current liabilities	**16.3**	**23.0**
Total shareholders´ equity and liabilities	**292.7**	**273.7**

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 19-21.

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 recognizes 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 19-21).

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

Note 2 – Segment overview

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Accessibility	48.8	48.3	195.1	189.4
Patient Handling	20.0	20.9	75.8	80.3
Group-wide functions	0.0	0.1	0.1	0.1
Revenue - Group	**68.8**	**69.2**	**271.0**	**269.8**

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Accessibility	6.2	5.2	26.2	25.4
Patient Handling	1.3	0.9	5.8	7.1
Group-wide functions	-2.7	-3.3	-11.0	-11.8
Adj EBITA - Group	**4.8**	**2.8**	**21.0**	**20.7**

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Adj EBITA - Group	4.8	2.8	21.0	20.7
Other specified items	-10.5	-1.0	-10.5	-3.0
IFRS 16 adjustment - EBITA	0.1	-	0.5	-
Amortization	-1.5	-1.6	-6.4	-5.6
Financial items, net	-0.9	0.8	-2.0	-1.2
EBT - Group	**-8.0**	**1.0**	**2.7**	**10.9**

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

Acquisitions

Handicare did not carry out any acquisitions in 2019. In January 2018, Handicare acquired the assets of a distributor in North America. A significant proportion of the purchase price was conditional and based on the distributor's future sales. The conditional purchase consideration was estimated at MEUR 2.3. The acquisition analysis for the transaction is reported below.

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

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

Final settlement of the purchase consideration will be completed in 2020, amounting to approx. MEUR 1.6. This in turn resulted in the release of MEUR 0.7 in the fourth quarter. This effect is reported under Net financial items.

Divestments

The shares in Handicare Auto A/S were divested to Auto Solution ApS on December 16, 2019. In 2019, revenue from Handicare Auto A/S totaled MEUR 18.0 and EBITA was MEUR 0.1. Handicare Auto A/S is included in the continuing operations for the period prior to the divestment. The purchase price for Vehicle Accessibility Denmark amounted to MDKK 25 (MEUR 3.3) on a cash and debt-free basis and triggered a capital loss of MEUR 9.3. The loss of the divestment was recorded under Other specified items (refer to Note 5).

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 total consideration 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	October - December		January - December	
MEUR	2019	2018	2019	2018
Revenue	-	4.7	6.2	21.1
Cost of material	-	-3.2	-4.3	-14.7
Employee benefits expenses	-	-0.9	-1.1	-3.7
Other operating cost	-	-0.3	-0.5	-1.5
Depreciation and amortization	-	0.0	0.0	-0.1
Operating profit/loss (EBIT)	**-**	**0.2**	**0.3**	**1.2**
Result from sale of discontinued operations	-	-	4.3	-
Profit/loss before tax	**-**	**0.2**	**4.6**	**1.2**
Tax	-	-	-	-
Profit after tax from discontinued operations	**-**	**0.2**	**4.6**	**1.2**
Cashflow from operating activities	-	0.6	-0.1	2.9
Cashflow from investing activities	-	0.0	8.1	0.0
Cash and cash equivalents generated from discontinued operations	**-**	**0.6**	**8.0**	**2.9**

Note 5 – Other specified items

Other specified items in the fourth quarter totalled MEUR -10.5 (-1.0). This is primarily attributable to a capital loss, triggered by the divestment of Handicare Auto A/S, and advisory costs related to the ongoing strategic review. In the preceding year, the cost of MEUR 3.0 was mainly attributable to severance costs in conjunction with reorganisations.

