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The document and the offer when made are only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State of the European Economic Area) and any implementing measure in each relevant Member State of the EEA (the "Prospectus Directive") ("Qualified Investors"). In addition, in the United Kingdom ("UK"), this document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on (i) in the UK, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the UK, relevant persons, and (ii) in any member state of the EEA other than the UK, Qualified Investors, and will be engaged in only with such persons.

THE SECURITIES REFERENCED IN THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to Merrill Lynch International ("BofAML"), Carnegie Investment Bank AB (publ) ("Carnegie"), DNB Markets, a part of DNB Bank ASA, Sweden branch ("DNB") and the Company and the Principal Owner that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the Securities Act, or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, you are a relevant person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

For investors resident in British Columbia, Alberta, Ontario and Quebec (the "Relevant Provinces"): You acknowledge and agree that: (a) the securities described in the attached document are only being distributed to investors resident in the Relevant Provinces; (b) you are (i) an "accredited investor" as such term is defined in National Instrument 45-106—Prospectus and Registration Exemptions and are receiving this email from a registered Canadian dealer, or (ii) an "accredited investor" who is a "permitted client", as such term is defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations, of a dealer relying on the "international dealer exemption", which dealer has sent this email; and (c) where required by law, you are participating in the offering as principal for your own account and not as agent.

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None of the Managers, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the issuer or the offer. The Managers and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Managers are acting exclusively for the Company and the Principal Owner and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Principal Owner for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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handicare

Invitation to acquire shares in Handicare Group AB (publ)

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

BofA Merrill Lynch

Carnegie

JOINT BOOKRUNNER

DNB MARKETS

IMPORTANT INFORMATION

This offering memorandum (the "**Offering Memorandum**") has been prepared in connection with the offering to the public in Sweden (the "**Offering**") and listing on Nasdaq Stockholm of shares in Handicare Group AB (publ) (a Swedish public limited liability company). In this Offering Memorandum, "**Company**" and "**Handicare**" refer to Handicare Group AB (publ) or Handicare Group AB (publ) and its subsidiaries, as the context requires, and "**Group**" refers to Handicare Group AB (publ) and its subsidiaries. The "**Principal Owner**" refers to Cidron Liberty Systems S.à r.l., an entity ultimately owned by Nordic Capital VII Limited, acting in its capacity as general partner to Nordic Capital VII Alpha, L.P. and Nordic Capital VII Beta, L.P., together with any associated co-investment vehicles ("**Nordic Capital Fund VII**"). The "**Managers**" refer to Merrill Lynch International ("**BofAML**") and Carnegie Investment Bank AB (publ) ("**Carnegie**", and together with BofAML, the "**Joint Global Coordinators**") and DNB Markets, a part of DNB Bank ASA, Sweden Branch ("**DNB**"). See "*Definitions*" for the definitions of these and other terms in the Offering Memorandum.

The Offering is not directed to the general public in any country other than Sweden. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Unless otherwise is indicated, the Offering described in this Offering Memorandum is not directed to investors in the United States, Canada, Australia or Japan or in any other jurisdiction in which such offering would be unlawful. Nor is the Offering directed to such persons whose participation requires additional offering memorandums, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden that would allow any offer of the shares in the Company to the public, or allow holding and distribution of the Offering Memorandum or any other documents pertaining to the Company or its shares in such jurisdiction. Therefore, the distribution of this Offering Memorandum and the sale of the shares may be restricted by law in certain jurisdictions. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession the Offering Memorandum comes are required by the Company, the Principal Owner and the Managers to inform themselves about, and to observe, such restrictions. Neither the Company, the Principal Owner nor either of the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. See "*Selling restrictions and transfer restrictions*".

Potential investors should read the entire Offering Memorandum and, in particular, the section headed "*Risk factors*" and rely only on the information contained in this Offering Memorandum and any supplements announced in accordance with the provisions of Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") when considering an investment in the Company. The Company does not undertake to update this Offering Memorandum, unless required pursuant to the provisions of Chapter 2, Section 34 of the Trading Act, and therefore potential investors should not assume that the information in this Offering Memorandum is accurate as of any date other than the date of this Offering Memorandum. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Offering Memorandum, and, if given or made, any other such information or representation must not be relied upon as having been authorised by the Company, the members of its board of directors, the Group management, the Principal Owner, any of the Managers or any of their respective representatives. Neither the delivery of this Offering Memorandum nor any sale made hereunder at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Offering Memorandum is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of the Managers or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness, verification or fairness of the information or opinions contained in this Offering Memorandum, or incorporated by reference herein, and nothing in this Offering Memorandum, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Managers or any of their respective affiliates as to the past or future. None of the Managers accepts any responsibility whatsoever for the accuracy, completeness or verification of the contents of this Offering Memorandum or for any statements made or purported to be made by either itself or on its behalf in connection with the Company, the Principal Owner, the Offering or the shares. Accordingly, the Managers disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Offering Memorandum and/or any such statement.

The Managers are acting exclusively for the Company and the Principal Owner and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Memorandum) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Principal Owner for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering and the listing or any transaction or arrangement referred to herein.

The Offering and the Offering Memorandum are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Offering Memorandum.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Trading Act.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, the Principal Owner or the Managers, or any of their respective representatives, is making any representation to any offeree or purchaser of the shares regarding the legality of an investment in the shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the shares.

The investors also acknowledge that: (i) they have not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this document, and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Principal Owner or the Managers.

In connection with the Offering of the shares, each of the Managers and any of their respective affiliates, may take up a portion of the shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Offering Memorandum to shares being offered or placed should be read as including any offering or placement of shares to any of the Managers or any of their respective affiliates acting in such capacity. In addition certain of the Managers or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of shares. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The price at which the shares in the Offering will be sold (the "**Offer Price**") has been set to SEK 50 per share by the Company and the Principal Owner in consultation with the Joint Global Coordinators, on behalf of the Managers, based on the estimated investment interest, the discussions that preceded the commitments from the Cornerstone Investors, contacts with certain other institutional investors as well as current market conditions.

The Principal Owner will issue an option to the Joint Global Coordinators, on behalf of the Managers, which can be utilised in whole or in part for 30 days from the first date of trading in the Company's shares on Nasdaq Stockholm, to acquire additional existing shares from the Principal Owner, equal to 15 percent of the total number of shares in Offering, at the Offer Price, to cover any over-allotment in connection with the Offering or short positions (the "**Over-allotment Option**"). The Over-allotment Option will include the right to purchase an additional maximum of 2,563,847 shares from the Principal Owner.

NOTICE TO INVESTORS

United States

The shares in the Offering have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the United States, the shares will be sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in and in reliance on Rule 144A under the Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the requirements of the Securities Act. All offers and sales of shares outside the United States will be made in compliance with Regulation S under the Securities Act ("**Regulation S**"). Prospective purchasers that are QIBs are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

In the United States, the Offering Memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in the Offering Memorandum has been provided by the Company and other sources identified herein. Distribution of the Offering Memorandum to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of the Offering Memorandum in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. The Offering Memorandum is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Principal Owner or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

The Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**Order**") or (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Memorandum is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

STABILISATION

In connection with the Offering, Carnegie as stabilising manager (the "**Stabilising Manager**") may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the markets price of the Company's shares, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq Stockholm. The Stabilising Manager may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, it shall be made public that stabilising measures have been performed in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range of the Offering within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Managers nor the Stabilising Manager will disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "assume", "believe", "continue", "can", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "might", "plan", "potential", "predict", "projected", "should", "will" or "would" or, in each case, their negative, or other variations or comparable terminology, or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts or that may not otherwise be provable by reference to past events. They appear in a number of places throughout this Offering Memorandum and are based on assumptions regarding Handicare's present and future business strategies and the environment in which it operates and will operate in the future. Forward-looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies, financial targets, and dividend policy, as well as the development of the industry, economic environment and regulatory environment in which Handicare operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although the Company believes the expectations implied by these forward-looking statements are reasonable, the Company, the Principal Owner and the Managers caution prospective investors that forward-looking statements are not guarantees of future performance and are based on numerous assumptions, and that Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of industry, economic environment and regulatory environment in which Handicare operates, could differ materially from (and be more negative than) those made in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Handicare operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Many factors may cause Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Handicare operates to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum and thereby adversely affect the achievement of Handicare's financial targets, including targets relating to growth and Adjusted EBITA margin. The risks described in "*Risk Factors*" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Handicare operates. The Company urges prospective investors to read the sections of this Offering Memorandum entitled "*Risk factors*", "*Industry overview*", "*Business overview*", and "*Operating and financial review*" for a more complete discussion of the factors that could affect Handicare's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Handicare operates. New risks may emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on Handicare's business or the extent to which any risks, or combination of risks and other factors, could cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.

The forward-looking statements contained in this Offering Memorandum speak only as of the date of this Offering Memorandum. The Company, the Principal Owner and the Managers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law or Nasdaq Stockholm's Rule Book for Issuers. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth in "*Risk factors*". Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Offering Memorandum.

ENFORCEMENT OF CIVIL LIABILITIES

The ability of shareholders in certain countries other than Sweden, in particular in the United States, to bring an action against the Company may be limited under law. The Company is a public limited liability company (Sw. *publikt aktiebolag*) incorporated in Sweden and has its statutory seat (Sw. *säte*) in the municipality of Stockholm, Sweden.

Certain members of the Company's board of directors, the Group management and other officers of the Group named herein are residents of countries other than the United States, and all or a substantial proportion of the assets of these individuals are located outside the United States. A significant portion of the Company's assets are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in United States courts a judgment obtained in such courts.

The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Swedish courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his or her claim with the competent Swedish court, the Swedish court will generally give binding effect to such foreign judgment insofar as it finds that the jurisdiction of the court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Swedish public policy.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

For information regarding the presentation and financial and other information, including industry and market data, see "*Presentation of financial and other information*".

IMPORTANT INFORMATION REGARDING THE POSSIBILITY TO SELL ALLOCATED SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 10 October 2017. Institutional investors are expected to receive notification of allotment on or about 10 October 2017 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by the Managers the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to such acquirer means that the acquirer will not have shares available in the specified securities depository account or the securities account until on or around 12 October 2017. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on or around 10 October 2017. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until on or around 12 October 2017, the acquirer may not be able to sell these shares on Nasdaq Stockholm as from the first day of trading, but first when the shares are available in the securities account or the securities depository account.

Table of contents

SUMMARY OF THE OFFERING

Offer Price
SEK 50 per share

Application period for the public offering
28 September – 6 October 2017

Application period for the institutional offering
28 September – 9 October 2017

First day of trading at Nasdaq Stockholm
10 October 2017

Settlement date
12 October 2017

Other information
ISIN number: SE0010298109
Trading symbol: HANDI

FINANCIAL CALENDAR

Interim report for the nine months ended 30 September 2017
8 November 2017

2017 year-end report
16 February 2018

Summary

Summaries are made up of disclosure requirements known as "Items." These Items are numbered in Sections A–E (A.1–E.7). This summary contains all the Items required to be included in the summary for this type of securities and the issuer. Because some Items are not required to be addressed, there may be gaps in the numbering sequence of the Items. Even though an Item may be required to be inserted in the summary because of the type of securities and the issuer, it is possible that no relevant information can be given regarding the Item. In this case, a brief description of the Item is included in the summary with the mention of "not applicable."

SECTION A – INTRODUCTION AND WARNINGS

A.1	*Introduction and warnings*	This summary should be read as an introduction to the Offering Memorandum. Any decision to invest in the securities should be based on consideration of the Offering Memorandum as a whole by the investor. Where a claim relating to the information in this Offering Memorandum is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Offering Memorandum before the legal proceedings are initiated. Civil liability may attach to those persons who produced the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Memorandum or it does not provide, when read together with the other parts of the Offering Memorandum, key information in order to aid investors when considering whether to invest in such securities.
A.2	*Consent to use the offering memorandum*	Not applicable. Financial intermediaries are not entitled to use the Offering Memorandum for subsequent resale or final placement of securities.

SECTION B – ISSUER

B.1	*Legal and commercial name*	The Company's name, and trading name, is Handicare Group AB (publ), reg. no. 556982-7115 (the "**Company**").
B.2	*Domicile and legal form*	The registered office is situated in the municipality of Stockholm. The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) governed by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).
B.3	*Nature of operations and principal activities*	Handicare is a leading, global provider of mobility solutions in the accessibility and patient handling markets measured by revenue. It offers solutions and support to increase the independence and mobility of the elderly and physically challenged as well as to improve the convenience and safety of work environments of those caring for them. Handicare's products include a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and medical equipment. Handicare also offers services related to its products, ranging from installation and repairs to supervision and performance optimisation, which help to ensure that the Group's solutions are properly maintained and optimised for customer use.

B.3	*Nature of operations and principal activities, cont.*	The Group manages its operations under three business areas: Accessibility, Patient Handling and Puls. Accessibility and Patient Handling are Handicare's primary business areas comprising 86 percent, or EUR 225 million, the Group's revenue in the year ended 31 December 2016 (pro forma: 93 percent or EUR 274 million. See B.8 "*Selected key pro forma financial information*" below). • **Accessibility:** Within Accessibility, Handicare offers curved and straight stairlifts, primarily for the home setting, with a complementary offering of vehicle accessibility products. Handicare's service offering in Accessibility includes service, installation, spare parts and vehicle conversions. In the year ended 31 December 2016, Accessibility accounted for 67 percent of the Group's revenue (pro forma: 64 percent. See B.8 "*Selected key pro forma financial information*" below). Main markets in Accessibility are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark. In the year ended 31 December 2016, Handicare derived 90 percent of its Accessibility revenue from Europe (primarily the United Kingdom, the Netherlands, the Nordics, France and Germany). A smaller portion of the Group's Accessibility revenue for the year ended 31 December 2016 was derived from North America (7 percent) and Rest of the World ("**RoW**") (3 percent). • **Patient Handling:** Within Patient Handling, Handicare offers a comprehensive range of patient transfer and lifting products primarily for the hospital setting. Handicare's service offering in Patient Handling includes service and installation. In the year ended 31 December 2016, Patient Handling accounted for 19 percent of the Group's revenue (pro forma: 29 percent. See B.8 "*Selected key pro forma financial information*" below). Main markets in Patient Handling are the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway. In the year ended 31 December 2016, Handicare derived for 48 percent of its Patient Handling revenue from North America, 47 percent from Europe (primarily the United Kingdom, the Netherlands and the Nordics) and 5 percent from RoW. • **Puls:** Within Puls, Handicare distributes medical equipment and consumables in Norway and Denmark. In the year ended 31 December 2016, Puls accounted for 14 percent of the Group's revenue (pro forma: 7 percent. See B.8 "*Selected key pro forma financial information*" below). On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson), as further discussed below. Handicare benefits from a comprehensive global network of sales representatives who operate across distribution channels, including dealers, GPOs and governmental entities, in order to provide Handicare's products to the ultimate end-users, including hospitals, long-term care facilities and private individuals. Handicare's sales representatives also sell directly to these end-users. As of 31 December 2016, the Group had a total of 1,156 employees, of which 55 in Sweden, 210 in Norway, 354 in the United Kingdom, 228 in the Netherlands, 281 in the United States and Canada, and 28 in other countries.

B.4A	*Recent trends*	Demand for Handicare's products and services is affected by the demand for healthcare equipment, medical devices and related services in the Group's main markets. In turn, the demand from these main markets is impacted by demographic development, preferences among caretakers and other end-users, product developments, general macroeconomic trends, healthcare costs, and trade and regulatory developments. Current market trends include (i) focus on efficiency and cost containment by healthcare providers, such as by providing incentives for healthcare systems to move patients to homecare settings as soon as possible and keep people in their homes for a longer time; (ii) increased focus on caregiver safety, such as by driving demand for products that can contribute to a reduction of the amount of sick leave taken by care-givers caused by injuries related to patient handling; and (iii) increased regulation and scrutiny by regulators, such as through stricter regulatory standards and increased vigilance in connection with business practice investigations, including manufacturing, sales and reimbursement reporting. Based on unaudited internal monthly accounting reports, Handicare estimates that its business continued to perform broadly in line with budget and plans during July and August 2017. On a year-over-year basis, the Group's revenue showed improvement in July and August 2017 compared to July and August 2016, on a comparable basis (i.e. including Prism Medical in all periods). In general, key indicators such as revenue, EBITDA and EBITDA margin for the nine months ending 30 September 2017 are expected to be in line with the Group's budget and plans. In the ordinary course of business and as part of Handicare's growth and value creation strategy, Handicare continuously conducts discussions and negotiations with potential acquisition target companies. However, there can be no assurances that these companies will be acquired, either within a particular timeframe or at all.
B.5	*Group*	As of the date of this Offering Memorandum, Handicare Group AB is the parent company in the Group, which comprises 27 legal entities in 10 countries.
B.6	*Major shareholders, etc.*	As of the date of this Offering Memorandum, the Company has one (1) owner, Cidron Liberty Systems S.à r.l. (the "**Principal Owner**"). The Fourth Swedish National Pension Fund, Danica Pension, Livsforsikringsaktieselskab and Holta Life Sciences AS (the "**Cornerstone Investors**") have committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to the percentage of the shares following completion of the Offering set out next to their respective names below: • The Fourth Swedish National Pension Fund: 5.09 percent; • Danica Pension, Livsforsikringsaktieselskab ("**Danica Pension**"): 4.19 percent; and • Holta Life Sciences AS: 3.39 percent. Each Cornerstone Investor's commitment is subject to certain conditions. The Cornerstone Investors will not be subject to a lock-up in respect of their allocations. In addition to Danica Pension's commitment to acquire shares in the Offering corresponding to approximately 4.19 percent of the outstanding shares in the Company after completion of the Offering, the Principal Owner has granted Danica Pension an option to acquire from the Principal Owner up to an additional 0.80 percent of the total number of outstanding shares in the Company immediately following completion of the Offering at a price that corresponds to the Offer Price. This option may be exercised within 180 days from the completion of the Offering.

B.7 *Selected historical key financial information*

The selected consolidated historical financial information set forth below as of and for the years ended 31 December 2016, 2015 and 2014 has been derived from the Company's audited consolidated financial statements, which were audited by Ernst & Young AB, as set forth in its audit report included elsewhere herein. The selected consolidated historical financial information set forth below as of and for the six months ended 30 June 2017 and 2016 has been derived from the Company's unaudited interim consolidated financial statements as of and for the six months ended 30 June 2017, which were reviewed by Ernst & Young AB, as set forth in its review report included elsewhere herein, with comparative figures for the six months ended 30 June 2016. The Company's audited and unaudited interim consolidated financial statements as of and for the periods set forth below have been prepared in accordance with IFRS, as adopted by the European Union. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, subject only to normal and recurring adjustments that are necessary for a fair statement of the results for the interim periods presented.

SELECTED CONSOLIDATED INCOME STATEMENT INFORMATION

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statements)*		
Operating revenue					
Revenue	153.9	122.3	261.0	245.3	231.8
	153.9	**122.3**	**261.0**	**245.3**	**231.8**
Operating expenses					
Cost of goods sold	(73.3)	(60.5)	(129.7)	(121.6)	(112.6)
Personnel expenses	(38.6)	(30.2)	(63.7)	(64.1)	(63.7)
Depreciation, amortisation and impairment	(4.3)	(3.0)	(7.0)	(29.8)	(5.4)
Other external expenses	(25.6)	(20.5)	(45.3)	(42.7)	(41.9)
Other specified items	(2.0)	(3.9)	(18.4)	(9.9)	(8.3)
EBIT	**10.2**	**4.1**	**(3.2)**	**(22.8)**	**(0.1)**
Profit/loss from financial items					
Financial income	7.2	2.9	57.2	21.6	12.9
Financial expenses	(14.9)	(12.4)	(73.3)	(38.3)	(39.3)
Profit/loss after financial items	**2.5**	**(5.4)**	**(19.3)**	**(39.5)**	**(26.4)**
Tax expense	0.1	(1.3)	0.0	(0.1)	(2.9)
Profit/loss after tax from continuing operations	**2.6**	**(6.7)**	**(19.3)**	**(39.5)**	**(29.4)**
Profit from discontinued operations	–	–	0.0	17.1	5.0
Net profit/loss for the period	**2.6**	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**
Profit/loss attributable to:					
Handicare Group AB's shareholders	2.4	(6.3)	(18.9)	(22.2)	(24.4)
Non-controlling interests	0.1	(0.4)	(0.4)	(0.3)	0.0
	2.6	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**

B.7 *Selected historical key financial information, cont.*

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION

	As of 30 June		As of 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statements)*		
ASSETS					
Fixed assets					
Intangible fixed assets	52.2	44.0	54.1	44.4	59.3
Goodwill	173.3	137.9	177.5	142.6	198.2
Deferred tax assets	6.6	5.1	8.4	3.6	7.8
Tangible fixed assets	11.9	8.0	12.6	8.6	9.1
Non-current receivables	34.8	32.5	33.7	31.1	0.8
Total fixed assets	**278.8**	**227.4**	**286.3**	**230.2**	**275.1**
Current assets					
Inventory	36.1	27.6	36.5	30.1	45.6
Accounts receivable	41.6	29.0	44.3	27.5	38.8
Current tax assets	1.7	1.7	1.7	0.0	0.0
Other receivables	4.1	6.1	3.4	5.8	3.9
	83.5	**64.4**	**86.0**	**63.3**	**88.2**
Cash and cash equivalents	6.2	9.9	6.7	18.9	23.7
Total current assets	**89.8**	**74.3**	**92.7**	**82.2**	**111.9**
TOTAL ASSETS	**368.5**	**301.7**	**379.0**	**312.5**	**387.1**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	0.0	0.0	0.0	0.0	2.3
Other contributed capital	168.2	145.0	168.2	145.0	99.3
Reserves	56.0	52.0	56.5	30.4	19.8
Retained earnings	(149.3)	(127.5)	(131.9)	(79.9)	(3.6)
Net loss for the period	2.4	(6.3)	(18.9)	(22.2)	(25.8)
Shareholders' equity attributable to Parent Company's shareholders	**77.3**	**63.3**	**73.9**	**73.3**	**92.0**
Non-controlling interests	4.5	3.2	4.0	4.4	0.0
Total shareholders' equity	**81.8**	**66.5**	**77.9**	**77.7**	**92.0**
Liabilities					
Long-term liabilities					
Pension obligations	0.7	1.1	0.8	1.0	2.6
Deferred tax liabilities	8.8	9.7	11.3	7.6	12.1
Deferred revenue	2.2	2.4	2.4	2.7	2.6
Accrued expenses	2.3	1.9	3.2	1.4	2.1
Other long-term liabilities	212.8	170.6	218.3	166.0	212.8
Financial derivatives	0.0	0.0	0.0	0.0	0.7
	226.9	**185.6**	**236.0**	**178.7**	**233.0**
Current liabilities					
Borrowings	9.1	8.2	8.2	13.1	12.7
Accounts payable	26.7	23.3	29.6	25.9	30.7
Current tax liabilities	–	–	–	–	–
Other current liabilities	2.0	0.7	0.8	1.4	3.6
Accrued expenses and deferred revenue	22.1	17.4	26.5	15.7	15.1
	59.9	**49.6**	**65.0**	**56.1**	**62.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**368.5**	**301.7**	**379.0**	**312.5**	**387.1**
MEMORANDUM ITEMS					
Pledged assets	**89.6**	**64.7**	**94.6**	**66.2**	**93.5**
Contingent liabilities	**–**	**–**	**–**	**–**	**–**

B.7 *Selected historical key financial information, cont.*

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statements)*		
Operating activities					
Profit/loss before tax	2.5	(5.4)	(19.3)	(22.4)	(21.4)
Adjustments for non-cash items:					
Depreciation, amortisation and impairment	4.3	3.0	7.0	30.7	6.3
Capital gain/loss	0.0	0.0	0.1	0.0	(0.0)
Reversal of interest expense	9.0	7.4	15.9	19.3	23.1
Reversal of interest income	(1.3)	(1.5)	(3.0)	(1.5)	(1.1)
Other non-cash items	(0.5)	2.2	0.1	(13.5)	0.9
Income tax paid	(0.5)	(1.0)	(0.7)	(0.0)	(1.1)
Cash flow from operating activities before changes in working capital	**13.5**	**4.8**	**0.0**	**12.6**	**6.8**
Cash flow from changes in working capital					
Change in inventory	(1.1)	1.6	1.2	4.6	(1.5)
Change in accounts receivable	1.0	(2.2)	(8.5)	6.4	(2.0)
Change in accounts payable	(2.1)	(1.5)	3.1	2.9	4.0
Change in other current liabilities/receivables	(5.0)	1.7	9.8	(4.9)	(0.2)
Cash flow from operating activities	**6.3**	**4.5**	**5.7**	**21.6**	**7.1**
Investing activities					
Business combinations	–	(1.0)	(49.4)	0.0	(3.0)
Divestment of subsidiaries	–	–	–	43.0	0.0
Acquisition of tangible and intangible assets	(3.5)	(3.6)	(11.4)	(9.6)	(9.0)
Proceeds from sale of tangible fixed assets	0.1	0.2	0.3	1.0	0.4
Cash flow from investing activities	**(3.4)**	**(4.4)**	**(60.6)**	**34.3**	**(11.6)**
Financing activities					
Proceeds from borrowings	1.9	–	40.3	2.3	6.8
Finance lease	0.2	0.0	0.0	(0.1)	(0.3)
Loan repayments	(2.4)	(5.8)	(14.3)	(53.3)	(2.6)
Reduction of shareholders' equity	–	–	–	(0.1)	(0.0)
Additional contributed capital	–	–	24.1	–	–
Interest received	0.0	0.2	0.5	1.5	1.1
Interest paid	(3.6)	(3.0)	(7.3)	(11.1)	(11.5)
Cash flow from financing activities	**(3.9)**	**(8.6)**	**43.4**	**(60.7)**	**(6.4)**
Cash flow for the period	**(1.0)**	**(8.5)**	**(11.5)**	**(4.8)**	**(10.9)**
Opening cash and cash equivalents	**6.7**	**18.9**	**18.9**	**23.7**	**33.6**
Exchange gains/losses on cash and cash equivalents	**0.6**	**(0.5)**	**(0.7)**	**(0.0)**	**0.9**
Closing cash and cash equivalents	**6.2**	**9.9**	**6.7**	**18.9**	**23.7**

B.7	*Selected historical key financial information, cont.*	**SIGNIFICANT CHANGES** **Six months ended 30 June 2017 compared to the six months ended 30 June 2016** The Group's revenue for the six months ended 30 June 2017 was EUR 153.9 million, an increase of EUR 31.6 million, or 25.8 percent, compared to EUR 122.3 million in the six months ended 30 June 2016. The increase was primarily attributable to the acquisition of Prism Medical, which was acquired with effect from 1 September 2016 (reported in Patient Handling). EBIT for the six months ended 30 June 2017 was EUR 10.2 million, an increase of EUR 6.1 million, or 147 percent, compared with EUR 4.1 million in the six months ended 30 June 2016. The increase was primarily related to the acquisition of Prism Medical as well as decreased other specified items, partly offset by increased depreciation and amortisation charges. Adjusted EBITA for the six months ended 30 June 2017 was EUR 14.7 million, an increase of EUR 5.4 million, or 58 percent, compared to EUR 9.3 million in the six months ended 30 June 2016. The increase was primarily driven by Patient Handling. **Year ended 31 December 2016 compared to the year ended 31 December 2015** The Group's revenue for the year ended 31 December 2016 was EUR 261.0 million, an increase of EUR 15.7 million, or 6.4 percent, compared to EUR 245.3 million in the year ended 31 December 2015. The increase was primarily attributable to the two acquisitions that were completed in 2016. Prism Medical was acquired with effect from 1 September 2016 (reported in Patient Handling) and Rep-Tek was acquired with effect from 4 January 2016 (reported in vehicle accessibility, which is part of Accessibility). EBIT for the year ended 31 December 2016 was a loss of EUR 3.2 million, a decrease of EUR 19.6 million, or 86.0 percent, compared to a loss of EUR 22.8 million in the year ended 31 December 2015. The decrease was principally related to the impairment of goodwill of EUR 24 million in the year ended 31 December 2015. Adjusted EBITA for the year ended 31 December 2016 was EUR 18.8 million, an increase of EUR 5.3 million, or 39.3 percent, compared to EUR 13.5 million in the year ended 31 December 2015. The increase was principally driven by Patient Handling. **Year ended 31 December 2015 compared to the year ended 31 December 2014** The Group's revenue for the year ended 31 December 2015 was EUR 245.3 million, an increase of EUR 13.5 million, or 5.8 percent, compared to EUR 231.8 million in the year ended 31 December 2014. No acquisitions were made in the years ended 31 December 2015 and 2014. The Mobility Business was divested in 2015. The Group's EBIT for the year ended 31 December 2015 was a loss of EUR 22.8 million, an increase of EUR 22.7 million compared to a loss of EUR 0.1 million in the year ended 31 December 2014. The increase was principally a result of an impairment of goodwill of EUR 24 million in the year ended 31 December 2015. Adjusted EBITA for the Group for the year ended 31 December 2015 was EUR 13.5 million, an increase of EUR 3.5 million, or 34.6 percent, compared to EUR 10.0 million in the year ended 31 December 2014. The increase was principally driven by higher revenue and margin within Accessibility. **SIGNIFICANT CHANGES SINCE 30 JUNE 2017** On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The transfer was completed on 1 August 2017. The purchase price for the BD Business was EUR 11.4 million (NOK 109 million). Nasdaq Stockholm's Listing Committee has on 6 September 2017 decided to admit the Company's shares for trading on Nasdaq Stockholm, subject to customary conditions, including that the distribution requirement for the shares has been met.

B.8 *Selected key pro forma financial information*

Handicare has prepared pro forma income statements for the periods from 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 in order to show the hypothetical effects that: (i) Handicare's business combination with Prism Medical, which was completed on 1 September 2016, would have had on Handicare's profit/loss for 2016 if this acquisition had been completed on 1 January 2016; and (ii) Handicare's divestment of its BD Business, which was completed on 1 August 2017, would have had on Handicare's profit/loss for 2016 and the six months ended 30 June 2017 if this divestment had been completed on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information also show the hypothetical effect that the divestment of the BD Business would have had on Handicare's balance sheet as of 30 June 2017, if the divestment had been completed on 30 June 2017.

The acquisition and divestment included in the pro forma financial information are the transactions that the Company considers to have had an effect on Handicare's profit/loss and financial position, and they have been treated in the accounts as an acquisition of operations and a sale of operations, respectively. Prism Medical is recognised under business area (operating segment) Patient Handling, and the BD Business is recognised under business area (operating segment) Puls.

The pro forma financial information have been prepared according to IFRS, and the Company's auditor has provided a report on the pro forma financial information. The pro forma financial information illustrate a hypothetical situation, and do not necessarily reflect Handicare's actual profit/loss from operations as if the acquisition of Prism Medical and the divestment of the BD Business had been completed at an earlier date. The pro forma financial information should not be considered to be an indication of Handicare's profit/loss for any future period.