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Restructuring costs	-0.1	-1.0	-0.1	-3.0
Strategic review	-1.1	-	-1.1	-
Capital loss	-9.3	-	-9.3	-
Other specified items	**-10.5**	**-1.0**	**-10.5**	**-3.0**

Note 6 – Financial net debt

Group MEUR	31 Dec 2019	31 Dec 2018
Interest-bearing long-term loans	92.9	100.3
Lease liabilities IFRS 16	22.6	-
Other interest-bearing debt	3.4	3.8
Deduct: cash and cash equivalents	-33.8	-23.6
Deduct: IFRS 16 impact	-22.6	-
Interest-bearing net debt	**62.5**	**80.5**

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 recognized 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 recognized 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	October - December 2019			January - December 2019		
MEUR	incl IFRS 16	IFRS 16 impact	excl IFRS 16	incl IFRS 16	IFRS 16 impact	excl IFRS 16
Revenue	68.8	-	68.8	271.0	-	271.0
Cost of material	-32.1	-	-32.1	-124.1	-	-124.1
Employee benefits expenses	-18.3	-	-18.3	-71.6	-	-71.6
Other operating costs	-11.3	-1.5	-12.8	-45.1	-5.9	-50.9
Depreciation and amortization	-3.7	1.4	-2.3	-15.1	5.4	-9.8
Other specified items	-10.5	-	-10.5	-10.5	-	-10.5
Operating profit/loss (EBIT)	**-7.1**	**-0.1**	**-7.2**	**4.6**	**-0.5**	**4.1**
Financial items, net	-0.9	0.2	-0.6	-2.0	1.0	-1.0
Profit before tax	**-8.0**	**0.1**	**-7.9**	**2.7**	**0.5**	**3.2**
Tax	-3.6	-0.0	-3.6	-4.9	-0.1	-4.9
Profit after tax	**-11.5**	**0.1**	**-11.5**	**-2.2**	**0.4**	**-1.8**

Key ratios	October - December 2019			January - December 2019		
MEUR	incl IFRS 16	IFRS 16 impact	excl IFRS 16	incl IFRS 16	IFRS 16 impact	excl IFRS 16
EBITDA	-3.4	-1.5	-4.9	19.7	-5.9	13.9
EBITA	-5.6	-0.1	-5.7	11.0	-0.5	10.5
EBIT	-7.1	-0.1	-7.2	4.6	-0.5	4.1

Group Balance sheet	31 Dec 2019			31 Dec		1 Jan
MEUR	incl IFRS 16	IFRS 16 impact	excl IFRS 16	2018	IFRS 16 impact	2019
Total non-current assets	239.2	-22.5	216.7	229.7	27.5	257.2
Total current assets	105.0	0.4	105.3	106.3	-0.3	105.9
Total assets	**344.2**	**-22.2**	**322.0**	**336.0**	**27.1**	**363.1**
Total equity	**173.4**	**0.4**	**173.9**	**171.3**	**-**	**171.3**
Lease liabilities	18.2	-18.2	-	-	21.7	21.7
Interest-bearing loans	95.1	-	95.1	103.0	-	103.0
Other long-term liabilities	9.8	-	9.8	11.3	-	11.3
Total long-term liabilities	**123.1**	**-18.2**	**104.8**	**114.3**	**21.7**	**136.1**
Lease liabilities	4.4	-4.4	-	-	5.4	5.4
Other current liabilites	43.3	-	43.3	50.4	-	50.4
Total current liabilities	**47.7**	**-4.4**	**43.3**	**50.4**	**5.4**	**55.8**
Total shareholders' equity and liabilities	**344.2**	**-22.2**	**322.0**	**336.0**	**27.1**	**363.1**

The Group cash flow from operating activities has, in comparison with last year, improved by MEUR 5.9 for the full year, with a corresponding decline in cash flow from financing activities.

Stockholm, February 12, 2020
Handicare Group AB (publ)

Staffan Ternström
President and CEO

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

Telephone conference
A telephone conference, hosted by Staffan Ternström, President and CEO, and Pernilla Lindén, CFO, will be held at 10:00 a.m. CET on 12 February 2020. To participate, please register in advance using the following link http://emea.directeventreg.com/registration/2854228

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

Dates for financial reports and Annual General Meeting

Interim report January - March 2020	23 April 2020
Annual report	w.14 2020
Annual general meeting	6 May 2020
Interim report April - June 2020	17 July 2020
Interim report July - September 2020	5 November 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 12 February 2020.