These unaudited pro forma financial information are only intended for use in connection with the Offering in Sweden and the admission for trading of shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as indicated in the prospectus approved by the Swedish Financial Supervisory Authority.

This information has not been prepared in accordance with SEC Regulation S-X or any other standards or practices generally accepted in the U.S. Had the shares been registered under the U.S. Securities Act, these pro forma financial information would have been drawn up differently or eliminated from the prospectus.

PRO FORMA INCOME STATEMENTS 1 JANUARY – 31 DECEMBER 2016

(MEUR)	Handicare 160101-161231 Audited IFRS	Prism Medical 160101-160831 Unaudited IFRS	The BD Business 160101-161231 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma income statement Unaudited
Operating revenue						
Revenue	261.0	29.8	(16.3)			274.5
Operating expenses						
Cost of goods sold	(129.7)	(10.8)	10.5			(129.9)
Personnel expenses	(63.7)	(9.2)	2.3			(70.6)
Depreciation, amortisation and impairment	(7.0)	(1.6)	0.0	0.4	A	(8.3)
Other external costs	(45.3)	(6.5)	1.7			(50.1)
Other specified items	(18.4)	(2.5)	0.0	0.4	B	(20.5)
Operating profit (EBIT)	**(3.2)**	**(0.7)**	**(1.8)**	**0.7**		**(5.0)**
Financial income	57.2	0.0	0.0			57.2
Financial expense	(73.3)	(0.2)	0.0	(0.8)	C, D	(74.3)
Profit/Loss after financial items	**(19.3)**	**(0.9)**	**(1.8)**	**0.0**		**(22.0)**
Tax expense	0.0	(0.4)	0.0	21.0	A, B, C, D	20.6
Net profit after tax for the year	**(19.3)**	**(1.3)**	**(1.8)**	**20.9**		**(1.4)**

B.8 *Selected key pro forma financial information, cont.*

Notes to pro forma income statement 1 January – 31 December 2016

(A) The following intangible assets were identified in the acquisition analysis for Prism Medical (i) brands; (ii) technology; (iii) customer contracts/relationships; and (iv) goodwill. Amortisation of these assets, save for goodwill which is not amortised, is made on a straight-line basis over their estimated economic life. The estimated economic life is ten years (brands) and five years (technology and customer contracts/relationships). The amortisations (based on fair value) from 1 January to the acquisition date have been adjusted in the pro forma income statement. They amount to EUR 1.3 million. The reported amortisations (based on book value) are correspondingly eliminated, which amounts to EUR 1.7 million. The net effect in the pro forma statement is EUR 0.4 million, with a tax effect of EUR 0.1 million. The pro forma adjustment has a continuing impact.

The carrying amount (as of 1 January 2016) of intangible assets in Prism Medical, the amortisation period and the amortisation are summarised below. The identified fair value, amortisation period and the resulting amortisation are also summarised in the acquisition analysis.

		Amortisation			Amortisation	
(MEUR)	**Carrying amount**	**Year**	**(MEUR)**	**Fair value**	**Year**	**(MEUR)**
Brands	0.0	–	0.0	1.0	10	0.1
Technology	2.0	5	0.4	1.2	5	0.2
Customer relationships	5.8	5	1.3	5.0	5	1.0
Software	0.1	5	0.0	0.0	–	0.0
Total	**7.9**		**1.7**	**7.2**		**1.3**

(B) Based on a purchase price of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2016) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 11.0 million (including allocated goodwill of EUR 8.7 million), capital gain before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million as Group goodwill is not tax-deductible. After a deduction of 25 percent for tax (corporate income tax in Norway in 2016), the capital gain after tax has been estimated at EUR 1.9 million. The consolidated value of shareholders' equity (including allocated goodwill) is based on the book value at 30 June 2017 (i.e. balance sheet at the signing of the transaction) of NOK 105.6 million converted to EUR 11.0 million at the NOK/EUR rate at 1 January 2016. The adjustment does not have a continuing impact.

(C) The adjustment refers to a change in the financing of the acquisition of Prism Medical. The acquisition loan of EUR 40.3 million (denominated in CAD and NOK, respectively) carries an interest rate of 5.5 percent for the period according to the loan agreement. Interest for the period 1 January – 31 August 2016 amounts to EUR 1.5 million. Prism Medical's existing loans were repaid on the acquisition date. Interest on these loans amounts to EUR 0.2 million for the period 1 January – 31 August 2016. The net effect in the pro forma statement is EUR 1.3 million.

The adjustment also involves a currency effect for revaluation of loans denominated in CAD and NOK respectively to euro, from the rate on 1 January 2016 to the rate on 1 September 2016. The effect is a financial expense of EUR 1.4 million.

The tax effect amounts to EUR 0.9 million. It is based on a tax rate of 33.3 percent (the average tax rate for Prism Medical). The pro forma adjustment has continuing impact (excluding revaluation of loans).

(D) The purchase consideration for the divestment of BD Business was paid through reduction of shareholder loans of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2016). The interest rate on the shareholder loan is 10.0 percent and is paid-in-kind. The adjustment eliminates the interest paid on the subject part of the shareholder loan in the year ended 31 December 2016. The interest amounted to EUR 1.2 million.

The adjustment also excludes the currency effect for revaluation of the subject part of the shareholder loan from the NOK/EUR rate at 1 January 2016 to the NOK/EUR rate on 31 December 2016. The loan was revaluated from EUR 11.4 million at 1 January 2016 to EUR 12.1 million at 31 December 2016. The reported financial expense of EUR 0.7 million was eliminated.

The tax effect amounts to EUR 0.5 million. It is based on a tax rate of 25 percent (the corporate tax rate in Norway in 2016). The pro forma adjustment has continuing impact (excluding revaluation of loans).

B.8 *Selected key pro forma financial information, cont.*

PRO FORMA INCOME STATEMENT (EBIT) PER SEGMENT 1 JANUARY – 31 DECEMBER 2016

The table below illustrates how the acquisitions and disposals above affect Handicare's EBIT per segment.

(MEUR)	Patient Handling 160101-161231 Unaudited IFRS	Prism Medical 160101-160831 Unaudited IFRS	Pro forma adjust-ments Unaudited	Patient Handling pro forma 160101-161231 Unaudited IFRS	Puls 160101-161231 Unaudited IFRS	The BD Business 160101-161231 Unaudited IFRS	Pro forma adjust-ments Unaudited	Puls pro forma 160101-161231 Unaudited IFRS	Accessi-bility 160101-161231 Unaudited IFRS	Group-wide 160101-161231 Unaudited IFRS	Group 160101-161231 Unaudited IFRS
Revenue	50.5	29.8		80.4	36.1	(16.3)		19.7	174.2	0.1	274.5
Cost of goods sold	(23.5)	(10.8)		(34.3)	(23.7)	10.5		(13.2)	(82.4)	0.0	(129.9)
Personnel expenses	(13.5)	(9.2)		(22.7)	(5.6)	2.3		(3.3)	(41.8)	(2.8)	(70.6)
Depreciation, amortisation and impairment	(2.3)	(1.6)	0.4	(3.6)	(0.2)	0.0		(0.1)	(4.2)	(0.3)	(8.3)
Other external costs	(8.6)	(6.5)		(15.1)	(4.0)	1.7		(2.2)	(29.1)	(3.7)	(50.1)
Other specified items	(7.8)	(2.5)		(10.3)	(0.6)	0.0	0.4	(0.3)	(6.7)	(3.3)	(20.5)
Operating profit (EBIT)	**(5.2)**	**(0.7)**	**0.4**	**(5.5)**	**2.1**	**(1.8)**	**0.4**	**0.7**	**9.9**	**(10.0)**	**(5.0)**

UNAUDITED PRO FORMA INCOME STATEMENT 1 JANUARY – 30 JUNE 2017

(MEUR)	Handicare 170101-170630 Unaudited IFRS	The BD Business 170101-170630 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma income statement Unaudited
Operating revenue					
Revenue	153.9	(9.2)			144.7
Operating expenses					
Cost of goods sold	(73.3)	6.1			(67.2)
Personnel expenses	(38.6)	1.0			(37.6)
Depreciation, amortisation and impairment	(25.6)	1.0			(24.6)
Other external costs	(4.3)	0.0			(4.3)
Other specified items	(2.0)	0.0	0.4	A	(1.6)
Operating profit (EBIT)	**10.2**	**(1.1)**	**0.4**		**(9.5)**
Financial income	7.2	0.0	(0.6)	B	6.6
Financial expense	(14.9)	0.0	0.6	B	(14.3)
Profit/Loss after financial items	**2.5**	**(1.1)**	**0.4**		**(1.7)**
Tax expense	0.1	0.0	(2.3)	A, B	(2.2)
Net profit after tax for the period	**2.6**	**(1.1)**	**(2.0)**		**(0.5)**

B.8 *Selected key pro forma financial information, cont.*

Notes to unaudited pro forma income statement 1 January – 30 June 2017

(A) Based on a purchase price of EUR 12.1 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2017) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 11.7 million (including allocated goodwill of EUR 9.2 million), capital gain before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million as Group goodwill is not tax-deductible. After a deduction of 24 percent for tax (corporate income tax in Norway in 2017), the capital loss after tax has been estimated at EUR 1.9 million. The consolidated value of shareholders' equity (including allocated goodwill) is based on the book value at 30 June 2017 (i.e. balance sheet at the signing of the transaction) of NOK 105.6 million converted to EUR at the NOK/EUR rate at 1 January 2017. The adjustment does not have continuing impact.

(B) The consideration of the BD Business was paid through reduction of shareholder loans of EUR 12.1 million (NOK 109 million translated at the NOK/EUR rate at 1 January 2017). The interest rate on the shareholder loan is 10.0 percent and is paid-in-kind. The adjustment eliminates the interest paid on the subject part of the shareholder loan in the six months ended 30 June 2017. The interest amounted to EUR 0.6 million.

The adjustment also excludes the currency effect for revaluation of the subject part of the shareholder loan from the rate on NOK/EUR rate at 1 January 2017 to the NOK/EUR rate on 30 June 2017. The loan was revalued from EUR 12.1 million at 1 January 2017 to EUR 11.5 million at 31 December 2016. The reported financial income of EUR 0.6 million was eliminated.

The tax effect amounts to EUR (0.2) million. It is based on a tax rate of 24 percent (the statutory corporate tax rate in Norway in 2017). The pro forma adjustment has continuing impact (excluding revaluation of loans).

PRO FORMA OPERATING PROFIT (EBIT) PER SEGMENT 1 JANUARY– 30 JUNE 2017

(MEUR)	Puls 170101-170630 Unaudited IFRS	The BD Business 170101-170630 Unaudited IFRS	Pro forma adjustments Unaudited	Puls pro forma 170101-170630 Unaudited IFRS	Accessibility 170101-170630 Unaudited IFRS	Patient Handling 170101-170630 Unaudited IFRS	Group-wide 170101-170630 Unaudited IFRS	Group 170101-170630 Unaudited IFRS
Revenue	19.3	(9.2)		10.1	89.9	44.7	0.0	144.7
Cost of goods sold	(13.1)	6.1		(6.9)	(41.9)	(18.3)	0.0	(67.2)
Personnel expenses	(2.7)	1.0		(1.7)	(21.5)	(12.1)	(2.3)	(37.6)
Depreciation, amortisation and impairment	(0.1)	0.0		(0.1)	(2.1)	(1.7)	(0.4)	(4.3)
Other external costs	(1.8)	1.0		(0.8)	(14.5)	(7.2)	(2.0)	(24.6)
Other specified items	0.0	0.0	0.4	0.4	(0.6)	(0.3)	(1.1)	(1.6)
Operating profit (EBIT)	**1.7**	**(1.1)**	**0.4**	**1.0**	**9.2**	**5.0**	**(5.8)**	**9.5**

B.8 *Selected key pro forma financial information, cont.*

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

(MEUR)	Handicare 170630 Unaudited IFRS	The BD Business 170630 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma statement of financial position Unaudited
ASSETS					
Fixed assets					
Intangible fixed assets	52.2				52.2
Goodwill	173.3		(8.7)	B	164.6
Deferred tax assets	6.6		(2.2)	A	4.4
Tangible fixed assets	11.9	(0.1)			11.8
Non-current receivables	34.8				34.8
Total fixed assets	**278.8**	**(0.1)**	**(10.9)**		**267.8**
Current assets					
Inventory	36.1	(1.3)			34.8
Accounts receivable	41.6				41.6
Current tax assets	1.7				1.7
Other receivables	4.1				4.1
Cash and cash equivalents	6.2	(0.9)			5.3
Total current assets	**89.8**	**(2.3)**			**87.5**
TOTAL ASSETS	**368.5**	**(2.3)**	**(10.9)**		**355.3**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	0.0	0.0			0.0
Other contributed capital	168.2				168.2
Reserves	56.0				56.0
Retained earnings	(149.3)	(2.3)	0.5	A, B	(151.1)
Current year profit	2.4				2.4
Non-controlling interests	4.5				4.5
Total shareholders' equity	**81.8**	**(2.3)**	**0.5**		**80.0**
Liabilities					
Long-term liabilities					
Pension obligations	0.7				0.7
Deferred tax liabilities	8.8				8.8
Deferred revenue	2.2				2.2
Accrued expenses	2.3				2.3
Other long-term liabilities	212.8		(11.4)	A	201.4
Financial derivatives	0.0				0.0
Total long-term liabilities	**226.9**		**(11.4)**		**215.5**
Current liabilities					
Borrowings	9.1				9.1
Accounts payable	26.7				26.7
Other current liabilities	2.0				2.0
Accrued expenses and deferred revenue	22.1				22.1
Total current liabilities	**59.9**				**59.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**368.5**	**(2.3)**	**(10.9)**		**355.3**

B.8	*Selected key pro forma financial information, cont.*	
	Notes to unaudited pro forma statement of financial position as of 30 June 2017 (A) Based on a purchase price of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 30 June 2017) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 2.3 million (excluding goodwill of EUR 8.7 million), capital gain before tax is estimated at EUR 9.1 million. The tax charge on the pre-tax capital gain is EUR 2.2 million (based on the 2017 corporate tax rate in Norway of 24.0 percent). The purchase price was paid through a reduction of shareholder loans of EUR 11.4 million (NOK 109 million) and booked against equity. The tax charge on the capital gain of EUR 2.2 million was offset by a corresponding reduction of deferred tax assets, in turn booked against equity. (B) Goodwill of EUR 8.7 million (NOK 83.2 million converted to EUR at the NOK/EUR rate at 30 June 2017, accounted for a Group level) was allocated to the BD Business. This goodwill balance was eliminated against equity.	
B.9	*Profit forecast or estimate*	Not applicable. The Offering Memorandum contains no profit forecast or calculation of anticipated profit.
B.10	*Audit report qualifications*	Not applicable. There are no qualifications of audit report.
B.11	*Insufficient working capital*	Handicare believes that the working capital available to it is sufficient for at least the twelve months following the date of this Offering Memorandum.

SECTION C – SECURITIES

C.1	*Securities offered/ admitted to trading*	Shares in Handicare Group AB (publ), reg. no. 556982-7115 (ISIN number: SE0010298109).
C.2	*Currency*	The shares are denominated in EUR.
C.3	*Number of shares issued*	The Company's registered share capital as of the date of this Offering Memorandum is EUR 52,775, represented by 38,304,200 shares. Each share has a quota value of EUR 0.001378. All shares have been fully paid.
C.4	*Rights attached to the securities*	All shares in the Company entitle the holder thereof to one vote at general meetings, and each shareholder is entitled to cast votes equal in number to the number of shares held by such shareholder. All shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation. The Company's shares which are the subject of the Offering will rank *pari passu* in all respects with each other and with all existing shares, and entitle the holders thereof to participate in the distribution of dividends beginning from the first record date following the listing of the shares. Decisions regarding the distribution of profits are taken by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder shall still have a claim to the money owed by the company for the dividend and the claim is subject to a ten-year period of limitations. Upon the expiry of the period of limitations, the dividend shall pass to the company. If the Company issues new shares, warrants or convertibles in conjunction with a cash issue or an issue by way of set-off, the shareholders shall have a preference right to subscribe for such securities in proportion to the number of shares held by them prior to the issue. There are no provisions in the Company's articles of association restricting the possibility to issue new shares, warrants or convertibles with a deviation from existing shareholders' preference rights pursuant to the Swedish Companies Act.
C.5	*Restrictions on the free transferability*	Not applicable. The shares will not be subject to restrictions on transferability.

C.6	*Admission to trading*	The Company's board of directors has applied for the Company's shares to be admitted for trading on Nasdaq Stockholm. On 6 September 2017, Nasdaq Stockholm's listing committee resolved to admit the Company's shares for trading on Nasdaq Stockholm, subject to customary conditions, including that Nasdaq Stockholm's dispersion requirement in respect of the shares is fulfilled. The estimated first day of trading is 10 October 2017. The trading symbol of the Company's shares on Nasdaq Stockholm will be HANDI.
C.7	*Dividend policy*	Handicare aims to pay an annual dividend corresponding to 30-50 percent of the net profit for the period. The pay-out decision will be based on the Company's financial position, investment needs, acquisition opportunities and liquidity position.

SECTION D – RISKS

D.1	*Key risks specific to the issuer or its industry*	An investment in securities is associated with risk. Prior to making any investment decision, investors should carefully consider all information contained in this Offering Memorandum. Below is a summary of Handicare's key risks specific to the issuer or its industry. **Defects, failures or safety or quality issues associated with Handicare's products could lead to product recalls and other regulatory enforcement actions, warranty claims, litigation, including product liability claims, or negative publicity that could have a material adverse effect on Handicare's business, financial condition and results of operations.** Handicare's stairlifts and some of its products within Patient Handling are characterised by complex manufacturing processes, requiring adherence to demanding process and product specifications and tolerances. As a manufacturer and provider of medical devices, Handicare may be subject to regulatory enforcement actions in situations in which a material deficiency in a device has been identified, including, warning letters, injunctions, product recalls and, in severe cases, total or partial suspension of sales of the relevant production. Regulatory non-compliance by the Group or its subcontractors can result in forced recalls and other enforcement actions, such as recession of CE mark certificates, ISO certification and other quality system certificates. Failure by Handicare to maintain required certifications would have a negative impact on sales and could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations. In addition, the manufacture and sale of medical devices and related products expose the Group to the risk of litigation, particularly product liability claims. If a product fails to comply with all relevant requirements or specifications, Handicare may be subject to claims for damages on the basis of a breach of contract, as well as warranty claims and product liability claims alleging that the use of its products, including certain products manufactured by third parties, resulted in adverse effects to users of the products. Regardless of whether Handicare is successful in defending against such claims or not, they could negatively affect customer confidence in Handicare and its products, and could generate significant adverse publicity, which could have a negative impact on Handicare's customer relationships and reputation and a material adverse effect on Handicare's business, financial condition and results of operations.

D.1	*Key risks specific to the issuer or its industry, cont.*	**If Handicare's manufacturing and assembly facilities are damaged, destroyed or closed for any reason, its ability to manufacture, assemble and distribute its products will be significantly affected.** For example, work stoppages and strikes, manufacturing or mechanical failures or breakdowns, electrical outages, fires, explosions, severe weather and natural disasters, including any disruptions or production capacity constraints resulting from Handicare's failure or inability to accurately or effectively manage its manufacturing facilities or changes in production levels, may impact Handicare's ability to produce products for its customers. Certain of Handicare's manufacturing facilities are dedicated to producing specific products, and the Group does not have redundancy or sufficient excess capacity at its manufacturing facilities, either in terms of space or equipment, to manufacture products at a different manufacturing facility. **Disruptions, reduction or interruption in supply and an inability to develop alternative sources for supply, may adversely affect Handicare's manufacturing operations and related product sales.** Certain key components and raw materials, including power packs for stairlifts and ceiling lifts, are available only from a single source. If Handicare encounters a cessation, interruption or delay in the supply of products purchased from third-party manufacturers or such products are not of sufficient quality, it may be unable to obtain such products through other sources on acceptable terms, within a reasonable amount of time or at all. **Increased competition could adversely affect Handicare's business.** Competitive factors include product reliability, performance, quality, price, breadth of product lines, manufacturing lead-times, the timeliness of delivery, technological enhancements, customer service, financing terms and reimbursement approval from insurance providers and other third-party payers. Handicare faces competition from many different competitors, depending on business area and geographic market. Any developments resulting in increased competition could have a direct impact on Handicare's businesses, either through market share losses or by increasing pricing pressure, and Handicare may not be able to maintain or extend its network of dealers or offer products that are competitive with those of Handicare's competitors at a price comparable to that of Handicare's competitors. **The Company's strategy includes acquisitions of businesses which Handicare may be unable to achieve or successfully integrate.** Handicare's growth through acquisitions may expose it to other risks such as the diversion of Group management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the incurrence of liabilities or other claims from acquired businesses. If Handicare cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact Handicare's ability to execute its growth strategy.

D.1	*Key risks specific to the issuer or its industry, cont.*	**Risks relating to regulation**. Handicare's business is subject to regulation by governmental authorities in the countries in which the Group manufactures and sells its products. These governmental regulations govern, among other things, the testing, manufacturing, safety, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, recordkeeping, promotion, distribution, production, tariffs, duties and tax requirements. • The Group and its products are subject to numerous FDA regulatory requirements in the Unites States including QSR which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance. Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in enforcement action by the FDA or other regulatory authorities, which may include recalls and shutdown of production. • The main regulatory regimes in Europe to which the Group's products are subject are the MDD and the ISO 13485 proscribing the essential requirements for a manufacturer to place a CE mark on their device, which is a precondition for the device's marketing and sale in the EU and the EEA. Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in actions such as rescinding quality system or CE mark certificates, refusal to grant CE marks to new products or forced recalls of products. • Many of the requirements in other jurisdictions applicable to the Group's devices and products around the world are similar to those of the United States or European Union. Laws range from comprehensive device approval requirements to requests for product data or certifications. The general trend is toward increasingly stringent regulation. Further, government authorities and courts interpreting the relevant laws and regulations throughout the world have become increasingly stringent. Regulatory non-compliance by the Group or its subcontractors can result in forced recalls and other enforcement actions, such as recession of CE mark certificates, ISO certification and other quality system certificates. Failure by Handicare to maintain required certifications would have a negative impact on sales and could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations. Handicare is required to obtain regulatory clearances, approvals and certifications prior to marketing and selling certain of its products, and the regulators responsible for such clearances, approvals and certifications could delay, increase the cost of, limit or prohibit the marketing and sale of the Group's products. Any delay in obtaining or failure to obtain or maintain such certifications, clearances or approvals in any jurisdiction may increase the costs and time requirements in order to place such devices on the market in those jurisdictions or prohibit the marketing and sale of such products in those jurisdictions, which could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

D.3	*Key risks specific to the securities*	Below is a summary of key risks specific to the shares and the Offering. **There is no prior public market for the Company's shares and an active, liquid and orderly trading market for the shares may not develop, the price of the shares may be volatile, and investors could lose a substantial portion of their investment.** The stock market in general has experienced price and volume fluctuations in the past. Broad market and industry factors may seriously affect the market price of a company's shares regardless of its actual operating performance. These fluctuations may be even more pronounced in the trading market for the Company's shares shortly following the Offering. There can be no assurance that investors who purchase shares in the Offering or the secondary market will not lose a portion, or all, of their investment. **The Principal Owner will continue to have substantial influence over the Company after the Offering and could delay or prevent a change in corporate control.** The Principal Owner will continue to have significant influence over the outcome of matters submitted to Handicare's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. The interests of the Principal Owner could differ from the interests of the Company's shareholders as a whole. **Future offerings of debt or equity securities by the Company may adversely affect the market price of the shares and may dilute all other shareholdings.** In the future, the Company may attempt to increase its capital resources by offering shares and other financial instruments, or directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of shares, as well as the earnings per share and the net asset value per share.

SECTION E – THE OFFER

E.1	*Net proceeds and expenses*	The new issue of shares is expected to provide Handicare with proceeds of approximately SEK 572 million (EUR 60 million) before transaction costs, which will be carried by the Company. The transaction costs are connected to the Offering and are expected to amount to approximately SEK 22 million (EUR 2.3million). Consequently, Handicare expects to receive net proceeds of SEK 550 million (EUR 57.7 million) from the new issue of shares in the Offering. The Company will not receive any proceeds from the sale of existing shares by the Principal Owner.

E.2a	*Reasons for the offer, use of proceeds*	Nordic Capital's investment strategy is to acquire and support the growth of attractive companies with development potential. The investment strategy also entails a subsequent divestment of every acquired company within a certain period. The board of directors and Group management of the Company, together with the Principal Owner, believe that the time is appropriate for a listing of the Company, as Handicare has reached relevant global scale with leadership positions in key markets, is well-invested and positioned for continued profitable growth. Notwithstanding this fact, the Principal Owner will remain a large and committed shareholder and is, by retaining a part of its holding, able to participate in the future development of the Company. Handicare has established a solid platform and has further potential for substantial future growth and improved results during the coming years. The Offering and the listing on Nasdaq Stockholm will increase the shareholder base and enable the Company to access the Swedish and international capital markets, which is expected to support Handicare's continued growth and development. The board of directors and Group management, supported by the Principal Owner, consider the Offering and listing of the Company's shares to be a logical and important next step in Handicare's development, which will also serve to increase the public awareness of Handicare and its operations. Handicare intends to use the net proceeds (after the deduction of transaction costs) from the issue of new shares in connection to the Offering to repay and refinance the Company's existing credit facilities and thus achieve a net indebtedness which is in line with the financial target relating to capital structure as resolved by the Company's board directors.
E.3	*Terms and conditions of the offer*	Application to acquire shares in the Offering shall be made in accordance with instructions from the Managers.
E.4	*Interests material to the offer*	BofAML and Carnegie are Joint Global Coordinators in connection to the Offering and DNB is joint bookrunner in connection to the Offering for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offering. From time to time, the Managers have provided, and may provide in the future, services in their day-to-day operations to the Principal Owner and to parties related to them, for which they have received, and may receive in the future, compensation. Further, DNB Bank ASA, Sweden Branch is one of the lenders and DNB Sweden AB is one of the arrangers and the agent under the Company's new credit facilities.

E.5	*Person/entity offering to sell the security, lock-up agreements*	Cidron Liberty Systems S.à r.l. is the seller of the existing shares in the Offering. The Principal Owner, board members and members of Group management who own shares and/or warrants in the Company, as well as certain employees and former employees of Handicare, will undertake, with certain exemptions, not to sell their holdings during a lock-up period ("**Lock-up period**"), respectively. The Lock-up period for the Principal Owner will be 180 days from the date of the Underwriting Agreement, while the Lock-up period for the other persons will be 360 days from the date of the Underwriting Agreement. At the end of each respective Lock-up period, the securities may be offered for sale, which may affect the market price of the Company's shares. The Joint Global Coordinators may allow exceptions from the undertakings. Granting of exceptions from lock-up agreements will be considered on case-by-case basis and they may be of both personal and commercial nature. Pursuant to the Underwriting Agreement, the Company will undertake, *inter alia*, with certain exceptions, for a period of 180 days from the date of the Underwriting Agreement, not to, without a written consent from the Joint Global Coordinators, (i) offer, pledge, allot, issue, sell, undertake to sell or otherwise transfer or divest, either directly or indirectly, any shares in the Company or other securities which may be converted into or are possible to exercise or exchange for such shares, or (ii) enter into swap agreements or other arrangements which, fully or partly, transfer the economic risk adjacent to the ownership of the shares in the Company.
E.6	*Dilution*	In connection with the listing of shares on Nasdaq Stockholm, the Company will carry out one bonus issue and two issues in-kind, which will increase the number of shares in the Company by 9,195,800, from 38,304,200 to 47,500,000. The number of newly issued shares will be 11,439,000, resulting in an increase of the number of shares in the Company from 47,500,000 (after the implementation of the abovementioned changes to the share capital) to 58,939,000, corresponding to an increase of 24.1 percent. Accordingly, for existing shareholders, a dilution of 11,439,000 new shares will arise, corresponding to 19.4 percent of the total shares after the Offering.
E.7	*Expenses charged to the investor*	Not applicable. The Company will not impose any charges or taxes on investors.

Risk factors

An investment in the Company's shares involves risks. Potential investors should carefully consider the following risks, together with other information provided in this Offering Memorandum, before deciding whether to invest in the Company's shares. Potential investors should note that the order in which the risk factors are presented does not reflect the probability of their realisation or order of importance. If any of the following risks occur, Handicare's business, financial condition and results of operation could be adversely affected. There may also be other risks of which the Company is currently unaware or that the Company does not currently believe are material that could harm Handicare's business, financial condition and results of operation. In any of such cases, the market price of the Company's shares could decline, and investors may lose all or part of their investmentg.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Handicare's actual business, financial condition and results of operations may differ significantly from the business, financial condition and results of operations discussed in the forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in this Offering Memorandum.

RISKS RELATING TO HANDICARE'S BUSINESS AND INDUSTRY

Defects, failures or safety or quality issues associated with Handicare's products could lead to product recalls and other regulatory enforcement actions, warranty claims, litigation, including product liability claims, or negative publicity that could have a material adverse effect on Handicare's business, financial condition and results of operations

Handicare manufactures, markets and sells a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility and medical equipment. The Group market and sells its products in over 20 countries worldwide. In 2016, the Company derived a significant portion of its revenue from Europe, although Handicare significantly strengthened its position in North America through its acquisition of Prism Medical in September 2016. A smaller portion of Handicare's revenue is derived from other countries across the world. Handicare's stairlifts and some of its products within Patient Handling are characterised by complex manufacturing processes, requiring adherence to demanding process and product specifications and tolerances. Handicare's products and operations are subject to extensive regulation in the United States by the United States Food and Drug Administration (the "**FDA**"), and by similar governmental authorities in the other countries where the Group does business, including the EU. The Group is subject to audits, including unannounced inspections and general surveillance visits by the FDA and other competent authorities. As a manufacturer and provider of medical devices, Handicare may be subject to regulatory enforcement actions in situations in which a material deficiency in a device has been identified, including, warning letters, injunctions, product recalls and, in severe cases, suspension of production.

Certain of Handicare's suppliers are subject to regulations by the FDA and other governmental authorities, and the failure of these suppliers to comply with regulations could adversely affect Handicare as regulatory actions taken by the FDA and other governmental authorities can result in product shortages, modifications or recalls. In 2016, Handicare initiated, as a pre-cautionary measure, a recall of one of its curved stairlifts models following detection of a defect in the levelling motor provided by one of the Group's suppliers. For the year ended 31 December 2016, the Company incurred expenses of EUR 0.3 million and made a provision of EUR 2.4 million relating to this product recall. Product recalls, whether initiated on a voluntary basis or otherwise and whether initiated in response to identified deficiencies in products manufactured by Handicare or in components supplied by third-party contract manufacturers, can result in a range of adverse consequences to Handicare, including lost sales, the requirement to hold increased inventories of substitute products, damaged relationships with the FDA and similar governmental authorities, loss of market share to competitors, adverse publicity and reputational harm, in addition to the direct costs of implementing any recall.

Regulatory non-compliance by the Group or its subcontractors can result in forced recalls and other

enforcement actions, such as rescission of CE mark certificates, ISO certifications and other quality system certificates. In certain jurisdictions, providers of medical devices are required to maintain relevant certifications to be eligible to sell their products in that market. For example, in Canada, Handicare's stairlifts are required to be ISO 13485 certified and in the EU, medical devices must have a CE mark. The loss of such certifications would prevent Handicare from marketing and selling its stairlifts in Canada or medical devices in the EU. Failure by Handicare to maintain required certifications would have a negative impact on sales and could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

In addition, the manufacture and sale of medical devices and related products exposes the Group to the risk of litigation, particularly product liability claims, including class action civil litigation in the United States. In particular with regard to curved stairlifts, which are made to order, Handicare is also exposed to the risk of selling and delivering products that do not meet customer requirements or specifications. The nature of Handicare's products within Accessibility and Patient Handling is such that defects in or misuse of them has the potential to cause serious injury. If a product fails to comply with all relevant requirements or specifications, Handicare may be subject to claims for damages on the basis of a breach of contract, as well as warranty claims and product liability claims alleging that the use of its products, including certain products manufactured by third parties, resulted in adverse effects to users of the products. Moreover, the Group has recently significantly strengthened its position in North America through the acquisition of Prism Medical, and Handicare aims to further strengthen its position in North America. As a result, the Group's exposure to the litigious United States business environment, as well as the United States regulatory framework, which as a general matter are associated with significant legal expenses, has increased and may increase further should Handicare be successful in expanding its operations in the United States.

Legal proceedings are inherently unpredictable, and any claims brought against Handicare, with or without merit, could be costly to defend and could result in verdicts that may affect how Handicare operates its business or result in settlement payments and adjustments not covered by or in excess of insurance coverage. The legal expenses associated with defending against such claims, provisioning for legal claims in the Company's financial statements, the obligation to pay a claim in excess of available insurance coverage, or the inability to maintain adequate insurance coverage could increase operating expenses and could have a material adverse effect on Handicare's business, financial condition and results of operations. Furthermore, regardless of whether Handicare is successful in defending against such claims, they could negatively affect customer confidence in Handicare and its products, and could generate significant adverse publicity, which could have a negative impact on Handicare's customer relationships and reputation and a material adverse effect on Handicare's business, financial condition and results of operations.

If Handicare's manufacturing and assembly facilities are damaged, destroyed or closed for any reason, its ability to manufacture, assemble and distribute its products will be significantly affected

Handicare's curved stairlifts are manufactured at the Group's facilities located in the Netherlands and the United Kingdom, and patient transfer products are manufactured at the Group's facilities located in the Netherlands and the United States. In addition, Handicare operates assembly facilities in China (for straight stairlifts) and Canada (for Patient Handling products). If the Group's manufacturing or assembly facilities are damaged, destroyed or closed for any reason, its ability to manufacture, assemble and distribute its products would be adversely affected. For example, work stoppages and strikes, manufacturing or mechanical failures or breakdowns, IT breakdowns, electrical outages, fires, explosions, severe weather and natural disasters, including any disruptions or production capacity constraints resulting from Handicare's failure or inability to accurately or effectively manage its manufacturing facilities or changes in production levels, may impact Handicare's ability to produce products for its customers. If any of Handicare's manufacturing facilities were to be shut down unexpectedly, or if certain of its manufacturing operations or equipment and machinery within an otherwise operational facility were to cease production unexpectedly, or if the Group were to fail to accurately or effectively manage its manufacturing facilities or changes in its production levels, there is a risk that alternative production capacity would not be available or that, if it were available, it could not be obtained quickly enough or at the same cost or could not be easily transferred. In particular, stairlifts are bulky and need to be transported with care. The loss of proximity to end customers due to production disruptions or the need to use alternative production capacity as a result of damaged, destroyed or closed facilities or other production disruptions might result in higher transportation costs and loss of competitive advantages. Addition-

ally, certain of Handicare's manufacturing facilities are dedicated to producing specific products, and the Group does not have redundancy or sufficient excess capacity at its manufacturing facilities, either in terms of space or equipment, to manufacture products at a different manufacturing facility. Accordingly, a significant loss of the use of all or a portion of one or more of these or the Group's manufacturing facilities, whether short- or long-term, could have a material adverse effect on Handicare's business, financial condition and results of operations.

Disruptions, reduction or interruption in supply and an inability to develop alternative sources for supply, may adversely affect Handicare's manufacturing operations and related product sales

The manufacture of Handicare's stairlifts, as well as the assembly of patient transfer and lifting products, requires the timely delivery of sufficient amount of quality components and materials. Handicare's own manufacturing capabilities are supported by third-party contract manufacturers that manufacture Patient Handling products as well as certain components used in the manufacturing of certain of Handicare's stairlifts in its Accessibility business. Handicare purchases most of the components and materials used in the manufacturing and assembly of its products from numerous suppliers. However, certain key components and raw materials, including power packs for stairlifts and ceiling lifts, are currently only available from a single source. Handicare works closely with its suppliers with the aim of ensuring the continuity of supply while maintaining high quality and reliability. However, there is a risk that that these efforts will not be successful, which could result in, for example, delayed production or product quality deficiencies. One or more of Handicare's suppliers may be unable to supply, or may decide to cease supplying, Handicare with raw materials and components for reasons beyond Handicare's control, or they may increase prices significantly. If Handicare's agreements with certain manufacturing companies are terminated, it may not be able to find suitable replacements within a reasonable amount of time or at all. Furthermore, alternative suppliers may require regulatory pre-approval, and may require significant time before they can begin to supply Handicare. If Handicare encounters a cessation, interruption or delay in the supply of products purchased from third-party manufacturers or such products are not of sufficient quality, it may be unable to obtain such products through other sources on acceptable terms, within a reasonable amount of time or at all. For example, Handicare has from time-to-time experienced manufacturing delays at certain of its contract manufacturers which have led to depressed margins as Handicare has been forced to source replacement products from China to fulfil orders.

Within Patient Handling in particular, there is a risk that Handicare's products may fail to comply with applicable regulatory requirements if components supplied by a third-party manufacturer are of insufficient quality. Such non-compliance could lead to direct costs related to ensuring that the products comply with the applicable regulatory requirements, subject Handicare to administrative or judicially imposed sanctions, such as warning letters, injunctions, product recalls or, in severe cases, total or partial suspension of production; and result in adverse publicity and reputational harm. While Handicare undertakes quality inspections and audits the manufacturing processes of third-party manufacturers, these initiatives may be inadequate or incapable of detecting all actual or potential issues.

Any cessation, interruption or delay affecting Handicare's supply chain, including any delay in or termination of its agreements or relationships with suppliers of the various products and services that Handicare relies upon or Handicare's suppliers' inability to provide products within lead times and at prices currently anticipated due to for example increased protectionist behaviour, as a result of political events such as the United Kingdom's vote to leave the EU and the change in political leadership in the United States, may impair its ability to manufacture products within its budget, meet scheduled deliveries of its products to its customers and/or cause Handicare's customers to cancel orders. Any of these outcomes could have a material adverse effect on Handicare's reputation, business, financial condition or results of operations.

Handicare's business is indirectly subject to healthcare industry cost-containment measures that could result in reduced sales of Handicare's products and services

Cost-containment efforts of Handicare's institutional or governmental customers, such as the Veterans' Administration in the United States, National Health Service ("**NHS**") in the United Kingdom, the Norwegian Labour and Welfare Administration ("**NAV**"), Group Purchasing Organisations ("**GPOs**") and third-party payers could materially adversely affect Handicare's sales and profitability. Products within Handicare's markets, including the Group's products, are generally supplied directly or indirectly to end-users or healthcare providers who pay for the products and receive reimbursements from

third-party payers (principally national or local government-sponsored and private health insurance plans) or tax deductions to cover all or a portion of the cost of the products. Handicare faces direct and indirect pricing pressure from these arrangements. Reduced public spending on healthcare equipment and medical devices and the continuing efforts of third-party payers to contain or reduce healthcare costs, for example by decreasing the level of cost reimbursement to end-users or healthcare providers who pay for the products, may negatively impact Handicare's sales volume and profitability and, thus, could have a material adverse effect on Handicare's business, financial condition and results of operations.

Third-party payers frequently review their coverage policies and can, without notice, deny cost coverage. Some private insurers in managed care systems may also attempt to control costs by requiring the use of the least expensive products available. In the event that third-party payers, whether private or governmental, deny coverage or reduce their current levels of reimbursement to Handicare's customers and end-users, Handicare may be unable to sell certain products on a profitable basis.

In an effort to contain costs, larger hospitals and institutions have increased their use of centralised tender processes in recent years, and in North America, many institutional customers of Handicare's products have joined GPOs. GPOs conduct tender processes and/or negotiate pricing arrangements with manufacturers and distributors, and these negotiated prices are made available to a GPO's affiliated hospitals and other members. These negotiations could lead to pricing pressure on Handicare's products, or Handicare may not be selected as a provider for certain GPOs in key markets.

If Handicare is not one of the providers selected by a GPO, affiliated hospitals and other members may be less likely to purchase Handicare's products and if the GPO has negotiated a strict compliance contract for another manufacturer's products, Handicare may be precluded from making sales to GPO members for the duration of the contractual arrangement.

Similarly, tender processes conducted by governmental customers, such as the NHS and NAV, could lead to pricing pressure on Handicare's products. When tendered contracts expire, the provision of the relevant products and services is usually subject to a new tender process in which Handicare must compete to renew the contract.

If Handicare faces significant increased pricing pressure from their customers and/or third-party payers, it could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare's business could be negatively affected by a downturn in the general European or United States economy or in the economies of the markets in which the Group conducts its business, as well as by adverse regulatory or political developments

Handicare's sales and profitability could be negatively affected by a downturn in the general European economy or in the economies of the countries, regions and localities in which the Group conducts its business, including the United States and Asia, and/or the credit and financial markets. For example, Handicare may be impacted by institutional or governmental customers purchasing lower cost and/or less advanced products as a result of pressures on operating margins. A negative economic climate in countries where Handicare sells its products could also contribute to reduced demand for Handicare's products. Moreover, even if Handicare's revenue remains constant, the Group's profitability could decline if there is a shift in either product mix or to geographic markets with less profitability. Additionally, macroeconomic conditions can have an impact on various areas within the Group's business, including the availability and reliability of third-party contract manufacturers, the Company's ability to timely collect its accounts receivable and the availability of financing for acquisitions. Demand for and profitability of Handicare's products are also impacted by a number of other global and regional factors, including, but not limited to, changes in laws and regulations, political uncertainty, changes in production capacity and competitive pressures. For example, changes in the rules and regulations that impact the countries and end markets in which the Group operates can have a significant impact on Handicare's business, financial condition and results of operations. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also materially impact global economic and trade policies and, as a result, the general demand for the Group's products and services. For example, recent unanticipated political events, such as the United Kingdom's vote to leave the EU and change in political leadership in the United States, have created uncertainty regarding future EU and United States economic and trade policies. Any adverse development involving these global or regional factors could have a material adverse effect on Handicare's business, financial condition and results of operations.

Increased competition could adversely affect Handicare's business

The markets in which Handicare operates are competitive, and existing and potential customers and end-users could choose to use a competitor's products and services. Competitive factors include product reliability, performance, quality, price, breadth of product lines, manufacturing lead-times, the timeliness of delivery, technological enhancements, customer service, financing terms and reimbursement approval from insurance providers and other third-party payers. Handicare faces competition from many different competitors, depending on business area and geographic market. For example, within Patient Handling, Handicare competes with both large and small companies, including large, diversified companies with significant market share, such as ArjoHuntleigh (part of Getinge Group) and Liko (part of Hill-Rom), and numerous smaller niche companies that have a strong presence in local markets such as Etac in the Nordics. Within stairlifts, Handicare's main competitors include Acorn, Bruno and Savaria in North America, and Acorn and Stannah in Europe. In addition, in the stairlifts market, Handicare competes with numerous smaller companies whose activities are geographically concentrated, such as Otolift in the Netherlands.

Handicare's existing competitors, or new entrants into the markets in which the Group operates, including large companies with significant financial resources, could decide to broaden their product and service offerings (including by way of consolidation) introduce innovative new products or solutions that may be preferred by Handicare's current and potential customers and end-users, compete more aggressively on price, or decide to offer financial incentives to dealers and other distributors of stairlifts and patient handling products for them to promote (whether on an exclusive or non-exclusive basis, their products and not Handicare's. If Handicare's competitors consolidate, they may be able to take advantage of increased bargaining power and economies of scale, which could increase competitive pressure on Handicare. Any developments resulting in increased competition could have a direct impact on Handicare's businesses, either through market share losses or by increasing pricing pressure, and Handicare may not be able to maintain or extend its network of dealers or offer products that are competitive with those of Handicare's competitors at a price comparable to that of Handicare's competitors.

Further, the markets for certain patient handling products, including less complex transfer products such as slings and sliding boards, are characterised by relatively low barriers to entry and the need for less initial capital expenditure. In addition, competition from lower cost imports sourced from low cost countries may negatively impact Handicare's sales volume and operating results. An increase in competition resulting from any of the above scenarios could have a material adverse effect on Handicare's business, financial condition and results of operations.

The demand for the healthcare equipment, medical devices and related services that Handicare manufactures, markets and sells is dependent on a number of demographic and economic trends

Handicare is dependent on the demand for its products and services, which in turn is dependent on the demand for healthcare equipment and medical devices and related services. The main growth driver for demand for these products and services is the demographic development of the populations in the geographies and markets in which Handicare operates, with an expected increasing share of older people and a longer life expectancy, as well as the increase in people living longer with chronic diseases and the increasing preference among the elderly and caretakers to stay at home longer. In addition, further product development, as well as lifestyle changes such as increased obesity, drive growth in the markets for Handicare's products and services. The continuation of these trends is beneficial to the Company's continuing growth. If any of these trends were to change, this could have an adverse effect on the demand for products and related services provided by Handicare, which could have a material adverse effect on Handicare's business, financial condition and results of operations. Moreover, the positive effects of these trends on demand for Handicare's products may be diminished by competitive and other factors, such as the introduction of new products by the Company's competitors or the emergence of countervailing trends, including lower third-party reimbursement rates and pricing.

Inefficiencies in supply chain and inventory management may adversely affect Handicare's business, financial condition and results of operations

Changes in Handicare's supply chain may result in increased costs and delays. Furthermore, a failure by the Group's suppliers to provide the raw materials and other components in a timely manner or at the level of quality necessary to manufacture Handicare's products could prevent the Company from fulfilling customer orders in a timely fashion which could result in negative publicity, damage Handicare's brand and have a material adverse

effect on Handicare's business, financial condition and results of operations.

Inventory represents a large part of the Group's assets. Many of Handicare's customers require short lead times, especially those who purchase stairlifts. Within Patient Handling, Handicare may also from time to time build inventory in order to be able to compete in tenders. Inventory can be costly to move, store and handle, and therefore, efficient supply chain and inventory management is important to the Group's business. Any inefficiency in managing inventory may result in excessive or insufficient inventory of a particular item or group of items. Insufficient inventory exposes the Group to the risk of having to purchase products at higher prices in order to be able to deliver on time or having to incur costs for special freights or paying penalties for not delivering on time and/or Handicare's customers cancelling orders and purchasing from competitors in light of lack of immediate availability. Excess inventory exposes Handicare to the risk that inventory may need to be impaired due to the Group's inability to sell the inventory. Handicare reviews the net realisable value of inventory on an ongoing basis, considering factors such as excess and obsolescence. Handicare records an allowance for estimated losses when the facts and circumstances indicate that particular inventories will not be sold at prices in excess of current carrying costs. These estimates are based on historical experience and expected future trends. If future market conditions vary from those projected, and Handicare's estimates prove to be inaccurate, the Group may be required to write down inventory values. Accordingly, inefficiencies in supply chain and inventory management could have a material adverse effect on the Group's business, financial condition and results of operations.

Handicare is dependent on its understanding of the varying routes-to-market for its products and the efficiency of its sales channels, in particular its external dealers

Handicare markets and sells its products in over 20 countries worldwide and the Group has a sales force presence in ten countries. Handicare conducts business with a diversified range of customers, including dealers, hospitals, long-term care facilities, GPOs, government, private individuals and other homecare facilities. Handicare's route-to-market depends on the respective product and geographic market and may vary. Handicare's end-users in stairlifts mainly consist of private individuals, but also include long-term care facilities, municipalities and companies related to home care. The primary routes-to-market for Handicare in stairlifts are through dealers, governmental authorities and direct sales to the end-user (primarily through online marketing). Within Patient Handling sales are primarily made through dealers or routed through GPOs, the latter of which Handicare have contractual agreements with to gain access to hospitals and long-term care facilities for direct sales. Handicare also sells its Patient Handling products directly to hospitals and long-term care facilities, as well as to private individuals. Depending on product, market and customer interface Handicare's sales process may include building and maintaining personal relationships with decision makers and other representatives of the customer or end-user of its products. The combination of the above factors creates complex conditions for Handicare's sales and marketing activities. Failure by Handicare to understand these complex conditions and manage its sales processes accordingly, as well as failure to adapt to changes in the route-to-market for its products and services, could have an adverse effect on Handicare's business, financial condition and results of operations

Due to the range of Handicare's end markets and the nature of the products and services that Handicare offers, customer relationships are managed by the sales organisation within each business area, with only limited centralised coordination. Should Handicare's internal control functions, such as the order authorisation and reporting procedures for the local and regional sales organisations, not be adhered to, there is a risk that local and regional sales personnel exceed their authorisation and, for example, enter into large contracts on disadvantageous terms, which could have an adverse effect on Handicare's business, financial condition and results of operations.

In countries and regions across North America and Europe where Handicare does not have any, or only very limited, sales force representation, the most common distribution channel for the Group within Accessibility and Patient Handling is through its comprehensive network of dealers. Direct sales to end-users are mainly evident in the most developed European markets, such as the United Kingdom and the Netherlands, but Handicare also has a network of own sales representatives covering the North America, Europe and China. Handicare relies significantly on its independent dealers to market and distribute its products and appliances to end-customers. Handicare's ability to affect the performance of its dealers is limited as the dealers are not employed by Handicare. Differing levels of quality or service across each regional

dealer network or improper management by any dealer could compromise Handicare's image among customers and the value of its brand. Furthermore, the efficiency of Handicare's dealer network is dependent on Handicare providing adequate support, such as product training, or financial incentives for dealers to sell Handicare's products and generally maintain good relationships with the dealers. For example, if Handicare's sales through its own sales force would be perceived as competition by a dealer, this could harm the relationship with the dealer. Failures and insufficient interest among dealers to successfully sell Handicare's products and perform service could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare's growth may be affected if Handicare is not successful in implementing its Commercial Excellence Strategy

In 2016, Handicare initiated its Commercial Excellence Strategy to drive organic growth. The Commercial Excellence Strategy is based on three core elements:

- building a more effective commercial organisation structured by function rather than by business area to drive a more market oriented commercial strategy;
- implementing strategic sales initiatives to impose a more formal and rigorous structure around its sales force, sales techniques and pricing structures as well as to improve lead generation; and
- geographic expansion, including increased focus on higher margin products and markets, expanding the reach of its dealer network and implementing its Hub Strategy in the United States.

Successful implementation of the Commercial Excellence Strategy is dependent on assumptions relating to the development of the Group's markets, future demand for Handicare's products, costs of implementing the Commercial Excellence Strategy, Handicare's ability to successfully implement new and sustainable pricing and discount initiatives, the responsiveness to the various actions and initiatives among Handicare's sales employees and dealers, and the success of Handicare's online marketing efforts to increase sales directly to end-users. Any structural changes, efficiency measures and expansion could strain Handicare's relations with employees, dealers, suppliers, customers and other stakeholders. There is a risk that efforts implemented by Handicare under the Commercial Excellence Strategy will not result in the anticipated and desired benefits in terms of efficiency improvements or increased growth and profitability, and the attention required may divert management attention and resources away from other areas of the Group. Moreover, there is also a risk that Handicare is not able to allocate resources to ongoing projects within the Group in an efficient manner, which could have a negative effect on the control and the implementation of the relevant projects. If any of these risks were to materialise, it could have a material adverse effect on Handicare's growth prospects, business, financial condition and results of operations.

A significant portion of Handicare's revenue derives from public tender contracts with public authorities and Handicare is dependent on winning new contracts or renewing existing contracts on favourable terms

Handicare derives a portion of the revenue within Patient Handling from hospitals, long-term care and home care institutions operated pursuant to procurement contracts with public authorities. Within Accessibility, revenue related to vehicle accessibility is mainly derived from public tender contracts. Handicare also derives a portion of its revenue within Puls from public tender contracts. While the specific conditions for public tenders differ between geographic markets and also between different tender processes in the same geographic market, Handicare competes primarily on the basis of pricing and quality of service in order to win or renew contracts. However, tender processes also focus on other considerations, such as product delivery time following an order. Handicare's failure to win or renew contracts on equally or more favourable terms, or at all, or to offset reduced prices through increased productivity could have a material adverse effect on Handicare's business, financial condition or results of operations.

Handicare operates in a global environment and is exposed to local business risks and subject to regulations in the jurisdictions in which it operates

Handicare operates in a global environment, with products sold in over 20 countries worldwide. The Group sources goods primarily from the United States, the United Kingdom, China, the Netherlands, Sweden, Mexico and Macedonia. Services are mainly sourced locally and shipping services are sourced either locally (land transportation) or internationally (sea freight). Handicare operates four manufacturing facilities and two assembly facilities located in Europe, North America and Asia. Based on the locations of Handicare's customers, the United Kingdom and Norway represented the Group's

largest countries by revenue, representing 25.1 percent and 24.6 percent, respectively, of the Group's revenue for the year ended 31 December 2016. As a result, Handicare is subject to risks inherent in doing business globally, including, among others:

- exposure to local economic, political and labour conditions;
- difficulties in staffing, training and managing local operations;
- changes in trade, monetary or fiscal policy, including interest rates, foreign currency exchange rates and the rate of inflation;
- tariffs, duties, customs and other import and export controls and trade barriers;
- increased costs of transportation or shipping;
- difficulty of enforcing agreements, collecting receivables and protecting assets through non-United States or non-European legal systems;
- reduced intellectual property protection;
- investment restrictions or requirements;
- political and economic instability;
- domestic or international terrorist events and hostilities;
- complications due to natural disasters; and
- the introduction or application of stringent product norms and standards and/or product registration requirements.

In addition, Handicare is exposed to risks related to the implementation of new, or changes in existing, legislation, rules or regulations. For example, Handicare is subject to laws and regulations in the jurisdictions in which it operates within key areas, such as:

- regulatory and reimbursement programmes and policies;
- accounting, tax, VAT and corporate governance;
- health and safety (including work place safety);
- the environment;
- employment and labour law, including social charges;
- regulations that require licenses, permits and approvals;
- anti-corruption law;
- prevention of money laundering and financing of terrorism;
- antitrust regulations; and
- data protection and privacy.

Adverse regulatory developments under the laws and regulations to which Handicare is subject could expose the Company to a number of risks. Changes in legislation and regulations, as well as stricter official application of legislation and regulations, may also require additional investment and lead to higher expenses and other undertakings for Handicare. Furthermore, new and amended laws and regulation may be difficult to anticipate and may need to be complied with within a narrow time frame or even retroactively. Moreover, changes in trade laws and policies could require Handicare to change and adapt its business in terms of strategy, geographical location of manufacturing and assembly facilities, distribution channels or transportation routes.

Failure to obtain or maintain required licenses and permits or failure to comply with current or future laws and regulations may result in:

- the institution of administrative, civil or criminal proceedings;
- sanctions and the payment of fines and penalties, including potential suspension or revocation of licenses and permits depending on the severity and scale of any regulatory issues;
- increased review and scrutiny of the Group's products by regulatory authorities and others; and
- negative media publicity and reputational damage.

Handicare may not be able to develop and implement systems, policies and practices to completely manage these risks or comply with applicable regulations or do so without incurring additional costs. The materialisation of any of these risks, or any non-compliance with applicable regulations, could have a material adverse effect on Handicare's business, financial condition and results of operations.

In addition, Handicare imports and exports goods to various countries and, therefore, must comply with the applicable customs, rules and regulations. Should Handicare not comply with applicable customs rules and regulations, it could lead to sanctions and costs, which may have a material adverse effect on Handicare's business, financial condition and results of operations. Handicare's ability to conduct business cross-border may also be adversely affected by changes in trade policies.

Handicare is and may become increasingly dependent on regional subsidiaries within the Group for compliance and adherence to local laws and regulations. Handicare has implemented policies to prohibit improper payments to discourage such practices by its employees. There is a risk that Handicare will not be successful in preventing all misconduct by counterparties or that Handicare will be required to devote further management time or expense to develop and implement additional measures. Failures in this respect could result in violations of laws and regulations, which could expose Handicare to legal or regulatory sanctions and potentially damage the Group's business and reputation. Any of these failures could have a material adverse effect on Handicare's business, financial condition or results of operations.

Failure to comply with the United States Foreign Corrupt Practices Act (the "FCPA"), the United Kingdom Bribery Act 2010 (the "UK Bribery Act") and other anti-corruption, anti-bribery and anti-money laundering laws associated with Handicare's activities could subject the Group to penalties and other adverse consequences

Handicare is subject to a wide range of antitrust, anti-competition, anti-fraud and anti-bribery laws, such as the FCPA, the UK Bribery Act and similar laws in other countries related to anti-corruption compliance. Actual or alleged violations of applicable laws, regulations, or anti-corruption compliance contractual requirements could create a substantial liability for the Group and also damage Handicare's reputation or cause a loss of business opportunity in the markets in which the Group operates.

Handicare has implemented policies to prohibit, and developed training and compliance programmes to discourage, these practices by its employees. However, the Group is subject to a wide variety of requirements in a large number of jurisdictions and the Group's existing and any further safeguards may prove to be ineffective. If the Group violates regulatory requirements or its policies, or fails to maintain adequate record-keeping and internal accounting practices to accurately record the Group's transactions, the Group may be subject to regulatory sanctions, including monetary fines, criminal penalties, disgorgement of profits and suspension or debarment of the Group's ability to contract with government agencies or public international organisations or to receive export licenses, any of which could have a material adverse effect on Handicare's business financial condition and results of operations.

Deterioration of Handicare's corporate reputation and brand perception could adversely affect its business

Handicare relies on its corporate reputation and brand perception for its marketing, sales and acquisition strategies. Handicare's corporate reputation and brand perception is dependent on, among other things, the quality, safety, reliability and design of the Group's products, as well as the performance of external dealers and the Company's communication activities, including advertising, public relations and marketing. Handicare must actively manage its corporate reputation and brand with a number of different stakeholders, including commercial and public sector customers, dealers, employees and regulatory and trade union bodies. Failure to do so could have an adverse impact on Handicare's business and results of operations. Moreover, Handicare's corporate reputation can be affected by incidents or accidents at customer premises. In certain markets and for certain products, Handicare also uses specific product brands, such as *SystemRoMedic* in Europe through which Handicare offers Patient Handling products. Any damage to Handicare's reputation or brand, including specific product brands, as a result of product liability or warranty claims, incidents and accidents, adverse litigation, breach of laws or regulations, failure to meet contract deadlines or specific product requirements, or for any other reason, could have a material adverse effect on Handicare's marketing and ability to retain existing and attract new customers, as well as the Company's business, financial condition and results of operations.

Handicare may not be able to continue to develop and market new products and technologies in a timely and profitable manner, or to expand its geographic footprint

New products, including the Group's *Advantage* stairlift and the *EvaDrive* motorised mobile lift, and extensions of existing product lines is important for both the maintenance of Handicare's current market position and continued profitable growth. Further, Handicare may expand its geographic footprint by entering into new markets or regions. Handicare may experience delays or incur significant costs in developing or receiving approvals for new products or entering new markets, and Handicare's competitors may gain a competitive advantage if they are able to develop and release new products or enter into new markets ahead of Handicare. Research and development efforts may require a substantial investment of time and resources before determination as to the commercial viability of a new product, technology,

material or other innovation, and there is a risk that that these efforts will not be successful or that any new products will not become commercially viable. Furthermore, the process of obtaining regulatory clearances and approvals to market a new medical device, or a significant modification to an existing device, or to launch an existing product in a new market, can be costly and time consuming and approvals and clearances might not be granted for future products on a timely basis, if at all.

If Handicare's competitors' new products and technologies reach the market before the Group's products, those competitors may gain a competitive advantage or render the Group's products obsolete. Similarly, the Group has expanded its direct sales capabilities and aims to continue doing so, but there is a risk that the Group will not be as successful as its competitors at reaching customers and end-users. The success of the Group's product development and user outreach efforts will depend on many factors, including, but not limited to, the Group's ability to create cost-effective and innovative designs and materials for the Group's customers, accurately anticipate and meet customers' needs, commercialise new products in a timely manner and manufacture and deliver products in sufficient volumes on time. Product development expenditure is capitalised as intangible assets pursuant to IAS 38, which means that development expenditure to accomplish new or improved products or processes is recognised as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the Company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset. Assessments of future commercialisation and streamlining of processes that lead to positive cash flow are inherently associated with uncertainties and there is a risk that the Company's estimates and assessments prove inaccurate.

Handicare entered the North American market in 2013. From 2013 through 2016, Handicare entered into nine new markets, directly or indirectly through dealers. Handicare is focused on expanding its geographic footprint by broadening access in its existing dealer network to cover areas in current main markets not currently covered by its sales force. The Group may also enter into new markets or regions. Specifically, in the United States, a key strategy for driving growth from new customers is the Group's Hub Strategy in which Handicare establishes regional "hubs" from which to deploy its own sales force who cover local dealers and institutional customers. Handicare currently operates seven hubs in the United States and is planning to expand to 18 hubs in the medium term.

If Handicare fails to develop and market new products and technologies in a timely and profitable manner, or expand its geographic footprint, it could have a material adverse effect on Handicare's business, financial condition and results of operations.

The Company's strategy includes acquisitions of businesses which Handicare may be unable to achieve or successfully integrate

The Company's strategy includes its aim to strengthen and expand its operations, both organically and through acquisitions, such as the acquisition of Prism Medical through which Handicare significantly strengthened its position in the North American market and the acquisition of Rep-Tek, which strengthened Handicare's position in the vehicle accessibility market in Norway. Handicare's strategy of growth through acquisitions may expose it to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. Handicare's growth through acquisitions may expose it to other risks such as the diversion of Group management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the incurrence of liabilities or other claims from acquired businesses.

When considering potential acquisition targets, Handicare makes certain assumptions and determinations on, among other things, future sales, margins and the need for capital expenditures in such businesses, based on its investigation of the respective businesses and other information then available. There is a risk that the Company will assess the opportunities and risks associated with these acquisitions incorrectly and liabilities, contingencies or losses, if realised, could have a material adverse effect on Handicare's business, financial condition and results of operations. Even if Handicare is able to consummate acquisitions, the Company may not be able to acquire businesses at targeted acquisition multiples of approximately 6–8x EV/EBITDA before synergies[1)]. Further, integration of acquisitions could pose several risks to Handicare's operations, including the allocation of significant resources (including implementation of operational and financial systems and effective financial disclosure controls and procedures), the need for increased support capabilities, the inability to retain key personnel or customers in the acquired businesses or the inability to realise potential synergies. Additionally, Handicare could experience

1) Actual multiples vary by size and target and can be both higher and lower than indicated. EV refers to enterprise value and EBITDA refers to the EBITDA for the twelve months preceding the acquisition.

delays or unusual expenses while integrating an acquisition. If Handicare cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact Handicare's ability to execute its growth strategy.