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 leaders 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 December 2019, revenue amounted to MEUR 271 and the adjusted EBITA margin was 7.8%. Employees amounted to 1,040 and the share is listed on Nasdaq Stockholm. For more information, www.handicaregroup.com.

Quarterly data

Group MEUR	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Revenue	65.4	65.3	70.0	65.2	69.2	67.2	69.4	65.6	68.8
Cost of goods sold	-37.0	-37.5	-39.2	-36.5	-43.3	-39.1	-40.1	-38.6	-40.9
Gross profit*	**28.4**	**27.8**	**30.8**	**28.7**	**26.0**	**28.0**	**29.3**	**27.1**	**27.9**
Operating costs	-21.5	-22.0	-22.8	-21.9	-22.2	-22.1	-22.0	-21.5	-22.3
Adjusted EBITDA*	**6.9**	**5.8**	**8.1**	**6.8**	**3.8**	**6.0**	**7.3**	**5.6**	**5.6**
Depreciation of tangible fixed assets	-0.9	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.9	-0.8
Adjusted EBITA*	**6.0**	**4.7**	**7.2**	**5.9**	**2.8**	**5.1**	**6.5**	**4.7**	**4.8**
Other specified items	-0.3	-	-2.0	-	-1.0	-	-	-	-10.5
IFRS 16 impact	-	-	-	-	-	0.1	0.1	0.1	0.1
EBITA	**5.7**	**4.7**	**5.2**	**5.9**	**1.8**	**5.2**	**6.6**	**4.8**	**-5.6**
Adjusted EBITDA (incl IFRS 16)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**7.4**	**8.8**	**7.0**	**7.1**
Key figures, %									
*Gross margin**	*43.5 %*	*42.6 %*	*44.0 %*	*44.0 %*	*37.5 %*	*41.7 %*	*42.3 %*	*41.2 %*	*40.6 %*
*Adjusted EBITDA margin**	*10.5 %*	*8.8 %*	*11.5 %*	*10.5 %*	*5.5 %*	*8.9 %*	*10.5 %*	*8.5 %*	*8.2 %*
*Adjusted EBITA margin**	*9.2 %*	*7.3 %*	*10.2 %*	*9.1 %*	*4.1 %*	*7.6 %*	*9.3 %*	*7.2 %*	*7.0 %*
*EBITA margin**	*8.7 %*	*7.3 %*	*7.4 %*	*9.1 %*	*2.7 %*	*7.7 %*	*9.5 %*	*7.4 %*	*-8.1 %*
Group excl. Vehicle Acc Denmark									
Revenue (excl Vehicle Acc. Denmark)	59.6	59.4	63.6	60.7	64.0	62.1	64.4	61.2	65.4
Adjusted EBITA (excl Vehicle Acc. Denmark)*	6.4	4.8	6.9	5.7	3.0	4.9	6.4	4.8	4.7
*Adjusted EBITA margin (excl Veh Acc DK)**	*10.7%*	*8.1%*	*10.9%*	*9.4%*	*4.7%*	*8.0%*	*10.0%*	*7.8%*	*7.2%*

** Alternative performance measures, refer to pages 19 and 21 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 EBITA margin / Adjusted EBITDA margin
Measures as a percentage of revenue.

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

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

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 / EBITA margin / EBITDA margin
Measures as a percentage of revenue.

EBITA
Earnings before interest, tax and amortisation.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

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 labiliites, 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.