There is a risk that elements of Handicare's business model, including its extensive network of external dealers that are successful in some markets will not be successful in new geographies or market segments. If the demand in new geographies or market segments is not as expected, Handicare may experience a decline in revenue that cannot be addressed by efficiency measures or resource planning. In addition, future acquisitions may reduce Handicare's cash, dilute margins, result in potentially dilutive issuance of equity securities or increases in incurrence of debt. Acquisitions may also be viewed negatively by customers or investors. If Handicare cannot grow, or fails to manage its growth effectively, it could affect its competitive position and could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare is exposed to environmental risks and liabilities due to non-compliance with applicable environmental laws

Handicare operates four manufacturing facilities located in North America and Europe and two assembly facilities located in in North America and Asia. Handicare's operations affect the environment in the manufacturing processes through the use of natural resources and the generation of emissions and waste in the use, disposal, distribution and transportation of its products. Compliance with environmental requirements is a significant factor in Handicare's operations and substantial resources are required to maintain compliance with applicable environmental laws and regulations and manage environmental risks. The Group is subject to a variety of environmental laws and regulations governing, among other things:

- the generation, storage, handling, use, transportation, presence of or exposure to hazardous materials;
- the emission and discharge of hazardous materials into the ground, air or water; and
- the protection of natural resources.

For example, Handicare is subject to environmental laws and regulations relating to air emissions, waste management, energy efficiency and the protection of natural resources. These laws and regulations are complex, change frequently and have generally become stricter in recent years and may become more stringent in the future. Violations of these laws and regulations can lead to substantial fines, injunctions or criminal penalties, and the cost of complying with future changes may be substantial. Handicare is required to obtain permits from governmental authorities for certain operations, including environmental permits and licenses relating to its manufacturing facilities. There is a risk that the Group is deemed to have violated or have failed to comply, or is deemed to have previously violated or failed to comply, with these laws, regulations or permits, in which case it could be fined or otherwise sanctioned by regulators, which could have a material adverse effect on Handicare's business, financial condition and results of operations.

Certain environmental laws impose liability, sometimes regardless of fault, for investigating or cleaning up contamination on or emanating from Handicare's currently or formerly owned, leased or operated property, as well as for damages to property or natural resources and for personal injury arising out of such contamination. Environmental laws also assess liability on persons who arrange for hazardous substances to be sent to third-party disposal or treatment facilities when such facilities are found to be contaminated.

There is a risk that costs and liabilities will be incurred in the future and that the adoption of increasingly strict environmental laws, regulations and enforcement policies will result in increased costs and liabilities, which could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare's insurance coverage, including with respect to product liability, may not provide sufficient funds to protect Handicare from all liabilities that could result from its operations

Handicare is exposed to a variety of risks that could lead to the interruption of its business operations or otherwise subject the Group to significant losses, including, but not limited to, accidents, natural disasters, product liability, environmental damage and other events. Handicare maintains insurance policies to protect its business against loss or potential liability arising from contracting parties and third-party claims, including product liability claims. Risks that generally are insured include claims that naturally may occur in Handicare's business operations, for example, damage to the Group's manufacturing facilities and property, business interruption and damage to third parties' property. Nevertheless, there are certain types of losses that generally are not insured because they are either considered uninsurable or excluded in the

relevant insurance policies. This may include losses occasioned by war or terrorism or professional/personal liability claims where there has been dishonesty, or criminal acts involved. In addition, most of the insurance policies of Handicare have limitations (sums insured) on the maximum amounts that may be recovered for any one loss event, any series of losses and in aggregate during an insurance period. Recovery is also generally dependent on the insured first making payment of the appropriate excess or deductible and that the maximum limitation amount has not already been exhausted. In addition, the Group's insurance premiums for certain risk coverage, including product liability claims, may be increased as a result of Handicare's product or service offerings, claims history or market conditions.

If one or more events occur for which the Group is uncompensated or under-compensated by insurance, the resulting costs could, alone or in the aggregate, have a material adverse effect on Handicare's business, financial condition and results of operations.

Increases in the prices of raw materials and other supplies may increase Handicare's costs and have a negative impact on Handicare's profitability

Handicare's profitability is affected by the prices and availability of the raw materials and other supplies used in the manufacture of its products. Handicare uses a range of components, metals and supplies in its products, such as steel and aluminium, the price of which depend, to a certain degree, on market prices and the availability of sources and suppliers to provide the required quantity and quality of materials to meet the Company's production needs. In addition, the components purchased by the Company for use in its products generally include a varying degree of raw material content and are thus subject to price changes based on fluctuations in the cost of the underlying raw materials. The prices of raw materials and other supplies might fluctuate based on a number of factors beyond Handicare's control, including changes in supply and demand, general economic conditions, labour costs, fuel related delivery costs, competition, import duties, tariffs, currency exchange rates, and government regulation. Significant changes in the markets in which Handicare purchases these materials and supplies for the manufacture of its products, and in the markets in which its suppliers purchase materials for the manufacture of the components that Handicare sources from external suppliers, may adversely impact Handicare's profitability, particularly in the event of significant increases in demand for its products where there is no corresponding increase in supply of the raw materials or other supplies that it uses, or in the event of inflation or other pricing increases. The prices of the raw materials used by Handicare and its suppliers have fluctuated in the past and may continue to be volatile in the future. Handicare generally has not engaged in hedging transactions with respect to raw material purchases, but does enter into fixed price supply contracts at times. Future decisions not to engage in hedging transactions or ineffective hedging transactions might result in increased price volatility, potentially adversely impacting Handicare's profitability.

If Handicare cannot offset increases in supply and raw material costs whether through price increases or otherwise, there could be a negative impact on Handicare's profitability and margins. Furthermore, any long-term increase in the cost of Handicare's raw materials or other supplies, and the resultant increase in the price of Handicare's products, could have a negative impact on demand for its products and on Handicare's market share and customer relationships. Accordingly, any inability to manage price increases and costs related to raw materials and other supplies, in part or in full, or to find suitable substitutes for its raw materials and other supplies could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare may not be able to attract and retain key personnel or skilled employees

As of 30 June 2017, Handicare had more than 1,150 employees worldwide. The success of the Group's business and its growth strategy depend in large part on the ability to attract and retain key management and operating personnel, including skilled sales personnel. The Group's future growth and ultimately its success depends on its ability to hire and retain qualified personnel with the level of expertise and knowledge of its products or industry necessary to conduct its operations. It is also important that Handicare is able to attract people with sufficient expertise and retain qualified sales personnel. If the Group fails to meet its need for additional employees or if it fails to continue to attract and retain highly qualified management and other skilled employees on acceptable terms, there is a risk that it will not be able to sustain or further develop parts of its business, which could have a material adverse effect on Handicare's business, financial condition and results of operations. In addition, accidents or incidents at the workplace due to the lack of the application of proper safety measures,

as well as other circumstances that cause dissatisfaction among employees, could negatively affect productivity and the Group's reputation as an employer.

The internal governing documents, procedures, processes and evaluation methods used by Handicare to assess and manage risk may be insufficient to cover unidentified, unanticipated or incorrectly quantified risks

The internal governing documents, procedures, processes and evaluation methods used by Handicare to assess and manage risk may not be fully effective in managing all types of risks, including risks that Handicare fails to identify or anticipate, such as misconduct caused by a lack of adequate internal governance or control. Furthermore, Handicare faces the risk that its operations may not be in compliance with internal governing documents, including codes of conduct, or that it may not correctly quantify identified risks. If Handicare is unable to successfully implement an effective internal governance and control framework (including governing documents, procedures, processes and evaluation methods to assess and manage risks) and ensure compliance with such framework, and if the Group's employees act in a way that is not consistent with the level of business ethics and integrity that Handicare is committed to, it could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

Effective internal governance and control is necessary for Handicare to provide reliable financial reports and to ensure compliance with internal and external rules as well as to prevent fraud. There is a risk that Handicare in its corporate governance and internal controls, regardless of any applicable corporate governance policies and routines, will not successfully manage corporate functions or internal risks or will not identify areas requiring improvement in an efficient manner. Furthermore, Handicare's financial and operational policies and controls may prove to be inadequate, which may result in non-compliance with Handicare's internal governing documents and, as a result, may cause Handicare to incur compliance costs, regulatory sanctions and cause reputational damage. If Handicare does not maintain an effective internal governance and control framework, it could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

Actions taken by Handicare's third-party contract manufacturers and suppliers could harm Handicare's business

Handicare may not be able to control its third-party contract manufacturers or suppliers, including their labour, environmental or other practices, or ensure their compliance with codes of conduct. There is a risk that the periodic audits conducted by Handicare of its third-party contract manufacturers' and suppliers' compliance with applicable laws and good industry practices may not be frequent or thorough enough to detect non-compliance. A violation of labour, environmental or other laws by Handicare's third-party contract manufacturers or suppliers, or a failure of these parties to follow ethical business practices, could lead to negative publicity and harm the Group's reputation and, in severe cases of non-compliance with applicable regulations, lead to regulatory enforcement actions against Handicare. In addition, Handicare may choose to seek alternative manufacturers or suppliers if these violations or failures were to occur. Identifying and qualifying new manufacturers or suppliers can be time consuming and Handicare might not be able to substitute suitable alternatives in a timely manner or at an acceptable cost.

Handicare is exposed to risks relating to intellectual property rights

Handicare holds a number of patents, trademarks and other intellectual property rights and may acquire or develop its own products and technical solutions that can be patented, registered or protected in some other way. There is a risk that Handicare will not be able to maintain patents, trademarks and other intellectual property rights and that registration applications for new intellectual property rights will not be granted or, if granted, will be limited in scope or by geography. If Handicare is unable to protect, maintain or obtain new protection for its intellectual property rights, this could have a material adverse effect on Handicare's business, financial condition and results of operations. Moreover, patents are limited in time. Once the term of a patent has expired, there is a risk that Handicare will not be able to rely on product quality, brand and niche market specialisation to prevent customers from turning to existing or new market entrants who decide to benefit from Handicare's design. A failure by Handicare in doing so could have a material adverse effect on the Group's business, financial condition and results of operations.

There is also a risk of Handicare infringing or being accused of infringing third-party intellectual property rights, which may entail expenses either to defend itself

or to settle an infringement dispute. Where Handicare has infringed third-party intellectual property rights, there may be a need for Handicare to develop alternative products or technologies, or buy licenses. Furthermore, there is a risk that Handicare's products or technologies that are patented or otherwise protected by intellectual property rights, with or without intent, are infringed by Handicare's competitors. Any developments involving these risks could have a material adverse effect on Handicare's business, financial condition and results of operations.

In addition to products and technologies protected by intellectual property rights, Handicare uses know-how that is not protected by patents or similar intellectual property rights. There is a risk that the agreements with employees, consultants and partners and other measures intended to maintain control of such information are insufficient to maintain such control and prevent disclosure of confidential information. Additionally, Handicare's trade secrets may otherwise become known or independently developed by competitors. If Handicare is not able to protect its internal information and know-how, this could have a material adverse effect on Handicare's business, financial condition and results of operations.

The Company relies on the performance of its financial reporting and information technology systems, the interruption, inadequacy or other failure of which could have an adverse effect on Handicare's business, financial condition and results of operations

Handicare relies on its operational processes, financial reporting and information technology and communication systems. The Group's capacity to generate business, effectively manage its risk profile and service its customers depends on storing, retrieving, processing, presenting and managing information. If the Group's internal control processes are ineffective, the Group does not make the correct technology choices or investments or if the Group's choices or investments are insufficiently prompt or cost-effective, it could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, interruption or loss of Handicare's computer and information system capabilities, the failure of computer equipment or software systems, including systems provided by third parties, failure of the Group's website, telecommunications failure or other disruptions, whether due to system failures, computer viruses, software errors, cyber-attacks, theft of or physical damage to IT hardware or otherwise, could have a material adverse effect on Handicare's business, financial condition and results of operations. Moreover, external IT suppliers provide certain software, developed specifically for Handicare, and Handicare may have difficulties replacing such suppliers on commercially acceptable terms, and it may take time to find alternative suppliers, which may cause disruptions in Handicare's business.

Handicare has started implementing a Group-wide ERP system to increase transparency for the Group's finance function as regards the book-keeping for the Group's subsidiaries. As of the date of this Offering Memorandum, the ERP system has been implemented across the Group's operations, although implementation in Prism Medical (acquired in 2016) and parts of the operations in the United Kingdom is planned to be made during 2018. Following some early-phase implementation difficulties, primarily in the Heerhugowaard manufacturing facility in the Netherlands, the implementation is now carried out on a site-by-site basis. If Handicare is unable to successfully implement the new ERP system as planned, it could have a material adverse effect on Handicare's business, financial condition and results of operations.

Risks relating to regulation

Handicare's business, particularly within Patient Handling and Accessibility, is subject to regulation by governmental authorities such as the FDA, the EU, the EEA and other national and/or local governmental authorities in the countries in which the Group manufactures and sells its products. These governmental regulations govern, among other things, the testing, manufacturing, safety, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, recordkeeping, promotion, distribution, production, tariffs, duties and tax requirements. The Group's products and operations are also subject to industrial standards.

United States

Handicare's research, development, manufacturing and marketing operations are subject to extensive regulation in the United States and other countries. Most notably, all of the Group's products sold in the United States are subject to the United States Federal Food, Drug and Cosmetic Act ("**FDCA**") as implemented and enforced by the FDA. The FDA regulates the following activities that the Group performs or that is performed on its behalf to ensure that products distributed domestically or exported internationally are safe and effective for their intended use:

- product design, development and manufacture;
- product safety, non-clinical and clinical testing, labelling, packaging and storage;
- record keeping procedures;
- product marketing, sales, advertising, promotion and distribution;
- post-marketing surveillance or post market studies, complaint handling, medical device reporting,
- reporting of deaths, serious injuries or device mal-functions and repair or recall of products; and
- import and export.

The Group and its products are subject to numerous FDA regulatory requirements including:

- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- United States Quality System Regulation ("**QSR**") which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance;
- procedures during all aspects of the manufacturing process;
- labelling regulations and FDA prohibitions against the promotion of products for un-cleared, unapproved or off-label use or indication;
- clearance or approval of new products or certain product modifications;
- medical device reporting regulations, which require that manufacturers comply with FDA requirements to report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or a similar device were to recur;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect public health or to provide additional safety and effectiveness data for the device; and
- notices of correction or removal and recall regulations.

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) pre-market notification, or approval of a pre-market approval application. Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the QSR facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labelling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the 510(k) pre-market notification requirement, manufacturers of most Class II devices are required to submit to the FDA a pre-market notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring a pre-market approval. Some pre-amendment devices are unclassified, but are subject to FDA's pre-market notification and clearance process in order to be commercially distributed. Handicare's current Patient Handling products are classified as Class I. Depending on to which customer or end-user Handicare sells its stairlifts, these are considered either Class II products (which is the case for stairlifts sold to Veterans' Administration) or unclassified assistive technology products (i.e. aids for daily living). Handicare does not market or sell any Class III classified products.

Both the 510(k) clearance process and the pre-market approval process can be expensive and lengthy and entail significant fees, unless exempt. The FDA's 510(k) marketing clearance process usually takes from three to 12 months, but can last longer. The process of obtaining pre-market approval is much more costly and uncertain than the 510(k) marketing clearance process. It generally

takes from one to three years, or even longer, from the time the pre-market approval application is submitted to the FDA until an approval is obtained. In the United States, the Group's currently commercialised Patient Handling products are exempt from pre-market clearance and approval under the FDCA and the Group's stairlifts have obtained pre-market clearance under the FDCA.

The FDA has broad regulatory enforcement powers. The Group is subject to unannounced inspections by the FDA to determine its compliance with the QSR and other regulatory requirements, and these inspections may include the manufacturing facilities of some of the Group's subcontractors. Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in enforcement action by the FDA or other regulatory authorities, which may result in sanctions including, but not limited to:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, and/or refunds;
- recall, detention or seizure of the Group's products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying the Group's requests for pre-market clearance or other approvals of new products or modified products;
- withdrawing pre-market clearances or other approvals that have already been granted;
- refusal to grant export approval for the Group's products; or
- criminal prosecution.

For further information regarding the potential impact of compliance with FDA's regulations, see "*Defects, failures or safety or quality issues associated with Handicare's products could lead to product recalls and other regulatory enforcement actions, warranty claims, litigation, including product liability claims, or negative publicity that could have a material adverse effect on Handicare's business, financial condition and results of operations*".

Europe

The main regulatory regimes to which the Group's products are subject in the EU are the EU Medical Device Directive 93/42/EEC (the "**MDD**") and the ISO 13485 quality system standards for medical devices. These regulatory regimes include requirements for:

- product design, development and manufacture;
- product safety, labelling, packaging and storage;
- record keeping procedures;
- post-marketing surveillance or post-market studies, complaint handling, medical device reporting,
- reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import and export.

Each member state of the EU is responsible for implementing the MDD, and compliance with the directive is overseen by a country-based competent authority (so-called notified bodies). The MDD requires that all medical devices meet the essential safety requirements in Annex 1 of that directive in order for a manufacturer to place a CE mark on the device, which is a precondition for the device's marketing and sale in the EU. As a general matter, the CE marking is the manufacturer's declaration that the product meets the requirements of the applicable EC directives and can be sold throughout the EEA.

The MDD requires that all medical devices are placed into one of three classifications: Class I (low risk), Class II (medium risk) or Class III (high risk). Class I devices are self-certified by the manufacturer that the device meets all relevant requirements of the MDD. The manufacturer must compile a technical construction file, and a Declaration of Conformity must be signed by a competent person who has been duly trained.

Class II devices are separated into Class IIa and Class IIb devices. Class IIa devices may be self-certified by the legal manufacturer as long as the manufacturer's quality system has been assessed to meet the requirements of that particular type of device. Where applicable, the Group's quality system meets this requirement. Class IIb devices must be independently reviewed by an accredited notified body in order to affix the CE mark to the device.

Class III devices require notified body review in all cases and further review of all life-cycle management changes when deemed significant.

Handicare's Patient Handling products are classified as Class I, whereas stairlifts (including those sold by Handicare) are generally considered assistive technology products (i.e. aids for daily living) and thus fall outside the scope of the MDD.

On 5 April 2017 the Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices (the "**MDR**") was adopted, replacing the MDD. The MDR, which is directly applicable without any legislative implementation measures by the member states, replaces the MDD following a three year transitional period. Pursuant to article 123 of the MDR, the new regulation will apply from 26 May 2020.

As a general matter, the MDR contains a series of initiatives aimed at modernising the current system, including:

- the reinforcement of the criteria for designation and processes for oversight of accredited notified bodies that oversee the industry and provide governance between the industry and the relevant competent authorities;
- improved transparency through the establishment of a comprehensive EU database on medical devices and of a device traceability system based on Unique Device Identification;
- the strengthening of post-market surveillance requirements for manufacturers; and
- improved coordination mechanisms between EU countries in the fields of vigilance and market surveillance.

The Company is evaluating the potential impact of the MDR. There is a risk that the implementation of MDR will result in increased costs, time and requirements that need to be met in order to maintain or place products on the European market.

Each country's competent authority and the Group's notified bodies have broad regulatory enforcement powers. The Group is subject to unannounced inspections and general surveillance visits by the notified bodies to review the quality systems. Further, the quality systems are audited every three years to ensure continued compliance with ISO 13485. Inspections and audits by regulatory authorities may also include the manufacturing and research and development ("**R&D**") facilities of some of the Group's subcontractors.

In addition, in Europe, Handicare's stairlifts are required to comply with EN 81-40:2008 and certain other regulations, such as Directive 2011/65/EU (the "**RoHS Directive**") on the restriction of the use of certain hazardous substances in electrical and electronic equipment (limiting the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers) and Directive 2014/30/EU (the "**EMC Directive**") on the harmonisation of the laws of the member states relating to electromagnetic compatibility (proscribing limited electromagnetic emissions and a certain level of resilience to interference).

Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in actions such as rescinding quality system or CE mark certificates, refusal to grant CE marks to new products or forced recalls of products.

Moreover, Handicare's vehicle accessibility products are subject to United Nations Regulation ECE 14 uniform provisions concerning the approval of vehicles with regard to safety-belt anchorages, ISOFIX anchorages systems and ISOFIX top tether anchorages ("**ECE 14**"). Handicare's vehicle accessibility products, which are generally classified as Category M1 (vehicles used for the carriage of passengers and comprising not more than eight seats in addition to the driver's seat), are approved under ECE 14. Failure by Handicare to meet such requirements can result in, for example, a refusal to use the relevant E approval mark for its products.

Other jurisdictions

Many of the requirements applicable to the Group's devices and products around the world are similar to those of the United States or European Union, although they differ in detail, particularly with regard to pre-market registrations or clearances and risk classifications.

In some regions, the level of government regulation of medical devices is increasing, which can lengthen time to market and increase registration and approval costs. In many countries, the national health or social security organisations require the Company's products to be qualified before they can be marketed and considered eligible for reimbursement.

Laws range from comprehensive device approval requirements to requests for product data or certifications. For example, in Canada, Handicare's stairlifts are required to be ISO 13485 certified. Inspection of and controls over manufacturing, as well as monitoring of device-related adverse events, are also components of most of these regulatory systems. The general trend is toward increasingly stringent regulation.

Below are some of the specific risks to which Handicare is exposed as a result of the extensive regulatory regimes applicable to the Group's business.

Handicare operates across many jurisdictions and is therefore subject to many different regulatory regimes with varying rules

Handicare has sales and manufacturing operations across many jurisdictions and is therefore subject to many different regulatory regimes with varying rules and standards. Moreover, these regulations are subject to continuous revision, which may entail increased requirements. This regulatory environment may have a material impact on existing medical device marketing authorisations as well as future medical device registration applications, requirements and timings, which may, in turn, have a material impact on Handicare's ability to market its products.

In addition, government health or other regulatory organisations in many countries require products sold in their jurisdictions to be qualified before they can be marketed with the benefit of insurance or government healthcare reimbursement eligibility. Failure or delayed receipt of relevant national or state qualifications could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare may be required to spend significant time, efforts and expense in bringing new products to market and adhering to post-market requirements. For example, the Group is required to implement and maintain stringent reporting, product labelling and record keeping procedures, including with respect to components used by Handicare in its manufacturing processes, and must make available its manufacturing facilities and records for periodic inspections by regulatory agencies to assess compliance. The costs associated with compliance, or failure to comply, could have a material adverse effect on Handicare's business, financial condition and results of operations.

The Group may fail to achieve acceptable results in inspections or comply with applicable regulatory requirements

Various national and local regulatory agencies have become increasingly vigilant in recent years in business practice investigations, including manufacturing, sales and reimbursement reporting. For example, Handicare's Patient Handling business in Europe was subject to an inspection by the FDA in 2015, which did not result in any significant findings. If the Group fails to achieve acceptable results in an inspection or to comply with applicable regulatory requirements, it may receive a warning letter or could otherwise be required to take corrective action and, in severe cases, Handicare could suffer a disruption of its operations and manufacturing delays and even be subject of suspension or revocation of the authority necessary for the manufacturing. In the past, the Group has been required to take discrete remediation actions at certain of its manufacturing facilities in response to ordinary course investigations by regulators, including the FDA.

Governmental and regulatory actions against the Group can materially adversely impact its operations, resulting in:

- the recall or seizure of products;
- the issuance of warning letters;
- operating restrictions or the suspension or revocation of the authority necessary for the production or sale of a product;
- the suspension of shipments from particular manufacturing facilities;
- delays in approvals of products by governmental authorities;
- the imposition of fines and penalties;
- the delay of the Group's ability to introduce new products;
- the exclusion of the Group's products from healthcare reimbursement programmes;
- issuances of alerts blocking the export of its products from or the import of its products into a particular jurisdiction; and
- other civil or criminal sanctions.

As government authorities and courts interpreting the relevant laws and regulations throughout the world have become increasingly stringent, the Group may be subject to more rigorous regulation or more frequent investigations in the future. There is a risk that regulatory agencies or other governmental authorities would find that the Group has not fully complied with all applicable requirements in all instances or disagree with the Group's interpretation of applicable regulatory requirements. Any such regulatory or governmental actions, in combination or alone, or a public announcement that the Group is being investigated for possible violations of regulatory laws, could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

Moreover, regulatory non-compliance by the Group or its subcontractors can result in forced recalls and other enforcement actions, such as recession of CE mark

certificates, ISO certification and other quality system certificates. In certain jurisdictions, providers of medical devices are required to maintain relevant certifications to be eligible to sell their products in that market. For example, in Canada, Handicare's stairlifts are required to be ISO 13485 certified, and in the EU, medical devices must have a CE mark. The loss of such certifications would prevent Handicare from marketing and selling its stairlifts in Canada or medical devices in the EU. Failure by Handicare to maintain required certifications would have a negative impact on sales and could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

Handicare is required to obtain regulatory clearances, approvals and certifications prior to marketing and selling certain of its products, and the regulators responsible for such clearances, approvals and certifications could delay, increase the cost of, limit or prohibit the marketing and sale of the Group's products

The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products. For instance, in the United States, before a new medical device or a new use of, or claim for, an existing device can be marketed, it must first receive either pre-market clearance under the FDCA or pre-market approval from the FDA, unless an exemption applies. The Group's currently commercialised Patient Handling products are exempt from pre-market clearance and approval under the FDCA and the Group's stairlifts have obtained pre-market clearance under the FDCA. However, if the FDA disagrees with the Group's determination and requires the Group to submit new FDCA notifications or pre-market approvals for modifications to the Group's previously cleared products for which the Group has concluded that new clearances or approvals are unnecessary, the Group may be required to cease marketing or to recall its modified product until it obtains clearance or approval, and it may be subject to significant regulatory fines or penalties as a result. Any FDA approvals required in the future could subject the Group to delays before commencing marketing and sales, or the FDA could limit or deny an approval sought by the Group.

In the EU, Handicare's products within Patient Handling are required to comply with the essential requirements of the MDD before they can be commercialised. From 26 May 2020, the MDD will be replaced by the MDR. The MDR entails, among other things, a strengthening of post-market surveillance requirements for manufacturers of medical devices, and the new regulation may increase the costs, time and requirements that need to be met in order to maintain or place such devices on the European market. Compliance with the requirements of the MDD and, in the future, the MDR entitle the Group to affix a CE mark to the Group's medical devices.

In Europe, Handicare's stairlifts are required to comply with EN 81-40:2008 and certain other regulations, such as the RoHS Directive and the EMC Directive. Compliance with these requirements entitles the Group to affix a CE mark to the Group's stairlifts. EN 81-40:2008 is currently subject to review. This review may result in increased regulatory oversight and this may, in turn, increase the costs, time and requirements that need to be met in order to maintain or place such devices on the European market.

The Group's obligations for compliance with these regulations, and the development of new requirements, may be impacted by the United Kingdom's vote to leave the EU.

In Canada, Handicare's stairlifts are required to be ISO 13485 certified, and the loss of such ISO certification would prevent Handicare from marketing and selling its stairlifts in Canada. Other jurisdictions in which the Group markets and sells its products may require similar certifications, pre-market clearances or approvals resulting in similar risks. Any delay in obtaining or failure to obtain or maintain such certifications, clearances or approvals in any jurisdiction may increase the costs and time requirements in order to place such devices on the market in those jurisdictions or prohibit the marketing and sale of such products in those jurisdictions, which could have a material adverse effect on Handicare's reputation, business, financial condition and results of operations.

Changes in accounting rules may adversely impact Handicare's financial statements

The Company is affected by the accounting rules applicable from time to time in the jurisdictions in which the Company operates, in particular IFRS, in accordance with which Handicare prepares its consolidated financial statements. In the future, Handicare's accounting, financial reporting and internal control may be affected by, and need to adapt to, changes in accounting rules or changes in the application and interpretation of such accounting rules.

IFRS 9 (Financial Instruments) will replace IAS 39 with effect from 1 January 2018. The standard has been adopted by the European Union. IFRS 9 contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. Handicare has initiated an evaluation

of the impact of the implementation of the standard and a review of the Group's material financial instruments, which includes accounts payable, accounts receivable and loans, has been performed. The new rules are not expected to affect the book values in the financial reports regarding classification and valuation. The Group's total material items mentioned above are accounted for at amortised costs and will continue to be accounted for at amortised costs going forward, in accordance with IFRS 9. The Company's preliminary assessment regarding impairment is that the reservation for the anticipated future bad debt loss will be amended. However, no quantification of the impact has been performed. Considering that the Group's customers have high credit ratings and since realised bad debt losses have historically been limited, the Company's assessment is that the rules regarding impairment will not have any material impact on the Group's financial position. As of the date of this Offering Memorandum, hedge accounting is not applied and, thus, will not affect the Group's financial position.

The Group is currently also analysing what further information may be needed to fulfil the disclosure requirements of IFRS 7.

IFRS 15 (Revenue from contracts with customers), which replaces the existing IFRS related to revenue recognition, will be effective from 1 January 2018 and will introduce new ways of determining how revenue is recognised. IFRS 15 contains rules regarding revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Pursuant to IFRS 15, revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of, and obtain the benefits from, the good or service. The standard has been adopted by the European Union. Handicare intends to apply the standard retroactively and any effects from the implementation of this standard will be accounted for as an adjustment of equity as per the beginning of the comparable year 2017. A number of the Company's significant customer agreements, within all business areas (operating segments), have been analysed to identify the performance obligations according to the agreements as well as allocation of transaction price. The analysis has concluded that the Group is already classifying the existing performance obligations, in accordance with IFRS 15. Installation and conversions are accounted for gradually over time, as they are completed according to the current principle and will also be accounted for over time in accordance with IFRS 15. In addition, the Company has assessed whether allocation of price on the various performance obligations corresponds to independent sales prices. The Company's initial assessment is that there are not material differences compared to the guidance regarding allocation of prices in IFRS 15. Similar to the current principles, product sales will be accounted for when the transfer of the risk is transferred pursuant to the agreements, which according to the analysis that has been performed fulfils the requirements for transfer of control in IFRS 15. The Group has also analysed the handling of returned goods as well as discounts to customers and have been able to establish that the current application is in accordance with IFRS 15. Thus, the preliminary assessment is that the implementation of IFRS 15 will not have any material impact on the Group's financial position. IFRS 15 will also include disclosure requirements and Handicare has initiated work to identify the information that will need to be collected from the Group companies.

The Company is evaluating the impact of the standard and has not quantified the effects of IFRS 15. The new standard is, however, not expected to have a material impact on revenue accounting for Handicare's types of operations (i.e., primarily sales of products). Changes in the timing of revenue recognition may occur for a limited number of service contracts, extended warranties, rebates and compound transactions. However, the effects of this, if any, are not expected to be material. The Company's evaluation is expected to be completed in the second half of 2017.

IFRS 16 (Leases) is effective from 1 January 2019 and sets out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, replacing IAS 17. The standard has not yet been adopted by the European Union. IFRS 16 eliminates the classification of leases as either operating leases or finance leases required by IAS 17 for lessees. Instead, a lessee is required to recognise (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. This entails that numerous of the Group's operational leasing agreements shall be accounted for in the balance sheet as of 2019. Handicare has initiated an analysis of the effects IFRS 16 will have on the Group's financial reports. The Group will perform a complete review of all agreements to assess if there are additional agreements which shall be considered to be

lease agreements according to the new definition in IFRS 16, as well as verify the lease periods. The effects will thereafter be quantified and accounted for in the Group's balance sheet. As of 31 December 2016, the Company had future payment obligations regarding operational lease agreements amounting to EUR 18.4 million. The Group has not yet determined which transitional provision shall be applied, either complete retroactive application or partial retroactive application (the latter means that the comparison figures does need to be recalculated). Furthermore, the Group is evaluating the additional disclosures which will be required and what impact this will have on the requirement of collection of information. Lessors will continue to have two types of leases, finance and operating, and account for those two types of leases generally as they do today. Agreements where the Group is lessor will not be affected, since IFRS 16 does not amend the guidelines for the lessor in any respect which is material to the Group.

Changes in accounting rules or the application and interpretation thereof may entail uncertainty related to Handicare's accounting, financial reporting and internal control and could also affect the Company's reported earnings, balance sheet and equity, which could have a material adverse effect on Handicare's business, financial condition and results of operations.

Disruption of operations due to changes in labour laws, work stoppages, strikes, the negotiation of new collective bargaining agreements and other industrial actions could adversely affect Handicare's business

Handicare operates globally and is required to comply with local labour laws (including in respect of minimum salary levels and employment conditions) in the jurisdictions where Handicare's employees perform their work. This requires a substantial understanding of local labour laws and good coordination among jurisdictions. In addition, Handicare must comply with labour laws applicable to transfers of businesses, such as when Handicare acquires operations. Changes with regard to labour laws in any of the jurisdictions in which Handicare operates could restrict its ability to utilise employees away from their home jurisdiction and result in increased labour costs, including increases due to healthcare reforms or minimum wage increases, which could have a material adverse effect on Handicare' reputation, business, financial condition and results of operations.

As certain of Handicare's employees are members of trade unions, Handicare is required to undertake consultations with trade unions and is exposed to the risk of strikes, work stoppages or other industrial actions, which could adversely affect Handicare's ability to serve customers in a timely manner. Strikes and other industrial actions and the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt Handicare's operations and make it more costly to operate its business, which in turn could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare is exposed to currency risks

Due to its international operations, Handicare generates a significant portion of its revenue and incurs a significant portion of its expenses in various currencies other than EUR, the reporting currency of the Group. Handicare's primary currency exposures are to the NOK, SEK, USD, GBP, DKK and CAD. Following the acquisition of Prism Medical, the Company's exposure to USD and CAD increased. As a result, changes in currency exchange rates may have a significant and negative impact on Handicare's income statement, balance sheet and/or cash flows. Handicare is exposed to risks involving currency transaction exposure and currency translation exposure. Currency transaction exposure arises in connection with purchases and sales of goods and services in currencies other than the functional currency of the relevant subsidiary. Currency translation exposure arises in conjunction with the translation of the balance sheets and income statements of subsidiaries into EUR, the reporting currency of the Group. For example, exchange rate movements impact Handicare's revenue when income statements of the Group's foreign subsidiaries are translated into EUR, and impact Handicare's consolidated balance sheet when the net assets of the Group's subsidiaries are translated into EUR.

Hedging arrangements and other measures implemented to manage currency transaction and translation exposure may prove to be insufficient or ineffective, and Handicare may fail to successfully implement and manage any hedging arrangements. There is a risk that fluctuations in currency rates and exposures will have a material adverse effect on Handicare's business, financial condition and results of operations.

Changes in currency exchange rates can also affect Handicare's competitiveness and customer demand. Any developments involving these risks could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare is exposed to interest rate risks

Handicare's borrowings, including under the New Credit Facilities, are subject to variable interest rates and Handicare is therefore exposed to movements in interest rates. Fluctuations in market interest rates may cause Handicare's financial income and expenditure, as well as the values of its financial instruments, to fluctuate. Interest rate risk can also lead to changes in fair values, changes in cash flows and fluctuations in Handicare's profit. For example, increases in market interest rates would increase the Group's net interest cost and might further have a negative impact on Handicare's cash flow.

Interest rates are affected by a number of factors that are beyond Handicare's control, including the interest rate policy of governments and central banks on the geographical markets in which Handicare operates. An increase in interest rates would increase Handicare's interest commitments under its New Credit Facilities, which could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare is exposed to credit risks from counterparties, including customers, banks and insurers

Credit risk means the risk of Handicare's counterparties being unable to perform their payment obligations, thereby creating a loss for Handicare. Financial credit risks comprise the risk of loss in the event counterparties with whom Handicare has deposited cash and equivalents and other financial assets fail to perform their obligations. There is a risk that measures undertaken to counter Handicare's credit risk will not be sufficient or effective, and Handicare may fail to successfully implement and manage any hedging arrangements, which could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare's results of operations and financial condition could be adversely affected in the event of impairment of goodwill or other intangible assets

Handicare capitalises goodwill relating to acquisitions, which is calculated as the difference between the historical cost and fair value of an acquired business and the fair value of Handicare's share of the acquired business's identifiable net assets. Goodwill from the acquisition of businesses is recognised as an intangible asset. Goodwill is tested annually for impairment and stated at cost less accumulated impairment losses. An impairment test involves comparing the recoverable amount (the higher of the value in use and fair value less cost to sell) of an individual cash-generating unit with its carrying value. As of 31 December 2016 and 30 June 2017, Handicare had reported goodwill of EUR 177.5 million and EUR 173.3 million, respectively, on its balance sheet, mainly related to the Principal Owner's acquisition of the Group in 2010. The value in use and fair value of Handicare's cash-generating units are affected by market conditions and the performance of the economies in which Handicare operates. If Handicare is required to recognise impairment of goodwill or other intangible assets, it is recorded in the income statement. In the year ended 31 December 2015, the Company recorded a goodwill impairment of EUR 24 million, of which EUR 11 million was related to reorganisations following the divestment of the Mobility business. The residual EUR 13 million was related to Patient Handling, notably the performance of the business in the United States. Any significant impairment of goodwill or other intangible assets could have a material adverse effect on Handicare's business, financial condition and results of operations.

The terms of Handicare's existing debt and any inability to refinance any existing debt as it comes due and payable could adversely affect Handicare's financial condition

Concurrently with the Offering, Handicare will refinance its credit facilities and will replace its existing credit facilities with the New Credit Facilities. The New Credit Facilities will be provided by Danske Bank A/S, Danmark, Sverige Filial, DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) as original lenders, Danske Bank A/S Investment Banking, Skandinaviska Enskilda Banken AB (publ) and DNB Bank ASA, Sweden Branch as arrangers and DNB Bank ASA, Sweden Branch as agent, and their availability is subject to customary conditions precedent. The New Credit Facilities may, at the lenders' request, be cancelled and required to be prepaid in full or in part if certain events occur, including but not limited to, if Handicare does not comply with its obligations under the relevant agreements. Handicare's capacity to pay its debts and otherwise comply with its obligations and the terms and conditions of the relevant agreements, as well as its general capacity to refinance its loans and make payments in accordance with its undertakings depend on, among other things, Handicare's future results of operations. Some aspects of Handicare's future results of

operations depend on economic, financial and competitive factors and other factors beyond Handicare's control. Should Handicare fail to meet its obligations under the New Credit Facilities or breach any covenant in the respective agreements related to its financing arrangements, this could have a material adverse effect on Handicare's business, financial condition and results of operations.

Handicare may not be able to obtain financing at favourable terms, or obtain financing at all, or perform payment obligations due to insufficient liquidity

Handicare is exposed to the risk of becoming unable to raise new loans, refinance new loans or perform payment and other obligations under its existing loans due to insufficient liquidity. In regard to Handicare's existing long-term financing, there is a risk that Handicare may breach its financial covenants and other obligations in credit and loan agreements due to the general economic climate, disturbances in the capital and credit markets or delays in payments from its customers. There is a risk that Handicare may come to require additional financing, for example, in order to accomplish further growth of the Group's business, both organically and through acquisitions. Access to additional financing is affected by a number of factors, such as market conditions, general access to loan financing, as well as Handicare's credit capacity. Disruptions and uncertainties on the capital and credit markets may also restrict access to the capital required to conduct the business. Any developments involving these risks could have a material adverse effect on Handicare's business, financial condition and results of operations. If additional financing cannot be accessed on the debt markets, Handicare may seek to raise capital through offerings of additional equity securities that could dilute the economic and voting rights of existing shareholders.

Handicare is subject to potential tax liabilities

Handicare is subject to, among others, income tax, withholding tax, value added tax ("**VAT**") and other sales-based taxes in various jurisdictions. In addition, Handicare is obligated to pay social security costs relating to employees within the Group.

Significant judgement is required in determining Handicare's provision for taxes. The tax position with respect to certain transactions and calculations may be challenged by tax authorities for various reasons. There is a risk that the final outcome of any tax audits or reviews will be materially different from what is reflected in respect of historical tax provisions and accruals. Handicare is from time to time subject to reviews and audits in respect of income tax, VAT, sales tax, social security costs and other taxes. Handicare may therefore be required to make additional tax payments should the review result in different interpretations, allocations or valuations of its services or transactions. Any developments involving these risks could have a material adverse effect on Handicare's business, financial position and results of operations.

As of 31 December 2016, the Company's reported tax loss carry-forwards amounted to EUR 68.9 million. As of 31 December 2016, the Company reported deferred tax assets of EUR 8.4 million. Tax losses may be limited or reduced in full due to future changes in the tax regulation or pursuant to current regulation. Tax losses in Sweden may under the current legal framework be reduced in full as a result of changes in the ownership structure where one or several shareholders, according to specific calculations over a certain period of time acquire shares representing more than 50 percent of the shares or the votes. Such changes in the ownership structure lead to the forfeiture of historic tax losses to the extent they exceed 200 percent of the costs to acquire the controlling influence of the Group (contributions and other value transfers may under certain circumstances reduce the cost). If the Group's tax losses are reduced, this could adversely affect the Group's tax burden and have a material adverse effect on the Handicare's business, financial condition and results of operations.

Changes in tax legislation may adversely affect the Group's tax position

Since the laws, treaties and other regulations on taxation, as well as other fiscal charges, have historically been subject to frequent changes, further changes are expected in the future in the jurisdictions where Handicare operates, possibly with a retroactive effect. Any such changes could have a significant impact on Handicare's tax burden, as well as a material adverse effect on Handicare's business, financial condition and results.

The Swedish corporate tax legislation is currently under review. On 20 June 2017, Sweden's government published a memorandum proposing, among other things, new interest deduction limitation rules. The proposal implements the interest deduction limitations of Article 4 of Council Directive (EU) 2016/1164 of 12 July 2016 and is in line with the principles in the final report for

Action 4 of the Organisation for Economic Co-operation and Development's ("**OECD**") current project against base erosion and profit shifting ("**BEPS**"). The new regulations are proposed to be effective as of 1 July 2018. In brief, the rules proposed in the memorandum limit the deduction of net interest expenses up to an amount equivalent to 35 percent of a company's earnings before interest and taxes (EBIT) (main option) or, alternatively, 25 percent of a company's earnings before interest, taxes, depreciation and amortisation (EBITDA). As compensation for the new limitations, the government proposes that the corporate tax rate be reduced by 2 percentage points to 20 percent. Tax losses carried forward from previous fiscal years would lower the taxable EBIT or EBITDA when the deductible net interest expense is determined. Pursuant to the proposal, each company within a group may elect to apply a safe-harbour rule allowing a deduction of net interest expense of SEK 100,000. The limitation applies on group level meaning that the total amount which may be deducted within a group under the safe-harbour rule is limited to SEK 100,000. Furthermore, equalisation of interest deduction capacity within a group would be possible between companies that are able to exchange group contributions (Sw. *koncernbidrag*). Non-deductible net interest expense could be carried forward for six years. Changes of ownership would, however, extinguish such negative interest expense carried forward.

In addition, an interest deduction prohibition is proposed in respect of certain cross-border situations (hybrid rules). The prohibition would apply when a company in another country obtains a tax deduction for the same interest expense or when the corresponding interest income is not subject to tax due to the classification of the income for tax purposes. The proposal in this regard is a first step in the implementation of the OECD's BEPS recommendations on hybrid mismatches (Action 2) the principles in the final report for Action 4 of the OECD's BEPS and the rules on hybrid mismatches in Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries. The memorandum is subject to consultation. The consultation period ends on 26 September 2017 and a draft tax bill is expected before the end of 2017. Changes in the tax legislation may have an adverse impact on the tax position of the Group.

The financial targets included in the Offering Memorandum may differ materially from Handicare's actual results which could have a negative effect on Handicare's business, financial condition and results of operations

The financial targets set forth elsewhere in the Offering Memorandum are Handicare's targets for the medium term, including the target with respect to average annual growth. These financial targets and other forward-looking statements, however, are necessarily dependent upon a number of key assumptions Group management has made when setting them, which are inherently subject to significant business, operational, economic and other risks, many of which are outside of Handicare's control. These assumptions may not continue to reflect the commercial, regulatory and economic environment in which Handicare operates. Accordingly, such assumptions may change or may not materialise at all. In addition, unanticipated events, including macroeconomic and industry developments or changes in regulations, may adversely affect the actual results that Handicare achieves in future periods whether or not its assumptions otherwise prove to be correct. If Handicare fails to meet its financial targets or to successfully implement initiatives due to changes in assumptions or other factors, Handicare may experience lower revenue, decreased margins or reduced cash flow, which could negatively impact Handicare's financial position and results of operations. In turn, Handicare may not be able to access suitable financing or pursue attractive business and acquisition opportunities, which could limit its ability to maintain its market position or the competitiveness of its offering, and could have a material adverse effect on Handicare's business, financial condition and results of operations.

RISKS RELATING TO THE OFFERING

There is no prior public market for the Company's shares and an active, liquid and orderly trading market for the shares may not develop, the price of the shares may be volatile, and investors could lose a substantial portion of their investment

Prior to the Offering, there has been no public market for the Company's shares and there can be no assurance that an active and liquid market will develop following the Offering. As the Offer Price will be determined by the Principal Owner and the Company's board of directors in consultation with the Joint Global Coordinators, it may not necessarily reflect the price at which investors in the market will be willing to buy and sell the Company's

shares following the Offering. In addition, the trading price of the Company's shares following the Offering may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond the Company's control.

The stock market in general has experienced price and volume fluctuations in the past. Broad market and industry factors may seriously affect the market price of a company's shares regardless of its actual operating performance. These fluctuations may be even more pronounced in the trading market for the Company's shares shortly following the Offering. There can be no assurance that investors who purchase shares in the Offering or the secondary market will not lose a portion, or all, of their investment.

The Principal Owner will continue to have substantial influence over the Company after the Offering and could delay or prevent a change in corporate control

After the Offering, the Principal Owner will beneficially own in the aggregate 67.2 percent of the Company's shares, assuming that the Over-allotment Option is not exercised and 62.9 percent of the Company's shares, assuming that the Over-allotment Option is exercised in full. As a result, the Principal Owner will continue to have significant influence over the outcome of matters submitted to Handicare's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. In addition, the Principal Owner will continue to have significant influence over Handicare's Group management and its affairs. Accordingly, this concentration of ownership could have a material adverse effect on the market price of the Company's shares by, among others:

- delaying, deferring or preventing a change in control;
- impeding a merger, consolidation, takeover or other business combination involving the Company; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

In addition, the interests of the Principal Owner could differ from the interests of the Company's shareholders as a whole.

The commitments by the Cornerstone Investors are subject to certain conditions and the Cornerstone Investors are not subject to any formal lock-up arrangement

The Cornerstone Investors (The Fourth Swedish National Pension Fund, Danica Pension and Holta Life Sciences AS) have committed to acquire, at the Offer Price, a number shares in the Offering equivalent to 5.09 percent, 4.19 percent and 3.39 percent, respectively, of the shares following completion of the Offering. The Cornerstone Investors' undertakings are conditioned on, among other things: (i) the first day of trading in the shares occurring no later than on 10 October 2017; (ii) such Cornerstone Investor being allocated in full the shares in the Offering relating to its commitment; (iii) the total equity value of the Company upon settlement of the Offering not exceeding SEK 3.0 billion; and (iv) that there are no changes to the information contained in the Offering Memorandum that would require the registration of a supplement prospectus. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering. In addition, the Cornerstone Investors' undertakings are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering.

In addition, the Cornerstone Investors' shares will not be subject to any formal lock-up arrangement. As a result, it is possible that the Cornerstone Investors may divest part of all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline.

The Company's ability to declare dividends in the future is subject to a variety of factors

The declaration and payment of future dividends will be determined by the Company's shareholders. The Company's ability to pay dividends in the future depends on numerous factors including, but not limited to, the Company's business, future profit, financial condition, results of operations, distributable reserves, cash flows, prospects, capital requirements, the ability of its subsidiaries to pay dividends to the Company, credit terms, general economic and statutory restrictions, and other factors that the Company's directors deem significant from time to time. There can be no assurance that dividends will be payable or paid in the future.

Shareholders in the United States or other countries outside of Sweden may not be able to participate in any potential future rights offers

Under Swedish law, prior to the issuance of any new shares for cash consideration, a company must offer such shares to current shareholders on the basis of their existing share ownership, unless otherwise resolved at a general meeting of shareholders. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that Handicare's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

Future sales of the Company's shares may depress the price of the shares

The market price of the Company's shares could decline as a result of sales of a large number of shares in the market after the Offering or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and at a price that it deems appropriate. Although the Principal Owner is subject to an agreement with the Managers that restricts its ability to sell or transfer its shares for 180 days after the date of the Underwriting Agreement, the Managers may, in their sole discretion and at any time, waive the restrictions on sales or transfer in the agreement during this period. Additionally, following this period, all shares owned by the Principal Owner will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

Exchange rate fluctuations could have an adverse impact on the value of shares and dividends

One of the factors that may influence the price of the shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the shares.

Handicare's reporting currency is EUR. The shares will, however, be quoted in SEK only. Consequently, the price of the shares will be exposed to fluctuations in SEK/EUR. Any potential future dividends or other equity distributions will be paid in EUR or SEK. As a result, shareholders outside of Sweden and/or the Euro zone may experience material adverse effects on the value of their shareholding and their dividends, when converted into other currencies, if the SEK or EUR depreciate against the relevant currency.

Future offerings of debt or equity securities by the Company may adversely affect the market price of the shares and may dilute all other shareholdings

In the future, the Company may attempt to increase its capital resources by offering shares and other share-related securities, debt securities, including commercial paper, senior or subordinated notes and medium-term notes. Upon liquidation, holders of any such shares and debt securities, and lenders with respect to other borrowings, would receive a distribution of its available assets prior to the holders of the shares. Moreover, additional equity offerings through e.g. directed offerings without pre-emptive rights for existing holders may dilute the economic and voting rights of the Company's existing shareholders, adversely affect the price of the Company's shares or both. Any such additional offering could reduce the proportionate ownership and voting interests of holders of shares, as well as the earnings per share and the net asset value per share. The holders of the Company's shares bear the risk of any future offerings reducing the market price of the shares, limiting dividend payments in respect of the shares by the Company, and diluting their shareholdings in the Company.

Presentation of financial and other information

GENERAL

This Offering Memorandum contains:

- Handicare's unaudited consolidated interim financial statements as of and for the six months ended 30 June 2017, which have been prepared in accordance with IFRS, as adopted by the European Union, and reviewed by Ernst & Young AB, as set forth in its review report included elsewhere herein, with comparative information as of and for the six months ended 30 June 2016;
- Handicare's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, which have been prepared in accordance with IFRS, as adopted by the European Union, and audited by Ernst & Young AB, as set forth in its audit report included elsewhere herein; and
- Certain pro forma financial information, see further "*—Pro forma financial information*".

With the exception of the historical financial information on pages F-2–F-44 in this Offering Memorandum and the pro forma financial information on pages 111–119, no other information herein has been audited or reviewed by the Company's auditor.

Where financial information as of and for the years ended 31 December 2016, 2015 and 2014 is presented herein as "from audited financial statements", such financial information has been derived from the Company's audited consolidated financial statements as of and for the years ended 31 December 2016 (for the 2016 financial information) and 2015 (for the 2015 and 2014 financial information), which were audited by Ernst & Young AB. Where financial information as of and for the six months ended 30 June 2017 and 2016 is presented herein as "unaudited", such financial information has been derived from the Company's unaudited interim consolidated financial statements as of and for the six months ended 30 June 2017, which were reviewed by Ernst & Young AB, with comparative figures for the six months ended 30 June 2016.

The Company presents its financial statements in EUR. Amounts included in the Company's financial statements that were not originally denominated in EUR have been translated into EUR using the average exchange rate for the financial period with respect to the income statement items and the period-end exchange rate with respect to statement of financial position items.

REORGANISATION AND CHANGE OF PARENT COMPANY DOMICILE

As of 1 January 2015, the Group completed a reorganisation as a result of which Handicare Group AB was established as the new parent company of the Group. Prior to 1 January 2015, Handicare Group AS (a company incorporated in Norway) was the parent company of the Group and it was owned by Cidron Liberty Systems S.à r.l. Before Handicare Group AB became the parent company of the Group (see below), Handicare Group AS prepared consolidated financial statements in accordance with IFRS.

In October 2014, Cidron Liberty Systems S.à r.l. acquired a dormant company (Sw. *lagerbolag*), Goldcup 10224 AB. The name of the dormant company was subsequently changed to Handicare Group AB. On 1 January 2015, Handicare Group AB acquired all shares in Handicare Group AS through a share-for-share exchange, pursuant to which Cidron Liberty Systems S.à r.l.'s contributed all of its shares in Handicare Group AS in exchange for newly issued shares in Handicare Group AB. The ownership of the minority shareholders in Handicare Group AS was not affected by the share exchange and the establishment of Handicare Group AB as the new parent company.

Handicare Group AB has prepared the consolidated financial statements for the Group as of and for the years ended 31 December 2016, 2015 and 2014, in accordance with IFRS as included in this Offering Memorandum.

As stated above, the financial information as of and for the year ended 31 December 2014 is derived from the Company's consolidated financial statements for 2015, where the comparative financial information as of and for the year ended 31 December 2014 has been included.

Handicare Group AB's consolidated financial information as of and for the years ended 31 December 2016, 2015 and 2014 included in this Offering Memorandum

has been audited by Ernst & Young AB, and Ernst & Young AB has issued an audit opinion in this regard. See further "*Historical financial information*".

QUARTERLY FINANCIAL INFORMATION

This Offering Memorandum contains certain quarterly financial information of Handicare for the period from the three months ended 31 March 2015 to the six months ended 30 June 2017. The Group management has presented this quarterly financial information because it believes that it is of value to investors as it enables a better evaluation of the Company's quarterly development during the period from the three months ended 31 March 2015 to the six months ended 30 June 2017. Other than the quarterly financial information for the six months ended 30 June 2017 and 2016, this quarterly financial information is based on information derived from the Company's internal management accounts, which are not included in the audited reports or otherwise reviewed by the Company's auditors. The quarterly financial information for the six months ended 30 June 2017 and 2016 is based on information derived from Handicare's unaudited interim consolidated financial statements for the six months ended 30 June 2017, which have been prepared in accordance with IFRS (IAS 34), as adopted by the European Union, and reviewed by Ernst & Young AB, as set forth in its review report included elsewhere herein, with comparative figures for the six months ended 30 June 2016.

PRO FORMA FINANCIAL INFORMATION

Handicare acquired Prism Medical on 1 September 2016. On 1 August 2017, Handicare entered into a share transfer agreement relating to the divestment of part of Handicare's Puls business (the "**BD Business**"). See "*Operating and financial review—Key factors affecting Handicare's results of operations—Acquisitions and divestments*" and "*Legal considerations and supplementary information—Acquisitions and divestments—Divestment of the BD Business*". These transactions will have a direct effect on the future earnings, financial condition and cash flows of the Group.

Handicare has prepared pro forma income statements for the periods from 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 in order to show the hypothetical effects that: (i) Handicare's business combination with Prism Medical, which was completed on 1 September 2016, would have had on Handicare's consolidated income statement for 2016 if this acquisition had been completed on 1 January 2016; and (ii) Handicare's sale of its BD Business, which was completed on 1 August 2017, would have had on Handicare's consolidated income statement for 2016 and the six months ended 30 June 2017 if this sale had been completed on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information also show the hypothetical effect that the sale of the BD Business would have had on Handicare's consolidated statement of financial position as of 30 June 2017 if the sale had been completed on 30 June 2017. See "*Pro forma*".

The pro forma financial information has been included to describe a hypothetical situation and has been prepared for illustrative purposes only. The pro forma financial information should be read in conjunction with the information contained in "*Historical financial information*", "*Operating and financial review*" and the Company's audited consolidated financial statements for the year ended 31 December 2016 and unaudited interim consolidated financial statements for the six months ended 30 June 2017 included elsewhere in this Offering Memorandum. The pro forma financial information does not include all of the information required for financial statements under IFRS.

The unaudited pro forma condensed financial information has been compiled in connection with the Offering Memorandum in connection with the Offering and prepared in accordance with Annex II of the Prospectus Directive. This information is not in compliance with SEC Regulation S-X, and had the securities been registered under the Securities Act, this unaudited pro forma financial information, including the report by the auditor, would have been amended and/or removed from the Offering Memorandum.

Moreover, the pro forma financial information may not necessarily reflect the Company's actual results of operations and/or financial condition if the acquisition of Prism Medical and divestment of the BD Business had actually been completed on such earlier date(s), and such pro forma financial information should not be considered to be indicative of the Company's results of operations for any future period. Accordingly, potential investors should not pay undue attention to the pro forma financial information.

NON-IFRS KEY OPERATING METRICS

In this Offering Memorandum, the Company presents certain key operating metrics, including certain key operating metrics and ratios that are not measures of financial performance or financial position under IFRS (alternative performance measures). The non-IFRS metrics presented herein are not recognised measures of

financial performance under IFRS, but measures used by Group management to monitor the underlying performance of the Company's business and operations. In particular, non-IFRS metrics should not be viewed as substitutes for income statement or cash flow items computed in accordance with IFRS. The non-IFRS metrics do not necessarily indicate whether cash flow will be sufficient or available to meet the Company's cash requirements and may not be indicative of the Company's historical operating results, nor are such metrics meant to be predictive of the Company's future results.

Group management uses these IFRS and non-IFRS metrics for many purposes in managing and directing the Company and has presented these metrics because it believes that these metrics are important and helpful in understanding the Company's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these or other non-IFRS metrics in the same way, the manner in which the Company has chosen to compute the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies.

The non-IFRS measures included in this Offering Memorandum are defined below.

Non-IRFS measure	Definition	Reason for use of the measure
Adjusted EBITA	EBITA excluding other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs, other efficiency projects.	Handicare believes that Adjusted EBITA is a useful measure for showing the Company's results generated by the operating activities and monitors Adjusted EBITA as the main profit and loss measure for the Company.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	Handicare believes that Adjusted EBITA margin is a useful measure for showing the Company's results generated by the operating activities.
Adjusted EBITDA	EBITDA excluding other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs, other efficiency projects.	Handicare believes that Adjusted EBITDA is a useful measure for showing the Company's results generated by the operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Handicare believes that Adjusted EBITDA margin is a useful measure for showing the Company's results generated by the operating activities.
Adjusted operating cash flow	Cash flow from operations (including changes in net working capital) excluding other specified items, less capital expenditures, but including proceeds from divesting of fixed assets. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs, other efficiency projects.	Adjusted operating cash flow is used to monitor the cash flow of the business.
Adjusted operating cash flow/Adjusted EBITDA	Adjusted operating cash flow as a percentage of Adjusted EBITDA	Adjusted operating cash flow/Adjusted EBITDA is used to understand the yield (return) on working capital and capital expenditures.
Capital expenditure	Investments in fixed assets; tangible as well as intangible assets, excluding financial assets.	Handicare uses capital expenditure as a figure for providing the total investments in operating assets.
Constant currency	Translation of the preceding period at the average exchange rates for the current period.	Improves comparability of revenue between periods.
EBIT margin	Operating profit (EBIT) as a percentage of revenue.	Handicare believes that EBIT margin is a useful measure together with revenue growth to monitor value creation.
EBITA	Earnings before interest, tax and amortisation.	Handicare believes that EBITA shows the results generated by the operating activities.

Non-IRFS measure	Definition	Reason for use of the measure
EBITA margin	EBITA as a percentage of revenue.	Handicare believes that EBITA margin is a useful measure together with revenue growth to monitor value creation.
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Handicare believes that EBITDA provides an understanding of operating earnings generated by the business disregarding the funding of the business.
EBITDA margin	EBITDA as a percentage of revenue.	Handicare believes that EBITDA margin is a useful measure together with revenue growth to monitor value creation.
Equity/assets ratio	Equity in relation to total assets.	Handicare believes this is a good measure to measure show which proportion of the total assets that is financed by equity and is used by the Group management to monitor the Company's long-term financial position.
Expansion capex	Investments (capital expenditure) in tangible and intangible assets related to automation of production and the new ERP system.	Expansion capital expenditure provides a picture of discretionary growth investments that are not expected to occur on an annual basis in subsequent years.
Gross profit	Revenue less direct costs (direct material, direct labour and freight costs) to manufacture and sell products.	This measure is used by Group management to monitor the contribution to cover indirect costs.
Gross margin	Gross profit as a percentage of revenue.	This measure is used by the Group management to monitor the return on direct manufacturing costs.
Maintenance capex	Investments (capital expenditures) in tangible and intangible assets required to maintain the functionality and efficiency of such assets.	Maintenance capital expenditure provides a picture of the ongoing requirement for investments to continue the current operations.
Net interest bearing debt	Interest-bearing liabilities less cash and cash equivalents.	Net interest-bearing debt is a measure showing the Company's total net indebtedness.
Net interest bearing debt/ Adjusted EBITDA	Net interest-bearing debt in relation to Adjusted EBITDA.	Handicare believes that this measure helps to show the financial risk and is a useful measure for the Group management on monitoring the level of the Company's indebtedness.
Net working capital	Inventory, accounts receivables, current tax assets and other receivables less accounts payable, current tax liabilities, other current liabilities as well as accrued expenses and deferred revenue.	The reason for the use of this measure is to show the Company's short-term financial health as it indicates whether the Company has sufficient short-term assets to cover short-term debt.