Revenue/ Adjusted EBITA excl Vehicle Acc Denmark
Measures excluding Vehicle Accessibility Denmark, divested December 2019

Reconciliation of significant alternative performance measures

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Revenue	**68.8**	**69.2**	**271.0**	**269.8**
Direct material	-31.2	-33.5	-120.6	-119.4
Direct Labor	-7.0	-6.8	-27.7	-26.2
Freight (inbound / outbound)	-2.6	-3.0	-10.4	-10.8
Gross profit	**27.9**	**26.0**	**112.4**	**113.3**
Gross margin (%)	*40.6%*	*37.5%*	*41.5%*	*42.0%*

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Operating profit/loss (EBIT)	**-7.1**	**0.2**	**4.6**	**12.0**
Other specified items	10.5	1.0	10.5	3.0
IFRS 16 impact (rent)	-1.5	-	-5.9	-
IFRS 16 impact (depreciation)	1.4	-	5.4	-
Adjusted operating profit/loss (adjusted EBIT)	**3.3**	**1.2**	**14.7**	**15.0**
EBIT margin	*-10.3%*	*0.3%*	*1.7%*	*4.5%*
Adjusted operating margin (adjusted EBIT margin)	*4.8%*	*1.7%*	*5.4%*	*5.6%*
Operating profit/loss (EBIT)	**-7.1**	**0.2**	**4.6**	**12.0**
Amortisation / impairment of intangible assets	1.5	1.6	6.4	5.6
EBITA	**-5.6**	**1.8**	**11.0**	**17.7**
Other specified items	10.5	1.0	10.5	3.0
IFRS 16 impact (rent)	-1.5	-	-5.9	-
IFRS 16 impact (depreciation)	1.4	-	5.4	-
Adjusted EBITA	**4.8**	**2.8**	**21.0**	**20.7**
EBITA margin	*-8.1%*	*2.7%*	*4.1%*	*6.5%*
Adjusted EBITA margin	*7.0%*	*4.1%*	*7.8%*	*7.7%*
Operating profit/loss (EBIT)	**-7.1**	**0.2**	**4.6**	**12.0**
Amortisation / impairment of intangible assets	1.5	1.6	6.4	5.6
Depreciation of tangible fixed assets	2.2	0.9	8.8	3.8
EBITDA	**-3.4**	**2.8**	**19.7**	**21.4**
Other specified items	10.5	1.0	10.5	3.0
IFRS 16 impact (rent)	-1.5	-	-5.9	-
Adjusted EBITDA	**5.6**	**3.8**	**24.4**	**24.4**
EBITDA margin	*-5.0%*	*4.0%*	*7.3%*	*7.9%*
Adjusted EBITDA margin	*8.2%*	*5.5%*	*9.0%*	*9.1%*

Group	October - December		January - December	
MEUR	2019	2018	2019	2018
Cash flow before changes in working capital	**6.0**	**4.2**	**30.9**	**23.9**
Taxes paid	-0.3	0.2	0.3	1.6
Cash Interest and Cost	-1.0	-0.8	-4.2	-3.0
Net financial items per the profit and loss statement	0.9	-0.8	2.0	1.2
Other non cash-items	0.3	0.2	0.4	-1.0
Other specified items (excl capital loss Veh Acc DK)	1.2	1.0	1.2	3.0
IFRS 16 impact	-1.5	-	-5.9	-
Discontinued operations	-	-0.2	-0.3	-1.3
Adjusted EBITDA	**5.6**	**3.8**	**24.4**	**24.4**
Change in net working capital	2.0	7.3	-5.8	-1.3
Acquired / divested tangible/intangible assets	-1.9	-2.0	-5.0	-5.9
Adjusted operating cash flow	**5.8**	**9.1**	**13.6**	**17.2**

Group	31 Dec	31 Dec
MEUR	2019	2018
Interest-bearing long-term loans	92.9	100.3
Lease liabilities IFRS 16	22.6	-
Other interest-bearing debt	3.4	3.8
Deduct: cash and cash equivalents	-33.8	-23.6
Deduct: IFRS 16 impact	-22.6	-
Interest-bearing net debt	**62.5**	**80.5**

Group excl Vehicle Accessibilty Denmark	October - December		January - December	
MEUR	2019	2018	2019	2018
Revenue	**68.8**	**69.2**	**271.0**	**269.8**
Vehicle Accessibility Denmark	-3.4	-5.2	-18.0	-22.2
Revenue excl Vehicle Acc Denmark	**65.4**	**64.0**	**253.1**	**247.6**
Adjusted EBITA	**4.8**	**2.8**	**21.0**	**20.7**
Vehicle Accessibility Denmark	-0.0	0.1	-0.1	-0.3
Adjusted EBITA excl Vehicle Acc Denmark	**4.7**	**3.0**	**20.9**	**20.4**
Adjusted EBITA-margin excl Vehicle Acc Denmark	*7.2%*	*4.7%*	*8.3%*	*8.2%*