Non-IRFS measure	Definition	Reason for use of the measure
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. Average organic growth is calculated as the sum of organic growth during the relevant periods divided by the number of periods measured. The components are calculated as follows: *Acquisitions and divestments* Represents how acquisitions and divestments completed during the relevant period have affected reported revenue. To estimate the impact of acquisitions on the actual change in revenue, revenue contributions from acquired entities for the relevant period are subtracted from total revenue for the relevant period. For example, the effect of a business that was acquired on 30 September in a particular year represents the contributions to revenue in the fourth quarter of that year from the acquired business. For Rep-Tek, the estimated revenue contribution in 2016 has been derived from Handicare's financial and operating systems based on the aggregated revenue derived from the six workshops acquired by Handicare as part of the Rep-Tek transaction. To estimate the impact of divestments on the actual change in revenue, the revenue of the divested entities in the relevant period and in the comparative (prior) period is subtracted from total revenue for the relevant period and for the comparative (prior) period. *Currency exchange rate fluctuations* Represents how the reported revenue has been affected by the conversion of revenue generated in currencies other than EUR (which is the Group's reporting currency) between the relevant period and the comparative (prior) period. Revenues in different currencies other than EUR for the comparative (prior) period are converted using the applicable exchange rate of the relevant period to eliminate the effect of exchange rate fluctuation.	Organic growth is used by Handicare to monitor the underlying development of revenue between different periods at constant currency and excluding the impact of any acquisitions and/or divestments.

ROUNDINGS

Certain numerical information and other amounts and percentages presented in this Offering Memorandum may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number. In respect of financial data set out in this Offering Memorandum, a dash ("–") signifies that the relevant figure does not exist, while 0.0 signifies that the relevant figure is available but has been rounded to or equals zero.

CURRENCY

In this Offering Memorandum, all references to: (i) "**EUR**" is to Euro, the single currency of the member states (the "**Member States**") of the European Union participating in the European Monetary Union having adopted the Euro as its lawful currency, and "**MEUR**" indicates millions of EUR, (ii) "**SEK**" is to the lawful currency of Sweden; (iii) "**NOK**" is to the lawful currency of Norway; (iv) "**USD**" is to the lawful currency of the United States; (v) "**GBP**" is to the lawful currency of the United Kingdom; (vi) "**DKK**" is to the lawful currency of Denmark; and (vii) "**CAD**" is to the lawful currency of Canada. For certain information regarding rates of exchange between SEK and EUR and USD, see "*—Exchange rate information and regulation*". No representation is made that the SEK, EUR or USD amounts referred to herein could have been or could be covered into SEK, EUR or USD, as the case may be, at the rates referred to in "*—Exchange rate information and regulation*", at any particular rate, or at all.

INDUSTRY AND MARKET DATA

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including a market study the Company commissioned from a leading

international third-party consultancy firm, which was conducted in 2016 and finalised in 2017, and information otherwise obtained. Such information has been accurately reproduced, and, as far as the Company is aware and able to ascertain from such information, no facts have been omitted which would render the information provided inaccurate or misleading. The market study is based on primary interviews conducted with industry experts and participants, secondary market research, and internal financial and operational information supplied by, or on behalf of, the Company.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Offering Memorandum that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

This Offering Memorandum also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Handicare based on third-party sources, including market studies, and the Company's internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. The Company believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Handicare operates as well as its position within the industry. Although the Company believes that Handicare's internal market observations are reliable, Handicare's estimates are not reviewed or verified by any external sources. While Handicare is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed herein and in the section "*Risk factors*" in this Offering Memorandum.

None of the Managers or the Principal Owner assumes any responsibility for the correctness of any industry or market data included in the Offering Memorandum.

EXCHANGE RATE INFORMATION AND REGULATION

Investors with a reference currency other than the SEK may become subject to certain foreign exchange risks when investing in the Company's shares. The Company's equity capital is denominated in EUR, and any returns will primarily be distributed in SEK. The Company's shares will be denominated and traded in SEK on Nasdaq Stockholm. Investors whose reference currency is a currency other than the SEK may be adversely affected by any reduction in the value of the SEK relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting SEK into another currency. Investors whose reference currency is a currency other than the SEK are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks. To the extent owners of the Company's shares receive dividends that are converted from SEK to USD or EUR, fluctuations in the exchange rate between the SEK and the USD and EUR will affect the USD and EUR amounts received by owners of the Company's shares on conversion of dividends.

The following table sets forth, for the periods indicated, certain information regarding the noon buying rate in New York for cable transfers for EUR, expressed in EUR per USD. The noon buying rates are certified by the Federal Reserve Bank of New York for customs purposes and for cable transfers payable in foreign currencies. The average rate for a year means the average of the noon buying rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily noon buying rates during that month, or a shorter period, as the case may be. The rates below may differ from the actual rates used in the preparation of the Company's consolidated financial statements and other financial information appearing in this Offering Memorandum. The inclusion of the exchange rate information below is not meant to suggest that the EUR amounts actually represent such USD amounts or that such amounts could have been converted into USD at the rates indicated or at any other rate.

	Exchange Rate EUR per USD			
Year:	**High**	**Low**	**Period end**	**Average**
2014	1.3935	1.2141	1.2141	1.3285
2015	1.2043	1.0552	1.0887	1.1095
2016	1.1569	1.0364	1.0541	1.1069
Month:				
January 2017	1.0755	1.0385	1.0755	1.0614
February 2017	1.0808	1.0513	1.0597	1.0643
March 2017	1.0889	1.0514	1.0691	1.0685
April 2017	1.0930	1.0578	1.0930	1.0723
May 2017	1.1243	1.0860	1.1221	1.1058
June 2017	1.1413	1.1147	1.1412	1.1229
July 2017	1.1727	1.1329	1.1727	1.1511
August 2017	1.2048	1.1697	1.1825	1.1807
September 2017 (through 25 September)	1.206	1.1867	–	1.1947

	Exchange Rate SEK per EUR			
Year:	**High**	**Low**	**Period end**	**Average**
2014	9.6234	8.7661	9.3930	9.0985
2015	9.6557	9.1141	9.1895	9.3535
2016	10.0025	9.1381	9.5525	9.4689
Month:				
January 2017	9.5695	9.4390	9.4505	9.5110
February 2017	9.5675	9.4183	9.5675	9.4762
March 2017	9.5778	9.4610	9.5322	9.5279
April 2017	9.6390	9.5145	9.6318	9.5941
May 2017	9.7895	9.6273	9.7558	9.7097
June 2017	9.7953	9.6398	9.6398	9.7538
July 2017	9.6735	9.5333	9.5423	9.5892
August 2017	9.6210	9.4820	9.4818	9.5485
September 2017 (through 25 September)	9.5705	9.469	–	9.5198

On 25 September 2017, the noon buying rate as certified by the Federal Reserve Bank of New York for customs purposes, for EUR per USD, was EUR 1.1852 per USD 1.00.

The following table sets forth, for the periods indicated, certain information concerning the European Central Bank (the "**ECB**") daily reference rate published by the ECB (the "**ECB Daily Reference Rate**") for EUR, expressed in SEK per EUR. The average rate for a year means the average of the daily mid-rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily mid-rates during that month, or a shorter period, as the case may be. The period end rate represents the mid-rate on the last business day of each applicable period. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK have been, could have been, or could be converted into EUR, or vice versa, at the mid-rate or at any other rate.

On 25 September 2017, the ECB Daily Reference Rate for SEK per EUR was SEK 9.5325 per EUR 1.00.

Figures reported in the Offering Memorandum are presented in EUR unless otherwise specified. The Company's financial statements and financial information are denominated in EUR.

EXCHANGE CONTROL REGULATIONS IN SWEDEN

There are currently no foreign exchange control restrictions in Sweden, other than in certain national crisis situations, that would restrict the payment of dividends to a shareholder outside Sweden, and there are currently no restrictions that would affect the right of shareholders who are not residents of Sweden to dispose of their shares and receive the proceeds from a disposal outside Sweden. There is no maximum transferable amount either to or from Sweden, although transferring banks are required to report to the Swedish tax authorities any payments to or from Sweden exceeding SEK 150,000, or the foreign currency equivalent thereof. Such information may also be forwarded to authorities in the countries where the holders of the shares are resident.


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Invitation to acquire shares in Handicare Group AB (publ)

The Company and the Principal Owner have resolved to diversify the ownership base of the Company in order to further promote Handicare's growth and continued development. The Company's board of directors has therefore applied for listing of the Company's shares on Nasdaq Stockholm.

Pursuant to the terms and conditions set forth in this Offering Memorandum, investors are hereby invited to acquire a total of 17,092,310 shares, of which the Company is offering 11,439,000 newly issued shares and the Principal Owner is offering 5,653,310 existing shares. The Offer Price has been set at SEK 50 per share by the Company and the Principal Owner in consultation with the Joint Global Coordinators, on behalf of the Managers, based on the estimated investment interest, the discussions that preceded the commitments from the Cornerstone Investors, contacts with certain other institutional investors as well as current market conditions.

The Company's board of directors intends to, by power of authorisation from an extraordinary general meeting held on 30 August 2017, resolve on the final terms of the new issue of shares, which is expected to provide the Company with proceeds of approximately SEK 572 million (EUR 60 million)[1] before transaction costs. The number of newly issued shares in the Offering will amount to 11,439,000, resulting in an increase of the number of shares in the Company from 47,500,000 (after the implementation of the changes to the share capital, which are described in "*Shares and share capital—Certain changes to the share capital structure in connection with the Offering*"[2]) to 58,939,000, corresponding to an increase of 24.1 percent. Accordingly, for existing shareholders, a dilution of 11,439,000 new shares would arise, corresponding to 19.4 percent of the total shares after the Offering.

The Principal Owner is offering 5,653,310 existing shares, which represents approximately 33.1 percent of the shares in the Offering.

The Principal Owner will issue an option to the Joint Global Coordinators, on behalf of the Managers, which can be utilised in whole or in part for 30 days from the first date of trading in the Company's shares on Nasdaq Stockholm, to acquire additional existing shares from the Principal Owner, equal to 15 percent of the total number of shares in the Offering, at the Offer Price, to cover any over-allotment in connection with the Offering.

The Fourth Swedish National Pension Fund, Danica Pension and Holta Life Sciences AS have, subject to certain conditions, committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to, in aggregate, 12.7 percent of the outstanding shares in the Company upon completion of the Offering. The Fourth Swedish National Pension Fund has committed to acquire 5.1 percent of the outstanding shares in the Company following the Offering, Danica Pension has committed to acquire 4.19 percent and Holta Life Sciences AS has committed to acquire 3.4 percent. In addition, the Principal Owner has granted Danica Pension an option to acquire from the Principal Owner up to an additional 0.80 percent of the total number of outstanding shares in the Company immediately following completion of the Offering at a price that corresponds to the Offer Price. This option may be exercised within 180 days from the completion of the Offering.

Provided that the Over-allotment Option is exercised in full, the Offering encompasses 19,656,157 shares, which represents approximately 33.4 percent of the shares and votes in the Company, after completion of the Offering. The total value of the Offering amounts to SEK 854,615,500, and SEK 982,807,850 if the Over-allotment Option is exercised in full. The number of shares in the Company after the Offering (and after the implementation of the changes to the share capital, which are described in "*Shares and share capital—Certain changes to the share capital structure in connection with the Offering*"[2]) will amount to 58,939,000, which, based on the Offer Price of SEK 50 per share, results in a total market value of the shares in the Company corresponding to approximately SEK 2.9 billion.

Stockholm, 27 September 2017

Handicare Group AB (publ)
The board of directors

Luxembourg, 27 September 2017

Cidron Liberty Systems S.à r.l

1) The EUR amounts in this section have been calculated based on a SEK/EUR exchange rate of 9.53.
2) In connection with the listing of shares on Nasdaq Stockholm, the Company will carry out one bonus issue and two issues in-kind, which will increase the number of shares in the Company by 9,195,800, from 38,304,200 to 47,500,000.

Background and reasons and use of proceeds

BACKGROUND AND REASONS

Handicare is a leading, global provider of mobility solutions in the accessibility and patient handling markets measured by revenue. It offers solutions and support to increase the independence and mobility of the elderly and physically challenged as well as to improve the convenience and safety of work environments of those caring for them. Handicare's products include a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and medical equipment. The Group manages its operations under three business areas: Accessibility, Patient Handling and Puls.

Handicare was acquired by the Principal Owner in 2010. Since then, Handicare has streamlined its corporate structure, portfolio and platform in order to focus on its core Accessibility and Patient Handling businesses, facilitated by e.g. the divestiture of its Mobility (wheelchair) division in 2015 and the acquisition of Prism Medical in 2016. In recent years, the Group has introduced several automation and sourcing initiatives and initiated its Commercial Excellence Strategy for organic growth and increased profitability. Following this operational transformation, which also included the relocation of its head office from Moss (Norway) to Kista (Sweden) in 2015, the Group believes it is well-positioned for continued profitable growth as a leader in providing healthcare equipment to elderly, disabled and to those caring for them.

As a result of its strategic and operational initiatives, Handicare has delivered strong organic growth and operating leverage over the last three years. During the period 2014 to 2016, average organic growth[1)] for Accessibility and Patient Handling—Handicare's main business areas—was 5.0 percent, whereas total revenue increased from EUR 231.8 million in the year ended 31 December 2014 to EUR 274.5 million (pro forma) in the year ended 31 December 2016, representing a CAGR of 9 percent, ahead of market growth in Handicare's main markets of approximately 5 percent[2)]. See "*Pro forma*". In addition, Handicare improved its Adjusted EBITA margin[3)] from 4.3 percent in the year ended 31 December 2014 to 7.2 percent in the year ended 31 December 2016.

Nordic Capital's investment strategy is to acquire and support the growth of attractive companies with development potential. The investment strategy also entails a subsequent divestment of every acquired company within a certain period. The board of directors and Group management of the Company, together with the Principal Owner, believe that the time is appropriate for a listing of the Company, as Handicare has reached relevant global scale with leadership positions in key markets, is well-invested and positioned for continued profitable growth. Notwithstanding this fact, the Principal Owner will remain a large and committed shareholder and is, by retaining a part of its holding, able to participate in the future development of the Company. Handicare has established a solid platform and has further potential for substantial future growth and improved results during the coming years.

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of organic growth to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Organic growth for the Group*".
2) Source: Handicare estimates based on market analysis.
3) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of Adjusted EBITA to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin for the Group*".

The Offering and the listing on Nasdaq Stockholm will increase the shareholder base and enable the Company to access the Swedish and international capital markets, which is expected to support Handicare's continued growth and development. The board of directors and Group management, supported by the Principal Owner, consider the Offering and listing of the Company's shares to be a logical and important next step in Handicare's development, which will also serve to increase the public awareness of Handicare and its operations.

USE OF PROCEEDS

The Company will in connection with the Offering carry out an issue of new shares. See also "*Invitation to acquire shares in Handicare Group AB (publ)*". The issue of new shares is expected to provide Handicare with approximately SEK 572 million (EUR 60 million) before deduction of transaction costs of approximately SEK 22 million (EUR 2.3 million). Consequently, Handicare expects to receive net proceeds of SEK 550 million (EUR 57.7 million).[1)] Handicare intends to use the net proceeds for the purpose of the repayment and refinancing of the Company's existing credit facility and thus achieve a net indebtedness which enables the Company to achieve its financial target relating to capital structure as resolved by the Company's board directors, see "*Business overview—Financial targets*". The Company will not receive any proceeds from the sale of existing shares by the Principal Owner.

The board of directors of Handicare Group AB (publ) is responsible for the content of this Offering Memorandum. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Offering Memorandum is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, 27 September 2017

Handicare Group AB (publ)
The board of directors

The Company's board of directors is alone responsible for the content of this Offering Memorandum. However, the Principal Owner confirms its commitment to the terms and conditions of the Offering in accordance with what is set out in "Invitation to acquire shares in Handicare Group AB (publ)".

1) The EUR amounts in this section have been calculated based on a SEK/EUR exchange rate of 9.53.

Industry overview

This Offering Memorandum contains statistics, data and other information concerning markets, market sizes, market shares, market positions and other industry information relating to the sectors and regions in which Handicare operates. Certain information set forth in this section has been derived from external sources, including market studies and publicly available industry publications or reports. A market study has been prepared for the Company by a leading international third-party consulting firm. See "Presentation of financial and other information—Industry and market data" for more information. Industry publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable but the accuracy and completeness of such information is not guaranteed. The Company believes that these industry publications, reports and forecasts are reliable, but the Company has not independently verified them and cannot guarantee their accuracy or completeness. As far as the Company is aware and able to ascertain from such information, no facts have been omitted that would render the reproduced information inaccurate or misleading. The market and industry information contains estimates regarding future market trends and other forward looking statements. Forward-looking information does not constitute any warranty regarding future results or trends and the actual outcome may differ significantly from what is stated in such forward-looking information. See "Important information—Cautionary note regarding forward-looking statements" on the inside of the Offering Memorandum and "Risk factors".

Handicare's competitors may define their respective markets and market positions differently than Handicare, and may also define operations and measurements of results in a way that makes the information not comparable with that of Handicare.

INTRODUCTION

Handicare is a leading, global provider of mobility solutions in the accessibility and patient handling markets measured by revenue. It offers solutions and support to increase the independence and mobility of the elderly and physically challenged as well as to improve the convenience and safety of work environments of those caring for them. Handicare's products include a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and medical equipment. Handicare also offers services to customers, ranging from installation and repairs to supervision and performance optimisation, which help to ensure that the Group's solutions are properly maintained and optimised for customer use.

The market for accessibility products includes curved and straight stairlifts, vehicle accessibility products and related services. The market for patient handling products includes transfer, lifting and repositioning aids products. The potential addressable market size of these markets was approximately EUR 3 billion in 2016.[1)] The total size of the main markets for Handicare[2)] was approximately EUR 1.7 billion in 2016.[3)] The main markets are growing at healthy rates with growth in North America outpacing European markets.[4)] Handicare also operates Puls, a distributor of medical consumables and devices in Norway and Denmark, which targets a market of approximately EUR 235 million in 2016.[5)]

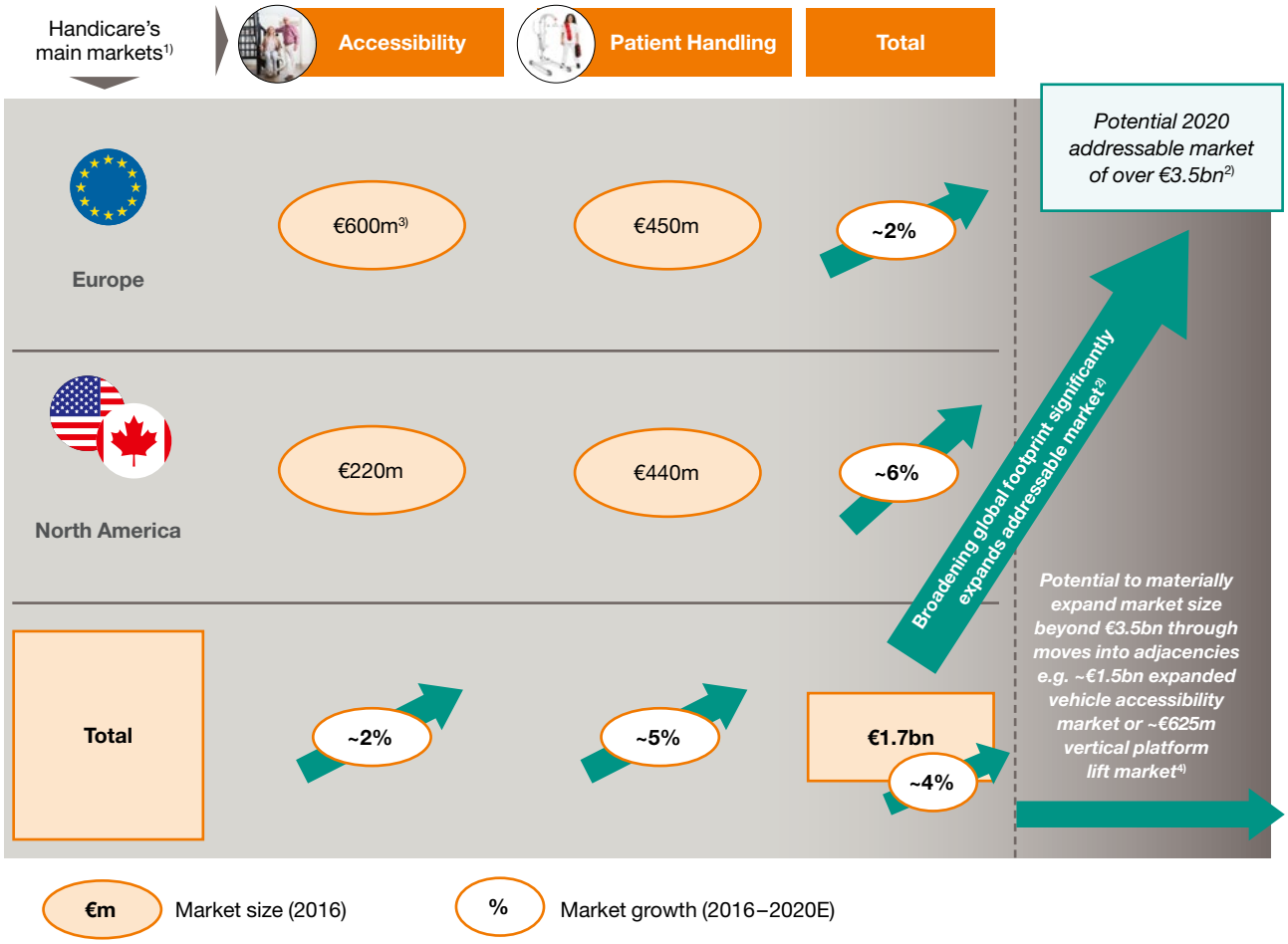
Handicare's main markets are generally supported by attractive fundamentals, including healthcare macro drivers, supportive healthcare economics and barriers to entry. Handicare believes that these market features enable significant opportunities for a provider with global presence and local capabilities, such as Handicare.

1) Source: Handicare estimates based on market analysis. Indicative estimate of global market size, based on extrapolating spend on patient handling and accessibility products as share of GDP to all countries in the world, taking into account varying levels of economic development (i.e., adjusting for variations in GDP/capita).
2) Handicare's main markets are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark within Accessibility and the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway within Patient Handling.
3) Indicative estimate of market size, based on extrapolating spend on patient handling and accessibility products as share of GDP in Handicare's main markets, taking into account varying levels of economic development (i.e., adjusting for variations in GDP/capita).
4) Source: Handicare estimates based on market analysis.
5) Source: Handicare estimates based on market analysis. Based on all sales of health care consumables and equipment sold to the health care system.

The table below sets out the estimated market size and expected yearly growth for the two main segments in which the Company operates, accessibility and patient handling. For a more detailed description of the accessibility and patient handling markets, see "*—Relevant accessibility market*" and "*—Relevant patient handling market*".

Handicare operates in structurally growing healthcare markets

Market size (MEUR) and expected growth



Source: Handicare estimates based on market analysis.

1) Handicare's main markets are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark within Accessibility and the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway within Patient Handling.
2) ~EUR 3bn indicative estimate of 2016 global market size, based on extrapolating spend on Patient Handling and Accessibility products as share of GDP to all countries in the world, taking into account varying levels of economic development (i.e. adjusting for variations in GDP/capita). Grossed up by market growth of ~4%.
3) Split between stairlifts (EUR 440 million) and Vehicle Accessibility (EUR 155 million).
4) Group management estimate.

ATTRACTIVE UNDERLYING FUNDAMENTALS

The main markets for Handicare benefit from attractive underlying fundamentals that have enabled Handicare's track record of low cyclicality in revenue and revenue growth in the five-year period between 2011 and 2016. The fundamental growth drivers for these markets include robust healthcare macro drivers, supportive healthcare economics and barriers to entry.

Robust healthcare macro drivers

The main healthcare macro drivers include:

- **Growth in ageing population:** Number of people aged 60+ are expected to increase more than the overall population in relevant countries, implying overall market growth as elderly have higher demand for health care services. Between 2016 and 2026, the number of people in the world aged 60 years or over

is projected to grow by a compound annual growth rate ("**CAGR**") of 3 percent, from 924 million to 1.3 billion, according to Euromonitor data for North America, Japan, Western Europe and China. By 2050, the global population of persons 60+ is projected to more than double in size from 2016, reaching nearly 2.1 billion, according to the United Nations. Handicare believes there is a strong correlation between elderly population percentage and incidence of events driving the demand for Handicare's products.

- **Increasing prevalence of chronic diseases:** Several chronic diseases related to lifestyle, such as diabetes and obesity, are becoming more prevalent in the population, leading to increased demand for Handicare's products. For example, the number of persons with diabetes is expected to grow from 65 million in 2016 to 72 million in 2026[1]. Similarly, the number of obese and overweight persons is forecasted to increase from 198 million in 2016 to 221 million in 2026[2].
- **Increasing life expectancy of patients with chronic diseases:** Due to earlier detection and more effective treatment, patients with chronic conditions are living longer on average, extending the period of time where they are potentially reliant on the industry's products. For example, life expectancy of people with Type 1 diabetes has risen from 53 years for people born in 1950–1964 to 69 years for people born in 1965–1980[3].
- **Increasing preference to stay at home longer:** Increasing desire to stay at home[4] and increased municipal budget constraints are factors that have supported the attractiveness of home care.

These factors are expected to drive growth in Handicare's main markets, including potential for meaningful expansion of Handicare's addressable markets.

Supportive healthcare economics

Products in Handicare's main markets are generally financed by a mix of private payments, reimbursements from government sponsored healthcare services or from private insurance. Coverage and reimbursement levels vary significantly by country. However, per capita healthcare costs have risen and are expected to continue to rise, leading to further healthcare budget constraints. Many global healthcare systems are seeking to limit overall cost increases through cost containment. In turn, this provides strong incentives for healthcare systems to move patients to home care settings as soon as possible and keep people in their homes for a longer time.[5] For example, United States home care costs are on average 96 percent lower than in acute hospital setting (approximately 65 percent lower than in a long-term care setting)[6].

For Patient Handling, Handicare's products contribute to reducing the number of days required to stay in the hospital, for example, by decreasing the incidence of pressure ulcers, decreasing the amount of sick leave taken by caregivers caused by injuries related to patient handling and by reducing ancillary staff requirements. For example, a study conducted at the Karlskoga Hospital in Sweden showed that following implementation of Handicare's patient handling products in 2000, there was a significant reduction in sick leave days related to injuries attributed to the transfer of patients – from approximately 400 days per year to only 6 days per year[7].

Handicare's products enable reduced spend for healthcare providers as they help reduce a patient's length of stay in a hospital or an institution or help people stay at home longer.

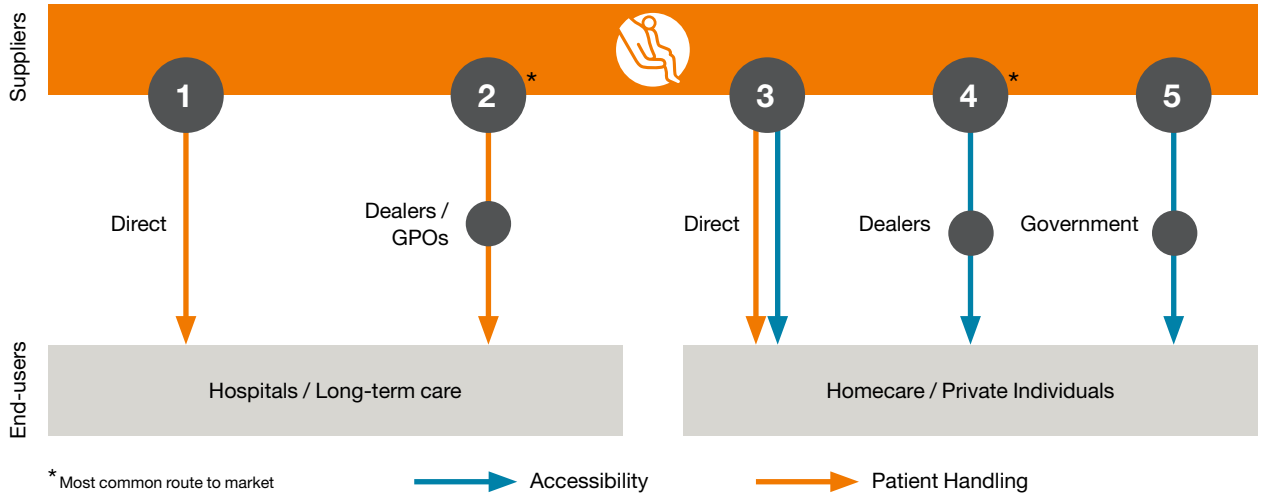
Barriers to entry

Handicare's main markets are characterised by barriers to entry, which favour established players, in particular within accessibility and patient handling. Successful participation in these markets requires:

- **Global scale and specific capabilities** that are needed to navigate complex routes-to-market as countries have mixed composition of direct sales, distributors, governments or GPOs.

1) Source: Datamonitor. Includes the United States, Japan, Western Europe and China.
2) Source: Datamonitor. Includes the United States, Japan, Western Europe and China.
3) Source: The Pittsburgh Epidemiology of Diabetes Complications Study Cohort (2012).
4) Source: Aging in Place: A State Survey of Livability Policies and Practices (2011).
5) Source: Handicare estimates based on market analysis.
6) Source: External market study using data from longtermcare.acl.gov (2010 data) and beckershospitalreview.com (2014 data). Based on costs per patient, per day for intermediate level of care. Costs include all medication, personnel, treatment and procedure, and food and accommodation costs.
7) Based on an internal study performed by the Karlskoga Hospital, Sweden in 2000. Karlskoga Hospital started to use Patient Handling transfer products in 2000. Data analyses sick days related to injuries attributed to transfer of patients.

Multiple complex routes-to-market



Source: Handicare based on market analysis.

- **Extensive dealer and distributor networks** are needed to generate leads to end-customers and build a base of products in different geographies and markets.
- **Lean and agile manufacturing capabilities** are essential to secure product supply. In particular, Handicare believes that an excellent customer experience, e.g. through the use of technology (such as Handicare's proprietary *PhotoSurvey 3D* technology) and fast delivery times, is essential given the often immediate need of end-users.
- **Track record of** reliable and high quality products is central for customers' selection.
- **Regulatory compliance** is essential since medical devices, including patient handling products, stairlifts and vehicle accessibility products are subject to regulation by governmental authorities, such as the FDA, the EU, the EEA and other national and/or local governmental authorities. These governmental regulations govern, among other things, the testing, manufacturing, safety, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, recordkeeping, promotion, distribution, production, tariffs, duties and tax requirements. For example, in the EU, patient handling products are required to comply with the MDD before they can be commercialised. Furthermore, unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) pre-market notification, or approval of a pre-market approval application. In certain jurisdictions, providers of medical devices are required to maintain relevant ISO certifications to be eligible to sell their products in that market. For example, in Canada, Handicare's stairlifts are required to be ISO 13485 certified, and, in Europe, Handicare's stairlifts are required to comply with EN 81-40:2008 and certain other regulations, such as the RoHS Directive and the EMC Directive. In the United States, manufacturers of medical devices are also subject to QSR, requiring compliance with stringent design, testing, control, documentation and other quality assurances, as well as other requirements imposed by the FDA. For more details on applicable standards and regulations, see "*Risk factors—Risks relating to Handicare's business and industry—Risks relating to regulation*".
- **Financial robustness** and significant capital investments are required in Handicare's markets. In particular within R&D and production to meet market demand and growth. A strong financial structure is required to support these investments.