Change in segment reporting 2020

From January 1, 2020, segment reporting of the Group's external financial reporting will comprise 3 business areas; Accessibility (which will include the stairlifts business), Vehicle Accessibility and Patient Handling. The figures for 2019 have been converted to the new segments in the following illustration. In order to increase transparency and increase comparability between years, Vehicle Accessibility Denmark will be reported alongside group wide functions under Other.

In 2019, Group segments reported lease contracts according to the earlier standard IAS 17 Leases. From January 1, 2020, segments report lease contracts according to IFRS 16 internally and restated figures for 2019 are shown below.

Accessibility	Q1	Q2	Q3	Q4	FY
MEUR	2019	2019	2019	2019	2019
Revenue	38.7	39.6	38.7	40.2	157.3
Operating costs	-32.0	-32.6	-32.2	-34.1	-131.0
Adjusted EBITDA*	**6.7**	**7.0**	**6.5**	**6.1**	**26.3**
Depreciation of tangible fixed assets	-0.4	-0.4	-0.4	-0.4	-1.6
Adjusted EBITA*	**6.3**	**6.6**	**6.1**	**5.7**	**24.7**
IFRS 16 impact	0.0	0.0	0.0	0.0	0.1
Adjusted EBITA (incl IFRS 16)	**6.3**	**6.6**	**6.1**	**5.8**	**24.8**
Adjusted EBITDA (incl IFRS 16)	**7.3**	**7.6**	**7.1**	**6.8**	**28.8**
Key figures, %					
*Adjusted EBITDA margin**	*17.3 %*	*17.6 %*	*16.8 %*	*15.2 %*	*16.7 %*
*Adjusted EBITA margin**	*16.2 %*	*16.6 %*	*15.8 %*	*14.3 %*	*15.7 %*
Adjusted EBITA margin (incl IFRS 16)	*16.2 %*	*16.7 %*	*15.9 %*	*14.4 %*	*15.8 %*
Adjusted EBITDA margin (incl IFRS 16)	*18.8 %*	*19.2 %*	*18.4 %*	*16.9 %*	*18.3 %*

Patient Handling	Q1	Q2	Q3	Q4	FY
MEUR	2019	2019	2019	2019	2019
Revenue	19.0	19.3	17.6	20.0	75.8
Operating costs	-17.4	-16.7	-16.2	-18.3	-68.6
Adjusted EBITDA*	**1.6**	**2.6**	**1.4**	**1.7**	**7.3**
Depreciation of tangible fixed assets	-0.4	-0.4	-0.4	-0.4	-1.5
Adjusted EBITA*	**1.2**	**2.2**	**1.1**	**1.3**	**5.8**
IFRS 16 impact	0.0	0.0	0.0	0.1	0.2
Adjusted EBITA (incl IFRS 16)	**1.2**	**2.2**	**1.1**	**1.4**	**5.9**
Adjusted EBITDA (incl IFRS 16)	**1.9**	**2.9**	**1.8**	**2.1**	**8.7**
Key figures, %					
*Adjusted EBITDA margin**	*8.3 %*	*13.4 %*	*8.1 %*	*8.5 %*	*9.6 %*
*Adjusted EBITA margin**	*6.3 %*	*11.5 %*	*6.0 %*	*6.5 %*	*7.6 %*
Adjusted EBITA margin (incl IFRS 16)	*6.5 %*	*11.7 %*	*6.2 %*	*6.8 %*	*7.8 %*
Adjusted EBITDA margin (incl IFRS 16)	*10.0 %*	*15.1 %*	*10.1 %*	*10.5 %*	*11.5 %*