These barriers to entry are expected to favour the largest players with global presence and capabilities, such as Handicare. This is also evidenced by the largest players' M&A activity in recent years, such as Handicare's acquisition of Prism Medical, Hill-Rom's acquisition of Welch Allyn and Savaria's acquisition of Premier Lift.

RELEVANT ACCESSIBILITY MARKET

Market size and structure

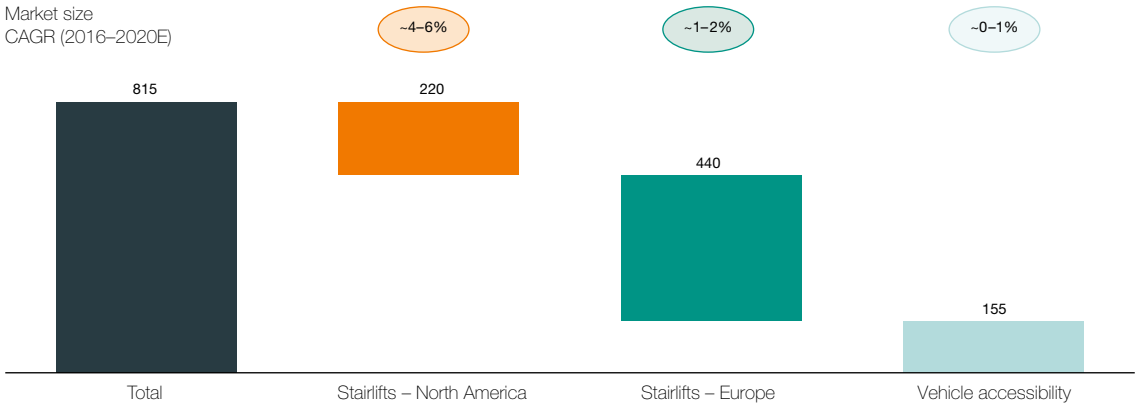
The size of Handicare's main accessibility markets was approximately EUR 815 million in 2016.[1] The main markets are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark.

The accessibility market is mainly comprised of two main product segments:

- **Stairlifts:** consisting of straight and curved stairlifts to help individuals move between floors in their homes. These are typically applied in private dwellings and houses. Curved stairlifts are made to order, to follow the shape of stairs, making it a more expensive product than straight stairlifts. Curved stairlifts also require more careful measurement, design and manufacturing.
- **Vehicle accessibility:** consisting of vehicle products and vehicle conversions to make cars accessible for individuals with disabilities.

Main accessibility markets consist of two product segments, of which stairlifts is the largest

Market size of accessibility in main markets in 2016 (MEUR)



Source: Handicare estimates based on market analysis.
Note: Market size for stairlifts based on end-customer prices. Market size for vehicle accessibility includes the value of the service of converting the vehicles and the value of the products used in the conversion. Market size for vehicle accessibility only takes into account the markets in Norway and Denmark (~MEUR 75) and the market for external product sales in the EU, in markets where Handicare is present today (~MEUR 80).

Stairlifts has traditionally been a relatively unsophisticated market where family members of end-users are often making the buying decision. The first product fitted to the premises is usually purchased. Go-to-market models are to some extent changing from dealers/distributors to direct sales, mainly evident in the most developed European countries like the United Kingdom and the Netherlands. Most users tend to purchase completely new products and end-users often start searching for these products when an immediate need arises. High product quality, reliability and short lead times are key factors for end-users. Market interviews suggest that in situations where the end-user has chosen between several providers, the sales person has been a critical factor for the purchase decision. Although vertical platform lifts are partly substitutes to stairlifts, they remain more expensive and are not yet an established alternative to stairlifts in the home segment.

Accessibility products are funded by a mix of private and public funding. Private funding includes insurance plans and out-of-pocket payments. Public funding includes government reimbursements and vouchers. The United Kingdom and the Netherlands have the largest share of government funding (estimated around 30–35 percent in market analysis). In the United Kingdom, the government supports purchases with up to GBP 3,000 whereas in the Netherlands there is coverage for the full price (with some form of co-pay element). In Germany, the percentage of public funding amounted to less than 10 percent with support covering up to EUR 4,000. In France, 10–20 percent of market volumes were publicly funded in 2016 through tax subsidies (through a reduction

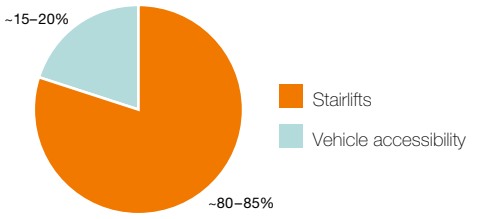
1) Source: Handicare estimates based on market analysis. Market size for stairlifts based on end-customer prices. Market size for vehicle accessibility includes the value of the service of converting the vehicles and the value of the products used in the conversion.

of income tax) for eligible customers, with additional reimbursement programmes available. In the United States private funding accounted for approximately 85 percent of market volumes and approximately 15 percent was publicly funded.[1)]

Vehicle accessibility has historically been a sub-segment that targets a stable and slow-moving market for vehicle conversions and related products, mainly targeting disabled individuals. Demand for vehicle accessibility products is driven by an increasing desire for greater independence and further supported by population growth. The go-to-market model in Denmark and Norway for vehicle accessibility consists of national or local tender processes.

Stairlifts is the largest and fastest growing product segment in accessibility

Main market size by product segment (2016)



Source: Handicare estimates based on market analysis.

Market outlook

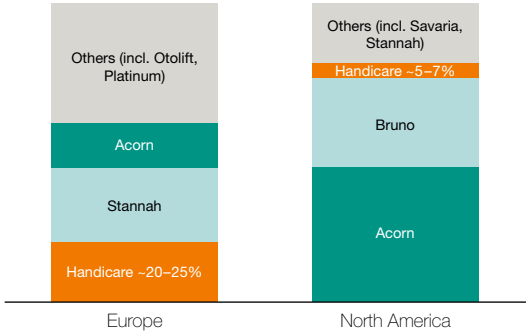
The main stairlift markets for Handicare are the United Kingdom, the Netherlands, Germany, France, Italy and the United States. The European markets are expected to continue to grow by a stable rate of 1–2 percent per year between 2016 and 2020 driven by volumes, while the United States market is expected to grow by 4–6 percent, driven by a generally lower market maturity than in Europe. Germany, France and Italy are expected grow faster than the main European markets as a whole. The market for stairlifts is expected to be supported by several structural underlying fundamentals such as an ageing population and an increasing desire for independence.[2)]

Competitive landscape

The main stairlift markets are relatively consolidated with the three largest players controlling over 60 percent of the market in 2016, however, the remaining share is fragmented. Acorn, Handicare, Savaria and Stannah are the main players in the main markets. Based on revenue, Handicare is in a leading position in Europe, together with Stannah (having similar estimated market shares of approximately 20–25 percent[3)]), and has a challenger position in the United States market (currently with a relatively low market share of approximately 5–7 percent). Acorn is the market leader in the United States and is further characterised by its strategy to increase use of direct sales, mainly through advertising campaigns with a focus on curved stairlifts.[4)] In addition, there are several smaller regional players that have a strong presence in selected markets such as Otolift in the Netherlands and Bruno in the United States. Many of the regional players are currently family owned.

Handicare is one of the global market leaders within stairlifts

Estimated market shares in main stairlift markets by revenue (2016)



Source: Handicare estimates based on market analysis.

The main vehicle accessibility markets for Handicare are Norway and Denmark. These are highly concentrated and have remained stable in terms of competition in recent years. The Norwegian market is dominated by Handicare, having a 45–50 percent market share, and Etac. The Danish market is dominated by Handicare and Langhøj.[5)]

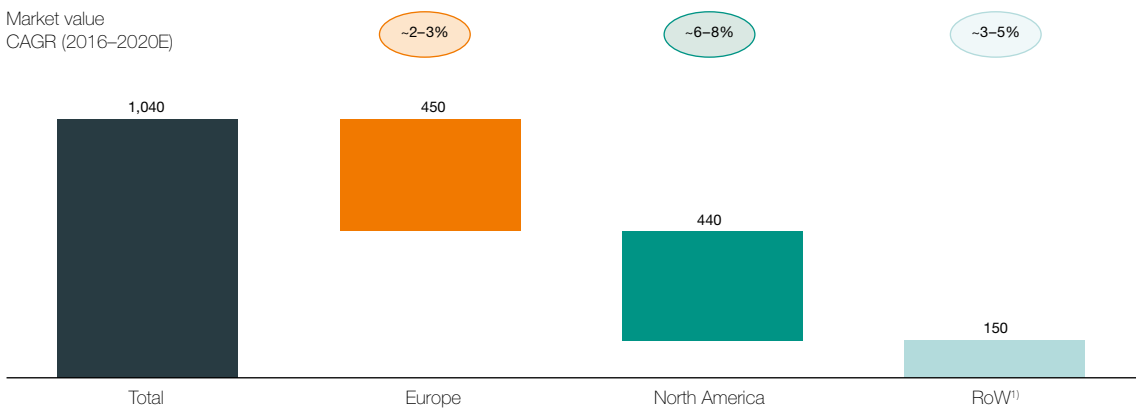
1) Source: Handicare estimates based on market analysis.
2) Source: Handicare estimates based on market analysis.
3) Market share and market position based on France, Germany, the Netherlands and the United Kingdom.
4) Source: Handicare estimates based on market analysis.
5) Source: Handicare estimates based on market analysis.

RELEVANT PATIENT HANDLING MARKET

Market size and structure

The size of Handicare's main patient handling markets was approximately EUR one billion in 2016.[1)] The main markets are the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway. Handicare also targets other countries across the world, mainly via local distributors.

The size of Handicare's main patient handling markets is approximately EUR one billion and these markets are expected to grow at a healthy level recently, with the North American market growing the fastest



Source: Handicare estimates based on market analysis.
Note: Market size is based on end-customer prices.

1) RoW includes other Western European countries (excluded in the main markets), Central and Eastern Europe, Russia, Turkey and the Baltics.

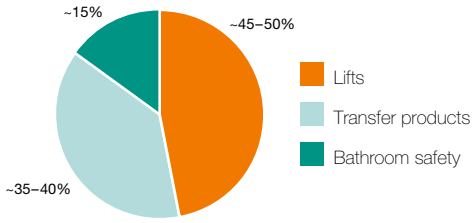
The patient handling market, as defined by Handicare is mainly comprised of three main product segments:

- **Lifts:** consisting of mobile lifts (floor-based) and ceiling lifts used for repositioning patients from/to other locations.
- **Transfer products:** used for facilitating patient mobility, such as lifts and transfers. Product examples include slings, sliding sheets and sit-to-stand aids.
- **Bathroom safety:** equipment used to facilitate and ensure mobility in bathrooms. Product examples include toilet, showering and bathing aids.

While lifts and bathroom safety products typically are intended for long-term use, transfer products are often one-time products or have short replacement cycles, e.g. slings. The sales process for patient handling products is generally characterised by a high degree of education and training by the suppliers to the caregivers, which in turn requires the suppliers to employ clinically-educated sales staff.

Lifts and transfer products constitute the largest product segments in patient handling

Main patient handling markets by product segment (2016)



Source: Handicare estimates based on market analysis.

Hospitals and long-term care facilities constitute the largest purchasers of patient handling equipment. While larger hospitals and institutions have increased their use of centralised tender processes in recent years, smaller players typically employ a less structured purchase process. Sales of lifts typically come with a service agreement for maintenance and repair. Such service contracts have historically not been a major source of revenue for the industry players, although the additional touchpoints with the customer offers an opportunity for cross- and up-selling. Patient handling products are

1) Source: Handicare estimates based on market analysis. Based on end-customer prices.

funded by a mix of private and public financing. For example, in the United Kingdom approximately 70 percent of the market was financed by public funding in 2016. In the United States approximately 15–25 percent of the market was financed by public funding and 75–85 percent was privately funded in 2016.[1)]

Market outlook

The main markets are expected to grow at a rate of 2–4 percent per year between 2016 and 2020, with the market in North America expected to outpace the European markets with growth of 6–8 percent per year between 2016 and 2020. Market growth is expected to be driven by several underlying structural fundamentals such as an ageing population, increased chronic conditions resulting in decreased mobility (such as obesity and diabetes) and increased focus on caregiver safety. In Europe and Canada, regulations governing caregiver safety have historically been more prevalent than in the United States (on average)[2)], indicating higher growth rates in the United States and a lower market penetration.[3)]

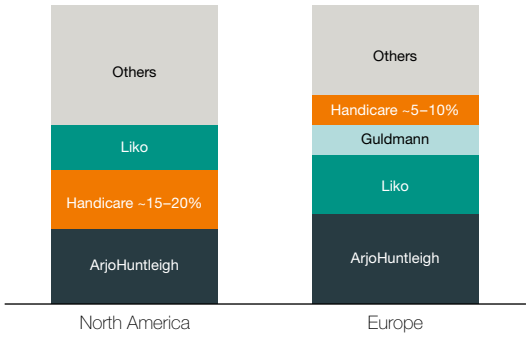
Competitive landscape

The main patient handling markets are relatively consolidated with the four largest players controlling over 50 percent of the market in 2016. Based on revenue, ArjoHuntleigh (part of Getinge Group), Liko (part of Hill-Rom), Handicare and Guldmann are the largest players in Handicare's main markets.[4)] In addition, there are smaller regional players that have a strong presence in selected markets, such as Etac in the Nordics, Ergolet in Denmark and Joerns Healthcare in the United Kingdom. Several industry players are currently family-owned (e.g. Guldmann).

All of these players offer broad portfolios and ranges of products. Handicare has a leading position in its main markets, mainly focusing on small to medium sized hospitals and institutions, and is known for its high-quality products and focus on educating nurses, doctors and other caregivers.

Handicare is the one of the market leaders in North America and in Europe[1)]

Estimated market shares in main patient handling markets based on revenue (2016)



Source: Handicare estimates based on market analysis.
Note: After giving full-year effect to Handicare's acquisition of Prism Medical.

1) Includes Denmark, Germany, the Netherlands, Norway, Sweden and the United Kingdom.

New market entrants have not captured significant share due to the barriers to entry in this segment. Key attributes for successful competitors include a broad product portfolio, caregivers' loyalty to the products and brands, required regulatory approvals (from, e.g. the FDA), time to build relationships with doctors and nurses and a broad distribution network.

RELEVANT PULS MARKET

Market size and structure

The size of Handicare's Puls market was approximately EUR 235 million in 2016.[5)] The market includes Norway and Denmark and the market is expected to grow by an annual rate of 2–5 percent between 2016 and 2020.[6)]

The Puls market includes the distribution of consumables and medical devices (such as anaesthesia machines, diabetes care products and surgical implants) from leading manufacturers and suppliers. Products are supplied to homecare and care providers (such as hospitals, institutions and universities). A large share of product sales in the market is based on large contracts

1) Source: Handicare estimates based on market analysis.
2) Ten states in the United States have recently implemented new regulations related to caregiver safety. Similar regulations have been implemented in the United Kingdom since the early 1990s.
3) Source: Handicare estimates based on market analysis.
4) Source: Handicare estimates based on market analysis.
5) Source: Handicare estimates based on market analysis. Based on all sales of health care consumables and equipment sold to the health care system.
6) Source: Handicare estimates based on market analysis.

that are centralised/tendered on a national level. The majority of the market in Norway is funnelled through NAV, which coordinates purchases on behalf of the Norwegian hospitals/municipalities in Norway, while distributors in Denmark typically sell directly to caregivers.

Market outlook

The Puls market is expected to continue to grow between 2016 and 2020, mainly driven by an increasing share of elderly population. The home care segment is expected to outgrow the care provider segment due to increased focus in both Norway and Denmark on supporting people in their homes.[1)]

Competitive landscape

Puls' main markets in Norway and Denmark are overall fragmented, with Handicare competing with different distributors in each product segment. Most players (including Puls) act as pure distributors between producers and end-customers (i.e. caregivers and individuals). Based on revenue, Handicare is one of the market leaders in Norway, and has a smaller presence in Denmark (mainly in homecare).[2)] Competitors in Norway include Vingmed, Dico, MedKemi and Antibac. Competitors in Denmark include Abena and One.

1) Source: Handicare estimates based on market analysis.
2) Source: Handicare estimates based on market analysis.

Business overview

INTRODUCTION

Handicare is a leading, global provider of mobility solutions in the accessibility and patient handling markets measured by revenue. It offers solutions and support to increase the independence and mobility of the elderly and physically challenged as well as to improve the convenience and safety of work environments of those caring for them. Handicare's products include a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and medical equipment. Handicare also offers services related to its products, ranging from installation and repairs to supervision and performance optimisation, which help to ensure that the Group's solutions are properly maintained and optimised for customer use.

The Group manages its operations under three business areas: Accessibility, Patient Handling and Puls. Accessibility and Patient Handling are Handicare's main business areas comprising 86 percent, or EUR 225 million, the Group's revenue in the year ended 31 December 2016 (pro forma: 93 percent of EUR 274 million. See "*Pro forma*").

- **Accessibility:** Within Accessibility, Handicare offers curved and straight stairlifts, primarily for the home setting, with a complementary offering of vehicle accessibility products. Handicare's service offering in Accessibility includes service, installation, spare parts and vehicle conversions. In the year ended 31 December 2016, Accessibility accounted for 67 percent of the Group's revenue (pro forma: 64 percent. See "*Pro forma*"). Main markets in Accessibility are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark. In the year ended 31 December 2016, Handicare derived 90 percent of its Accessibility revenue from Europe (primarily the United Kingdom, the Netherlands, the Nordics, France and Germany). A smaller portion of the Group's Accessibility revenue for the year ended 31 December 2016 was derived from North America (7 percent) and RoW (3 percent).
- **Patient Handling:** Within Patient Handling, Handicare offers a comprehensive range of patient transfer and lifting products primarily for the hospital setting. Handicare's service offering in Patient Handling includes service and installation. In the year ended 31 December 2016, Patient Handling accounted for 19 percent of the Group's revenue (pro forma: 29 percent. See "*Pro forma*"). Main markets in Patient Handling are the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway. In the year ended 31 December 2016, Handicare derived for 48 percent of its Patient Handling revenue from North America, 47 percent from Europe (primarily the United Kingdom, the Netherlands and the Nordics) and 5 percent from RoW.
- **Puls:** Within Puls, Handicare distributes medical equipment and consumables in Norway and Denmark. In the year ended 31 December 2016, Puls accounted for 14 percent of the Group's revenue (pro forma: 7 percent. See "*Pro forma*").

Handicare benefits from a comprehensive global network of sales representatives who operate across distribution channels, including dealers, GPOs and governmental entities, in order to provide Handicare's products to the ultimate end-users, including hospitals, long-term care facilities and private individuals. Handicare's sales representatives also sell directly to these end-users.

Handicare's headquarters are located in Kista, Sweden. The Group sells its products globally with sales in over 20 countries. In the year ended 31 December 2016, Handicare derived 83 percent of the Group's revenue from Europe, 14 percent from North America and 3 percent from RoW. In both of its main business areas, Accessibility and Patient Handling, Handicare holds top three market positions in its main markets[1)].

Since 2000, Handicare has expanded through both organic and inorganic growth including through 24 completed acquisitions, to broaden its geographical footprint and product offering. In recent years, the Group's strategic priorities have been to simplify and professionalise the organisation, automate production and continue to innovate and improve the product and service offering.

1) Handicare's main markets are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark within Accessibility and the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway within Patient Handling.

HISTORY

Handicare was founded in 1986 after three paralysed men met at a rehabilitation centre in Norway. The men, inspired to develop better and more innovative mobility solutions for the disabled, decided to form a company named "Rullestolekspertene", using a garage as their first workshop.

In the 1990s and 2000s, Handicare underwent significant international expansion, building manufacturing capacity and sales organisations across the Nordics, North America, Europe and China. Handicare also evolved its business to offer a complete range of transfer and lifting aids, stairlifts, bathroom safety solutions, powered and manual mobility products and vehicle accessibility products.

Handicare was acquired by the Principal Owner in 2010. Since then, Handicare has streamlined its corporate structure, portfolio and platform to focus on its core Accessibility and Patient Handling businesses, facilitated by e.g. the divestiture of its Mobility (wheelchair) division in September 2015 and the acquisition of Prism Medical in 2016. In the recent years, the Group has introduced several automation and sourcing initiatives and initiated its Commercial Excellence Strategy for future growth and operating leverage. Following this operational transformation, which also included the relocation of its head office from Moss, Norway, to Kista, Sweden, in 2015, the Group is well-positioned for continued profitable growth as a leader in providing healthcare equipment to elderly, disabled and to those caring for them.

On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The BD Business contributed revenue of EUR 16.3 million in the year ended 31 December 2016. The transfer of the BD Business was completed on 1 August 2017. See "*Pro forma*" and "*Legal considerations and supplementary information—Acquisitions and divestments—Divestment of the BD Business*".

MISSION AND CORE VALUES

Handicare's mission and core values reflect the Group's corporate culture. The Group's mission statement follows its tenet of "making everyday life easier" for all of its end-users and those caring for them, including caregivers and hospitals.

This vision is supported by Handicare's core values which all employees and associates are committed to living up to. These are the following:

- **Integrity:** Our colleagues, customers and business partners can always rely on us to keep our promises and to act in accordance with Handicare's values.
- **Commitment:** In order to reach our common goals, we evaluate our decisions carefully and support them wholeheartedly.
- **Respect:** We regard all people as individuals and value all lives equally. Hence, we respect the personal beliefs, cultures and opinions of our customers, business partners and colleagues.
- **Open to change:** Always open to new challenges, solutions, methods and opportunities for continuous improvement.
- **Passion:** Nurture an enthusiastic community spirit, and create an enjoyable working atmosphere.

STRENGTHS AND COMPETITIVE ADVANTAGES

The Company believes that it benefits from the following key strengths and competitive advantages:

- Handicare operates in structurally growing markets with attractive fundamentals;
- Global top three in Handicare's main markets in Accessibility and Patient Handling;
- Well-invested and scalable platform delivering strong financial performance; and
- Clear strategy for continued profitable growth.

Handicare operates in structurally growing markets with attractive fundamentals

Attractive underlying fundamentals

Accessibility and Patient Handling, Handicare's main business areas, are attractive and growing global markets, with growth driven by supportive healthcare macro drivers. These drivers, described in "*Industry overview*", include an ageing population, an increase in the prevalence of chronic diseases and an increasing life expectancy of patients with chronic conditions. Lifestyle choices of the elderly, physically challenged and sick, further underpin this growth, as they seek greater independence and mobility with an increasing preference to stay at home for longer.

Favourable healthcare economics

Handicare offers critical need products which help save public finances by enabling the elderly and physically challenged to stay at home for longer. For example, a study of relative costs from 2010 and 2014 found United States home care costs to be on average 96 percent lower than in an acute hospital setting and approximately 65 percent lower than in a long-term care settings[1)], creating strong incentives for healthcare payers, such as government and local authorities, to move patients into homecare settings or keep patients in the home for longer. In Accessibility, this is achieved, through products such as stairlifts in the home, which help increase the time people are able to live at home instead of moving to hospitals or long-term care facilities, as well as reduce the need for staff to help with their mobility needs.

In Patient Handling, Handicare's products contribute to reducing the number of days required to stay in the hospital for example by decreasing the incidence of pressure ulcers, decreasing the amount of sick leave taken by caregivers due to injuries related to the handling of patients and reducing ancillary staff requirements. For example, a study conducted at the Karlskoga Hospital in Sweden showed that following implementation of Handicare's patient handling products in 2000, there was a significant reduction in sick leave days related to injuries attributed to transfer of patients – from approximately 400 days per year on average in the years between 1990 to 1999 to only 6 days per year on average in the years between 2010 to 2014[2)].

Favourable healthcare economics ↑ therefore play an important role in supporting continued demand for Handicare's products from its customers, including hospitals, government and healthcare authorities, particularly as public healthcare budgets globally continue to be constrained.

1) Source: External market study using data from longtermcare.acl.gov (2010 data) and beckershospitalreview.com (2014 data). Based on costs per patient, per day for intermediate level of care. Costs include all medication, personnel, treatment and procedure, and food and accommodation costs.
2) Based on an internal study performed by the Karlskoga Hospital, Sweden in 2000. Karlskoga Hospital started to use Patient Handling transfer products in 2000. Data analyses sick days related to injuries attributed to transfer of patients.

Barriers to entry

There are a number of strong barriers to entry in the accessibility and patient handling markets which have supported Handicare's growth since 2007. Successful participation in these markets requires, among other things:

- Strong capabilities to navigate multiple complex routes-to-market (distributors, dealers, GPOs, governments, direct to hospitals and long-term care facilities, direct to end-user);
- Extensive dealer and distributor networks to generate continued leads to end-users;
- Sufficient scale to support and invest in lean and agile manufacturing in order to meet product demand with required customer short lead times (for example in stairlifts, individuals typically purchase a stairlift when there is an immediate critical need to aid mobility, therefore the ability to provide short lead times is an important competitive advantage); and
- A track record of reliable, high quality certified products and manufacturing processes. For example, unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a pre-market notification, or FDA approval of a pre-market approval application.

Global top three in Handicare's main markets in Accessibility and Patient Handling

Handicare is a leading, global provider of mobility solutions. The Group is a global leader within its main Accessibility markets based on 2016 revenue, holds the leading market position in Europe alongside Stannah, with approximately 20–25 percent market share and is a challenger for the number three position in the United States with 5–7 percent market share. In Patient Handling, Handicare holds a number two position in North America after ArjoHuntleigh, with approximately 15–20 percent market share and a leading market position in the Nordics. Handicare believes that its strong market positions are the result of its track record of quality, reliability and innovation and reputation for prioritising and caring for its end-users. This has enabled Handicare to build strong relationships with an extensive global dealer network, distributors and GPOs, which supports Handicare's market shares.

Handicare benefits from its focus on product and service differentiation across its entire product offering. For example in stairlifts, Handicare believes it differentiates itself from competitors through proprietary offerings such as *PhotoSurvey 3D*, which contributes to a better conversion to sales, manufacturing efficiencies, short lead times and high customer satisfaction. *PhotoSurvey 3D* is a 3D scanning tool which enables a quick and easy survey of more complex staircases and intermediate landings allowing customers to view a 3D graphic of their orders before their purchase decision. Visualisation and measurement data is fed directly into the production process, enabling reduced lead times. Similarly in Patient Handling, Handicare differentiates itself through having a very comprehensive offering in its key product segments which enables Handicare to offer a broad range of tailored solutions for specific clinical settings, such as emergency rooms and paediatric wards.

Well invested and scalable platform delivering strong financial performance today

Well invested platform to drive sustained future operating leverage

Since 2012, Handicare has made significant investments in streamlining and enhancing its business and operations, which have contributed to margin improvement and revenue growth. The Group has improved its Adjusted EBITA margin from 4.3 percent in the year ended 31 December 2014 to 7.2 percent in the year ended 31 December 2016. During this period revenue grew at a 6.1 percent CAGR (based on 2016 pro forma figures, revenue grew at a 12 percent CAGR). See "*Pro forma*".

Handicare's efforts have been focused in four key areas: Simplification, Professionalisation, Automation and R&D.

- Simplification of the business structure, such as through the reduction of its five strategic business units ("**SBUs**") to three business areas, outsourcing of non-core functions such as IT functions, assembly and logistics and investments in automated manufacturing and *PhotoSurvey 3D* have led to material improvements in productivity across the organisation. Examples of these improvements over the period 2014 to 2016 include an increase in revenue per average FTE across the organisation of 7 percent, improved average lead times (i.e., the average number of days from order confirmation until the product is

ready for shipment) of stairlifts in the United Kingdom of approximately 30 percent and decreased stairlift manufacturing hours per lift by 40 percent for the *Freecurve* model in its manufacturing facility in the Netherlands. The business is highly scalable as a result of the significant investments in recent years to streamline operations and automate production in order to improve operating scalability.

- Over the past few years Handicare has focused on professionalising areas such as procurement, quality testing, sales force training, account planning and measuring key performance indicators ("**KPIs**"). Handicare's industry, both in Accessibility and Patient Handling, is relatively unstructured from a commercial sales perspective. The industry's focus on caring for the elderly and physically challenged often goes hand in hand with a softer sales approach with less formalised sales training and product pricing structures. This represents a significant opportunity for growth and margin improvement without compromising on the customer care and experience across the industry, including for Handicare.
- The Group prioritises investment in R&D and has launched 12 products (three new products[1)] and nine line extensions) in the last five years, contributing approximately 7 percent of revenue for Accessibility and Patient Handling in the year ended 31 December 2016, and improving product reliability. Examples of the Group's recent developments include the *EvaDrive* (within Patient Handling), a motorised mobile lift that reduces the risk of load injuries for caregivers as well as enabling single caregivers to more easily move patients, and *Advantage* (within Accessibility), a unique stairlift driven by friction (which reduces the need for oil and grease and reduces dirt and sound levels) that incorporates a slimmed stairlift rail. The Group has continued to invest in improving product reliability, as evidenced by the increased proportion of stairlift installations without post-installation re-visits.

Track record of strong organic growth and margin expansion with continued momentum in the first half of 2017

As a result of its strategic and operational initiatives, Handicare has delivered strong organic growth and operating leverage over the last three years. During the period 2014 to 2016, average organic growth[2)] for Accessibility and Patient Handling—Handicare's main business areas—was 5.0 percent, whereas total revenue increased from EUR 231.8 million in the year ended 31 December 2014 to EUR 274.5 million (pro forma) in the year ended 31 December 2016, representing a CAGR of 9 percent, ahead of market growth in Handicare's main markets of approximately 5 percent[3)]. See "*Pro forma*". In addition, Handicare improved its Adjusted EBITA margin[4)] from 4.3 percent in the year ended 31 December 2014 to 7.2 percent in the year ended 31 December 2016. In the year ended 31 December 2016, Handicare derived 29 percent of its revenue from services, installation and consumables[5)]. Within Accessibility, Handicare derived 20 percent of its revenue from services (including warranties), installations and consumables (defined as revenue from service, installation, spare parts for stairlifts and vehicle conversions). Within Patient Handling, Handicare derived 16 percent of its revenue from services and installation. Within Puls, Handicare derived 81 percent of its revenue from the sale of consumables.

In the six months ended 30 June 2017, Handicare has continued to grow and expand its margins as a result of the significant investments in streamlining and enhancing the business as outlined above.