Vehicle Accessibility **MEUR**	**Q1** **2019**	**Q2** **2019**	**Q3** **2019**	**Q4** **2019**	**FY** **2019**
Revenue	4.3	5.5	4.8	5.2	19.9
Operating costs	-4.0	-5.0	-4.6	-4.8	-18.3
Adjusted EBITDA*	**0.4**	**0.5**	**0.2**	**0.5**	**1.6**
Depreciation of tangible fixed assets	0.0	0.0	-0.1	0.0	-0.1
Adjusted EBITA*	**0.4**	**0.5**	**0.1**	**0.4**	**1.4**
IFRS 16 impact	0.0	0.0	0.0	0.0	0.1
Adjusted EBITA (incl IFRS 16)	**0.4**	**0.6**	**0.2**	**0.4**	**1.6**
Adjusted EBITDA (incl IFRS 16)	**0.6**	**0.8**	**0.5**	**0.7**	**2.6**
Key figures, %					
*Adjusted EBITDA margin**	*8.4 %*	*9.8 %*	*4.2 %*	*8.7 %*	*7.9 %*
*Adjusted EBITA margin**	*8.1 %*	*9.5 %*	*3.1 %*	*7.9 %*	*7.2 %*
Adjusted EBITA margin (incl IFRS 16)	*8.7 %*	*10.0 %*	*3.7 %*	*8.5 %*	*7.8 %*
Adjusted EBITDA margin (incl IFRS 16)	*14.5 %*	*14.6 %*	*9.6 %*	*13.7 %*	*13.1 %*

Other **MEUR**	**Q1** **2019**	**Q2** **2019**	**Q3** **2019**	**Q4** **2019**	**FY** **2019**
Revenue	5.1	5.0	4.5	3.5	18.0
Operating costs	-7.8	-7.8	-7.0	-6.1	-28.7
Adjusted EBITDA*	**-2.7**	**-2.8**	**-2.6**	**-2.6**	**-10.7**
Depreciation of tangible fixed assets	0.0	0.0	0.0	0.0	-0.1
Adjusted EBITA*	**-2.7**	**-2.8**	**-2.6**	**-2.7**	**-10.8**
IFRS 16 impact	0.0	0.0	0.0	0.0	0.1
Adjusted EBITA (incl IFRS 16)	**-2.7**	**-2.8**	**-2.6**	**-2.7**	**-10.8**
Adjusted EBITDA (incl IFRS 16)	**-2.4**	**-2.6**	**-2.3**	**-2.5**	**-9.8**

Group **MEUR**	**Q1** **2019**	**Q2** **2019**	**Q3** **2019**	**Q4** **2019**	**FY** **2019**
Revenue	67.2	69.4	65.6	68.8	271.0
Operating costs	-61.2	-62.1	-60.1	-63.2	-246.6
Adjusted EBITDA*	**6.0**	**7.3**	**5.6**	**5.6**	**24.4**
Depreciation of tangible fixed assets	-0.9	-0.8	-0.9	-0.8	-3.4
Adjusted EBITA*	**5.1**	**6.5**	**4.7**	**4.8**	**21.0**
IFRS 16 impact	0.1	0.1	0.1	0.1	0.5
Adjusted EBITA (incl IFRS 16)	**5.2**	**6.6**	**4.8**	**4.9**	**21.5**
Adjusted EBITDA (incl IFRS 16)	**7.4**	**8.8**	**7.0**	**7.1**	**30.3**
Key figures, %					
*Adjusted EBITDA margin**	*8.9 %*	*10.5 %*	*8.5 %*	*8.2 %*	*9.0 %*
*Adjusted EBITA margin**	*7.6 %*	*9.3 %*	*7.2 %*	*7.0 %*	*7.8 %*
Adjusted EBITA margin (incl IFRS 16)	*7.7 %*	*9.5 %*	*7.4 %*	*7.2 %*	*7.9 %*
Adjusted EBITDA margin (incl IFRS 16)	*11.0 %*	*12.6 %*	*10.7 %*	*10.3 %*	*11.2 %*