Revenue in the six months ended 30 June 2017 was EUR 153.9 million, an increase of EUR 31.6 million (or 25.8 percent) compared to EUR 122.3 million in the six months ended 30 June 2016. Prism Medical, which was acquired in September 2016, contributed revenue of EUR 26.8 million in the six months ended 30 June 2017. Organic growth was 6.0 percent. All business areas reported organic growth in the range 3.7 percent to 6.8 percent. EBITA increased from EUR 5.4 million (EBITA

1) New products defined as products that had not generated any revenue prior to 2014.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of organic growth to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Organic growth for the Group*".
3) Source: Handicare estimates based on market analysis.
4) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of Adjusted EBITA to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin for the Group*".
5) For Accessibility, this includes service, installation, spare parts and vehicle conversions. For Patient Handling, this includes service, installation and consumables. For Puls, this includes consumables.

margin 4.4 percent) in the six months ended 30 June 2016 to EUR 12.7 million (EBITA margin 8.3 percent) in the six months ended 30 June 2017. The EBITA margin increased in all business areas. The Adjusted EBITA margin increased from 7.6 percent in the six months ended 30 June 2016 to 9.5 percent in the six months ended 30 June 2017.

In the medium term, Handicare aims to continue to improve its margins through a series of initiatives, including improved operating efficiency, cost control, realisation of synergies from acquisitions and an increased focus on higher growth markets, including North America, France, Germany and Italy.

Clear strategy for continued profitable growth

Handicare's strategy for continued profitable growth is centred around clear organic growth initiatives, a culture of continuous operational improvements driving margin expansion, building on the significant presence in North America gained from the Prism Medical acquisition and an active M&A strategy. The Group focuses on profitable growth and has undertaken significant efforts towards developing a more commercially focused organisational structure, improving efficiency of operations, shifting the focus to higher margin products and markets, including North America, expanding the reach of its dealer network and looking for opportunities to increase the proportion of its revenue from services, installation and consumables.

Commercial Excellence Strategy

In June 2016 Handicare initiated its Commercial Excellence Strategy focused on the following three core elements:

- building a more effective commercial organisation structured by function rather than by business area to drive a more market oriented commercial strategy;
- implementing commercial strategic initiatives to impose a more formal and rigorous structure around its sales force, sales techniques and pricing structures as well as to improve lead generation; and
- geographic expansion, including increased focus on higher margin products and markets, expanding the reach of its dealer network and implementing its Hub Strategy in the United States.

The Commercial Excellence Strategy provides a strategic framework that underpins Handicare's approach to drive continued organic growth from existing and new customers, new markets and new products.

Proven ability to acquire, integrate and extract synergies with pipeline of attractive M&A opportunities

M&A activity has been and continues to be an integral part of Handicare's growth and value creation strategy. Since 2000, the Group has completed 24 acquisitions to broaden its global footprint and complement its global product offering. Recent key acquisitions include Prism Medical in North America and Rep-Tek in Norway, both completed in 2016. The acquisition of Prism Medical significantly enhanced Handicare's North American presence and enabled Handicare to gain a meaningful position in the United States patient handling market.

By pursuing acquisitions in existing and adjacent new product areas and geographic markets, Handicare's well-invested and scalable platform enables swift integration of acquisitions and delivers meaningful cost and revenue synergies. Integration and synergy extraction from the Prism Medical acquisition is ongoing, with tangible savings expected from areas such as procurement, operational efficiencies and finance department right-sizing.

STRATEGIC OBJECTIVES

Overall ambition and strategic objectives

Handicare's ambition is to maintain and increase its leadership positions in the global Accessibility and Patient Handling markets while maintaining profitable growth. The Group's strategic focus is centred on organic growth and margin initiatives built on its Commercial Excellence Strategy, and inorganic growth facilitated by an active M&A strategy. Handicare employs distinct strategies for North America and Europe to deal with market conditions and structural requirements unique to each region.

Organic growth underpinned by the Commercial Excellence Strategy

Handicare's Commercial Excellence Strategy is driving the shift of the Group from a product to a market oriented organisation, and is based on three core elements: new commercially focused organisation, commercial strategic initiatives and geographic expansion.

New commercially focused organisation

Handicare transitioned from a business area focused organisational structure to a function-based organisation in March 2017, to enable functional areas such as commercial strategy, sales and marketing and R&D to drive global strategy across the Group rather than the business areas driving the strategy. As part of this new organisation, Handicare employs dedicated commercial directors for both Europe and North America, who are focused on delivering coordinated strategies such as strategic pricing initiatives across all product categories, dealer performance management programmes and specifically in North America, cross-selling programmes for Patient Handling and stairlifts.

Commercial strategic initiatives

In June 2016, Handicare initiated its sales excellence programme, Xcel, with the aim of professionalising its sales force training, management and techniques. Xcel consists of two modules, the first dealing with structuring sales, account planning and KPI measurement and the second focuses on enhancing sales techniques and training of sales representatives globally. As of the date of this Offering Memorandum, more than 140 sales representatives in Europe have received Xcel training. The Company expects this programme to be fully implemented globally by the end of 2018.

In April 2017, Handicare implemented a strategic pricing regime, which will be reviewed on an annual basis, across all product categories in its European markets. Several factors are considered when setting prices, including market size and growth, competition within each market, local manufacturing prices and other factors such as availability of alternative products or exclusivity of Handicare spare part production. Handicare expects to roll out similar pricing initiatives across North America and other markets. Handicare has also implemented a review system to determine the optimal size and structure of discounts given to dealers, with reference to, for example, total revenue, share of the dealer's spending and length of dealer relationship. In addition, the Group continues to focus on additional service and warranty sales in an effort to increase its revenue from services, installation and consumables.

Handicare's go-to-market strategies are the "mixed go-to-market" strategy for Accessibility and the "Winning Concept" for Patient Handling. In Accessibility, Handicare's "mixed go-to-market" model coordinates multiple channels to market such as direct to consumer ("**D2C**"), including digital/online marketing, and dealer channel in a strategically effective way aimed at driving continued growth and market share gains. For example, the Group is improving access in its D2C sales channel through the development of an optimised D2C digital/web platform which has already resulted in enhanced lead generation. Direct sales leads are used in conjunction with traditional dealer routes in markets where dealer coverage is less adequate, and Handicare believes that there is significant potential for D2C sales in the United States as the large size of the market reduces the potential for conflicts between D2C and dealer sales. Furthermore, dealer relationships can be strengthened, in Handicare's experience, by sharing leads with dealers generated outside of the relevant dealer's territory. The Group has also phased in since 2014 a dealer management initiative categorising each dealer into gold, silver or bronze tiers based on performance and amount of commercial support required. Dealer performance is monitored continuously based on revenue and share of dealer's spending, with the level of pricing discounts, marketing support and training tailored to each category. For example, gold tier dealers receive the highest level of pricing discount and the most generous sales force training and support.

In Patient Handling, the go-to-market strategy is defined as the "Winning Concept" approach, which focuses on gaining share in underserved customer segments and optimising and tailoring product mix and sales approach. In markets where Handicare is expand-

ing, such as the United States, large institutions remain important. Handicare also sees a significant opportunity in the United States to expand its overall offering by driving sales of ceiling lifts products, which accounted for 68.5 percent of Patient Handing revenue in the United States for the year ended 31 December 2016. In Europe, Handicare has a much broader patient handling offering in addition to ceiling lifts.

Geographic expansion

Handicare is focused on expanding its geographic reach by broadening its existing dealer network to cover areas that it does not serve. Over the last three years, Handicare has entered into nine new markets—Australia, Canada, Estonia, Greece, Korea, the Middle East, Portugal, Slovenia and Thailand—which has contributed to the Group's revenue growth of 6 percent CAGR for the period from 2014 to 2016 (based on 2016 pro forma, revenue grew at 12 percent CAGR). See "*Pro forma*". Handicare expects to target further expansion primarily in developed markets where it believes it can leverage its existing dealer network or expand its dealer network to increase sales in these markets. In the emerging markets, where the Group currently has a limited presence, the Group continues to look for opportunities to increase its existing sales organisation organically.

In the United States specifically, a key strategy for driving growth from new customers is Handicare's Hub Strategy in which Handicare establishes regional "hubs" with its own sales force to directly service end-users as well as local dealers. Handicare is able to provide a locally focused strategy with a differentiated and customised product and service offering. Handicare currently operates seven hubs in the United States and plans to expand to 18 hubs in the medium term. The Company also considers M&A as an option to further expand Handicare's presence and strengthen its distribution capabilities.

Region specific growth strategies

In addition to the global strategic growth framework of the Commercial Excellence Strategy, Handicare has specific regional priorities and strategies. In North America, the organisation is focused to deliver across the following three critical initiatives: (1) Hub Strategy (as described in "—*Geographic expansion*"); (2) Seek enhanced opportunities for cross selling across Patient Handling and Accessibility; and (3) expanding its Patient Handling offering to provide a greater proportion of manual transfer solutions and lifting slings (the dominant patient handling product in the United States as at the date of this Offering Memorandum being ceiling lifts). The Prism Medical acquisition in the United States has enabled Handicare to successfully pursue these initiatives through a larger footprint. For example, Handicare believes that approximately 20 percent of the dealers acquired through Prism Medical currently sell both Accessibility and Patient Handling products, enabling enhanced opportunities for Handicare to cross sell its product range into Prism Medical's sales and dealer channels. The ability to sell both Patient Handling and Accessibility products facilitates the Group's Hub Strategy of effective local coverage by enhancing the viability of local operations through greater sales volumes.

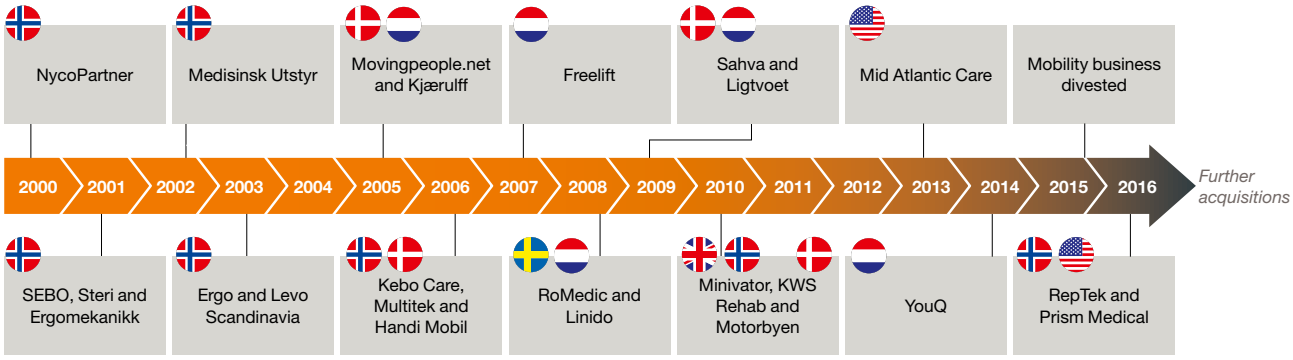
In Europe, Handicare continues to look for ways to further consolidate its leading market positions in both Patient Handling and Accessibility. The Company believes that there are areas not currently covered by its sales force to be addressed in the European market. The Group continues to increase the proportion of direct sales to the end-user particularly in Accessibility's existing markets and to expand its D2C model into new markets. In Accessibility, Handicare seeks to capture further growth opportunities in attractive underpenetrated European markets, in particular faster growing regions such as France, Germany and Italy. In Patient Handling, Handicare plans to continue focusing on pricing initiatives to drive further growth in Europe. The Commercial Excellence Strategy and the "Winning Concept" go-to-market approach in patient handling are key priorities for Handicare within Europe.

In addition, in the longer term, Handicare aims to capture growth opportunities in Asia (for example China, India and Japan) by leveraging existing and new dealer relationships.

M&A growth initiatives

Acquisitions continue to be an integral part of Handicare's growth strategy given the fragmented nature of the market outside of the top few players, with the Group continuously evaluating potential acquisitions opportunities. Since 2000, the Group has successfully completed 24 acquisitions to broaden its global footprint and complement its global product offering. Handicare typically targets a minimum of one or two acquisitions each year and in 2016 acquired Rep-Tek in Norway and Prism Medical in the United States. The acquisition of Prism Medical, which was completed on 1 September 2016, significantly enhanced Handicare's North American presence and enabled Handicare to gain a meaningful position in the United States Patient Handling market.

Acquisitions are an integral part of the Handicare model



Source: Company information.

Handicare seeks acquisition targets that fulfil at least one of following three key criteria:

- **Ability to grow Handicare's geographic footprint:** facilitates new market entry or provides access to new dealers or distributors in existing markets;
- **Ability to roll-out products in Handicare channels:** the target's product range complements Handicare's own assortment and can be rolled-out in the Group's existing sales channels; or
- **Strategic asset:** the target has unique capabilities (e.g., distribution method or access to end-users) or could "redefine the market landscape".

Handicare has a track record of extracting synergies from its acquisition targets. Handicare aims to maintain discipline on purchase prices, targeting an acquisition multiple of approximately 6–8x EV/EBITDA before synergies[1]. As of the date of this Offering Memorandum, Handicare was monitoring more than 20 potential M&A targets across the Group's key geographies and product categories and continues to seek new targets which fulfil the key acquisition criteria outlined above.

1) Actual multiples vary by size and target and can be both higher and lower than indicated. EV refers to enterprise value and EBITDA refers to the EBITDA for the twelve months preceding the acquisition.

FINANCIAL TARGETS

In line with Handicare's strategic objectives, Handicare has formulated certain financial targets presented below. All statements in this section are forward looking statements. The Group's ability to achieve these objectives will depend upon a number of factors outside of its control, including significant business, economic and competitive uncertainties and contingencies. These objectives have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change, including the Group's execution of its strategies and product development, as well as growth in the markets in which the Group operates. As a result, the Group's actual results may vary from the medium term objectives established herein and those variations may be material. Many of the business, economic and competitive uncertainties are described in "*Risk factors*". Handicare does not undertake to publish updates as to its progress towards achieving any of the below objectives, including as it may be impacted by events or circumstances existing or arising after the date of this Offering Memorandum or to reflect the occurrence of unanticipated events or circumstances. See also "*Important information—Cautionary note regarding forward-looking statements*", "*Operating and financial review—Key factors affecting Handicare's results of operations*", "*Risk factors—Risks relating to Handicare's business and industry—The financial targets included in the Offering Memorandum may differ materially from Handicare's actual results which could have a negative effect on Handicare's business, financial condition and results of operations*" and, specifically, "*Risk factors—Risks relating to the Offering*".

Handicare has not defined by reference to specific periods the term "medium term", and the financial and operational objectives below are not to be read as indicating that Handicare is targeting or expecting such metrics in respect of any particular financial year.

Growth

Handicare aims to achieve average annual growth of 10 percent, of which 4–6 percent organically, in the medium term

Adjusted EBITA margin

Handicare aims to achieve an adjusted EBITA margin exceeding 12 percent in the medium term

Capital structure

Handicare aims to maintain a capital structure that enables a high degree of financial flexibility and allows for acquisitions

Handicare targets a leverage ratio of approximately 2.5x net debt / LTM (last twelve months) Adjusted EBITDA, subject to flexibility for strategic activities

Dividend policy

Handicare aims to pay an annual dividend corresponding to 30–50 percent of the net profit for the period. The pay-out decision will be based on the Company's financial position, investment needs, acquisition opportunities and liquidity position

For information on historic growth, see "*Selected historical financial information—Selected consolidated income statement information*" and "*Selected historical financial information—Selected key performance indicators*". For information on historic Adjusted EBITA margin, see "*Selected historical financial information—Selected key performance indicators*". Concurrently with the Offering, Handicare will refinance certain of its existing indebtedness, see "*Operating and financial review—Liquidity and capital resources—Indebtedness—New Credit Facilities*" and "*Capitalisation and indebtedness*". The Company has previously not paid any dividend.

OPERATIONS

Accessibility

Overview and key products

Handicare's Accessibility business area is a leading manufacturer and supplier of straight and curved stairlifts. The business area also offers vehicle accessibility solutions for disabled end-users.

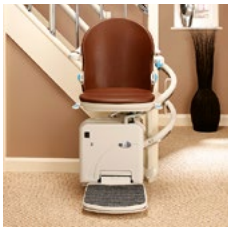
Portfolio overview

handicare

stairlifts

Range of straight and curved stairlifts






handicare

vehicle accessibility

Products for vehicle conversions




Source: Company information.

The Group offers a wide range of straight and curved stairlifts options for installation in private homes with multiple staircase formats and user applications including indoor and outdoor options. Stairlifts contributed more than half of Accessibility revenue in 2016. The Group is primarily focused on curved lifts that are customised to follow the shape of staircase, thus eliminating the need for using several straight stairlifts. Curved stairlifts are more expensive, have higher margins than straight stairlifts and require careful measurement, design and manufacturing. Handicare has developed a proprietary software solution, *PhotoSurvey 3D* and *Vision App*, allowing the Group to illustrate a 3D preview of a stairlift at the customer visit to support sales and collect and transmit data for use in the manufacture of rails.

The Company considers a broad and high quality offering tailored to each customer's needs to be a key success factor in stairlifts. Handicare's products target the mid-to-high-range price point where margins are more attractive than in the low-price segment. The Group continuously seeks to improve its offering and, in the last five years, has introduced three new products[1)] in addition

1) New products defined as products that had not generated any revenue prior to 2014.

to nine line extensions. Handicare expects to be able to continue to launch two to three new product offerings (including line extensions) per year. Its proprietary software solutions, which integrate product and manufacturing processes, enable fast and accurate staircase measurement and reduce lead times by using data from the survey directly in the production process. Handicare is developing a new version of the software that will further reduce the time needed for the technical part of the survey as the need to use markers in the stairs will be eliminated.

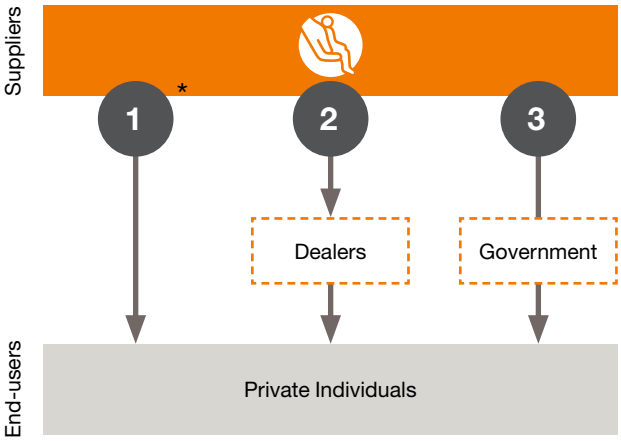
For D2C sales (and some dealer sales) of stairlifts, the Group offers installation and aftermarket services often as a package together with equipment purchases. These services accounted for 18 percent of total Accessibility revenue[1)] in 2016 (40 percent of non-dealer revenue). Most products come with a warranty of two to four years, under which Handicare services products.

Handicare also has a vehicle accessibility business, which provides its end-users with enhanced independence outside of the clinical or home setting. The vehicle accessibility business accounted for 25 percent of Accessibility revenue in 2016. Handicare focuses on two key areas, its vehicle conversion business (being the larger of the two) and the sale of special needs vehicle products. The vehicle conversion business offers adaptations of personal vehicles, vans and medium sized buses as well as specialised vehicles such as ambulances, fire engines and police cars to companies and public entities, such as NAV in Norway, for easier access and use by those with disabilities or mobility challenges. Handicare's vehicle accessibility offering includes products such as seat bases, wheelchair lifts, wheelchair restraints, door openers, and wheelchair hoists which are sold directly to car converter companies or original equipment manufacturers to adapt vehicles for special needs.

Routes-to-market

Handicare's end-users in stairlifts mainly consist of private individuals, but also include long-term care facilities, municipalities and companies related to home care. The primary routes-to-market for Handicare in stairlifts are through dealers, government, local authorities and direct sales to the end-user (primarily through online marketing). In the year ended 31 December 2016, the Group generated just over half of its Accessibility revenue through dealers, approximately one quarter through direct sales and the remainder through sales to governmental and local authorities.[2)] Handicare's routes-to-market are further described in "—*Customers*".

Stairlifts routes-to-market



*Most common route to market

Source: Company information.

Handicare's end-users finance their product purchases through a mix of public funding (e.g., government subsidies) and private funding (e.g. out-of-pocket or private insurance), with the respective proportion of funding varying significantly among markets and products.

In the vehicle accessibility business, vehicle conversions are primarily sold through a public tender process for approved suppliers.

1) Excluding vehicle accessibility revenue.
2) Excluding vehicle accessibility revenue.

Sales and marketing

As of 30 June 2017, the Group had approximately 220 sales representatives globally who are focused on selling Accessibility products directly to end-users or dealers. Dealers purchase Accessibility products directly from Handicare and sell these on to end-users. Handicare does not hold ongoing inventory for dealers.

Handicare's sales approach varies by route-to-market. For example when selling directly to the end-user, Handicare's stairlift offering includes installation services, a warranty package and aftermarket services. When selling via dealers, the dealers manage installation and aftermarkets service themselves, while warranties will still be serviced by Handicare.

The type of services and sales approach differ across geographies depending on route-to-market, as summarised by the following table of Handicare's five largest Accessibility markets:

Stairlift sales by country and distribution channel (2016)

Top 5 Markets	Direct	Dealers	Government
	✓✓	✓	✓✓
	-	✓✓✓	-
	-	✓✓✓	-
	✓	✓✓✓	-
	✓✓	✓	✓✓
TOTAL	✓	✓✓	✓

✓ < 25% ✓✓ 25–75% ✓✓✓ > 75%

Source: Company information.
Note: Refers to stairlift 2016 revenue.

Patient Handling

Overview and key products

Patient Handling offers a comprehensive range of products for all types of patient transfer needs in hospital environments, rescue situations, group homes and home care. Patient Handling also manufactures devices for bathroom safety.

Portfolio overview

handicare

mobile & ceiling lifts

Assistive devices for mechanical lifting in connection with transfers and repositioning of users

handicare

transfer products

Widest and most comprehensive range of clever, easy-to-use and safe transfer and lifting aids

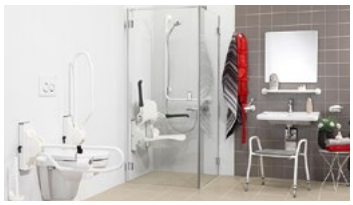
SystemRoMedic™

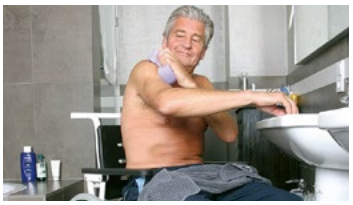
Full Solution Offering

handicare

bathroom safety

Wide range of safe, practical, durable and ergonomic aids such as wall mounted products and accessories for the bathroom





Source: Company information.

Handicare's products comprise patient transfer products such as manual transfer solutions (including sliding mats); turning plates and walking aids; mobile lifting products and ceiling lifts, primarily for the hospital setting, and bathroom safety products. In the year ended 31 December 2016, mobile and ceiling lifts accounted for more than half of Patient Handling revenue, transfer products accounted for approximately one quarter of the revenue and the remainder was derived from the sale of bathroom safety products.

In Europe, Handicare also offers its transfer and lifting products in an integrated, branded offering known as the *SystemRoMedic*. This offering includes a complete range of easy-to-use, effective and safe assistive devices for various kinds of transfers for use in hospitals, emergency services, nursing and home care. The transfer-assistive

devices include manual transfer solutions for active and semi-active users, as well as lifts and lifting swings for passive users. This integrated offering represents one of Handicare's successful branded product ranges in the European patient handling market.

For users in wheelchairs or with minor difficulties, such as reduced strength and balance, Handicare offers an own brand product series, *LinidoSolutions*, for increased independence, safety and comfort in bathrooms, showers, public and private toilet areas and hospitals. This product series is mostly sold in the Netherlands. Handicare's offering also includes a number of devices that can be used without permanent installations or changes to the bathroom. The bathroom safety range includes a wide selection of shower stools, grab rails, freestanding, mobile, self-propelling and tilting commode/shower chairs and several models of shower trolleys, all of which are available in several variants to meet various user and caregiver requirements. Handicare's bathroom safety products are manufactured in the Netherlands.

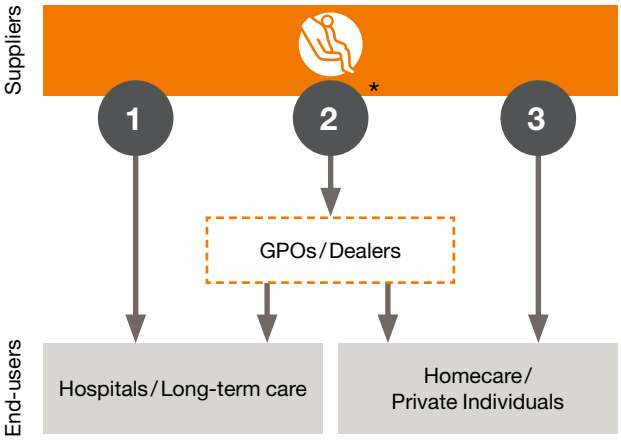
Handicare's depth of product range in patient handling enables it to provide tailored offerings that meet the specific requirements of different clinical settings, such as emergency rooms or paediatric wards. The Company considers this a success factor in Patient Handling. Handicare's believes that its product suite of disposable slings, slides and aids combined with innovative products such as the *EvaDrive* helps to generate repeat business with its customers. A high and increasing proportion of disposables and critical need products also support recurring sales.

Sales of ceiling and partly mobile lifts typically come with a service agreement for maintenance and repair that is either outsourced or managed by internal service engineers. In the year ended 31 December 2016, consumables used in Patient Handling products and services, such as disposable slings, accounted for 8 percent of Patient Handling revenue.

Routes-to-market

Handicare's Patient Handling products are primarily sold to hospitals and long-term care facilities. In the year ended 31 December 2016, Handicare derived approximately half of its revenue through dealers and GPOs and approximately half from direct sales to homecare, private individuals, long-term care facilities and hospitals, primarily focusing on local hospitals in the United States where Handicare has local sales resources. In the United Kingdom, home care sales represent 45 percent of revenue and in Scandinavia they represent 30 percent of revenue.

Patient Handling routes-to-market



* Most common route to market

Source: Company information.
GPO = Group Purchasing Organisation. In European context, GPOs refer to government healthcare bodies (such as the NHS in the United Kingdom) who purchase on behalf of hospitals or via framework agreement or government tenders.

Handicare's products are ultimately funded by end-users through a mix of private and public financing. For example, across Europe products in patient handling markets are typically funded from public sources with approximately 20 percent via private funding, reflecting overall hospital and healthcare funding in the region. In contrast, patient handling products in the United States are mainly privately funded (approximately 80 percent).[1)]

1) Public funding refers to products reimbursed by government funding regimes such as Medicare or Medicaid in the U.S., or reimbursed by national health bodies such as the NHS in the United Kingdom. Private funding refers to purchases of patient handling equipment by privately run hospitals, long-term care facilities, commercial facilities, or where products paid for by individuals usually in a home setting.

Sales and marketing

As of 30 June 2017, Handicare had approximately 70 sales representatives focused on Patient Handling products globally who sell directly to hospitals and long-term care facilities or through dealers and GPOs.

Sales practices vary among the various routes-to-market. Product sales of ceiling and mobile lifts through the government, GPO or direct channel typically come with a service agreement for maintenance and repair that are either outsourced or managed by internal Handicare service engineers. Handicare provides the installation where required. For sales through dealers, installation and aftermarket servicing is typically managed by the dealer.

The route-to-market varies by geographic market, as summarised by the following table of Handicare's five largest Patient Handling markets:

Sales by country and distribution channel (2016)

Top 5 Markets	Direct	Dealers
	✓✓✓	✓✓
	✓✓	✓✓
	✓✓	✓✓
	–	✓✓✓
	✓✓✓	✓
TOTAL	✓✓	✓✓

✓ < 25% ✓✓ 25–75% ✓✓✓ > 75%

Source: Company information.
Note: Refers to Patient Handling pro forma revenue in the year ended 31 December 2016.

Puls

Overview and key products

Puls is a distributor of medical equipment and consumables in Norway and Denmark. With supplier relationships spanning back to the 1970s, its products are sold to medical professionals, accounting for 78 percent of Puls revenue in the year ended 31 December 2016, and homecare accounting for the remainder. A vast majority of its business is conducted in Norway with selected homecare clients also covered from a sales office in Denmark.

Puls medical professionals business consists of labs, medical and surgery groups. Labs sells products within areas such as microbiology, blood sampling, flow cytometry instruments and clinical reagents, mainly to public hospitals, but also to private laboratories, universities, private hospitals and clinics. The medical products it sells include syringes and cannulas, hygiene tech products, maquet critical care products and sterisol. Puls also offers certain products within surgery, mainly consisting of surgical tables for hospitals, implants for reconstruction, technical services and pulmonary drainage.

The homecare business offers a broad portfolio of products for care at home including bedroom, work and activity room, bathroom and toilet, kitchen, moving aids and other related areas. Its products and installation are usually sold pursuant to fixed-price contracts through NAV in Norway where end-user financing is publicly funded.

In the year ended 31 December 2016, the Company derived 81 percent of its Puls revenue from sale of consumables.

Portfolio overview

Source: Company information.

Puls has several long-term relationships with top-tier medical supplies manufacturers, including Macquet (part of Getinge group), Ropox, Sterisol and Steelco. The Group has had long-term relationships with each of these for at least 15 years. Following discussions with Becton Dickinson, which was a supplier of medical equipment to the Group's Puls business and contributed EUR 16.3 million of Puls revenue in 2016, the Company and the Principal Owner decided that the BD Business was no longer part of the Group's core operations. The BD Business has therefore been divested to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner) with effect from 1 August 2017. See "*Pro forma*" and "*Operating and financial review—Key factors affecting results of operations—Acquisitions and divestments*".

Sales and marketing

Puls products are supplied to medical personnel or private individuals through a combination of sales through NAV and municipalities, wholesalers and directly to hospital or clinics. A large proportion of the products for medical professionals are sold through NAV whereas the wholesaler route primarily focuses on large volume products for a wide range of customers. A majority of the home care business is generated through NAV in Norway and municipalities in Denmark.

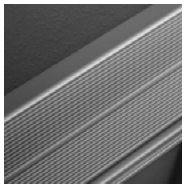
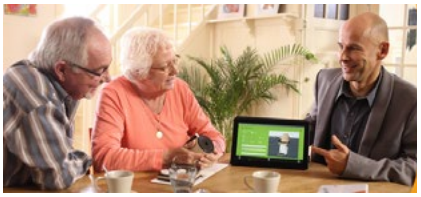
RESEARCH AND DEVELOPMENT

Handicare's R&D department is focused on delivering innovative solutions and upgrades for its core product offering across Patient Handling and Accessibility.

The R&D team is organised by product groups across development centres in the Netherlands, the United Kingdom, Sweden and North America, under centralised management based out of Group headquarters in Sweden. The European team is responsible for stairlift development, whilst Patient Handling is primarily developed by a team of professionals in North America. Handicare plans to develop ceiling lifts exclusively in North America going forward.

The Group typically identifies development projects through ongoing dialogue and market feedback from the global sales teams on areas where current products could be developed further or new products could be launched to meet customer needs. The core technologies across Patient Handling and Accessibility remain central to many of the Group's internal initiatives to find new and better ways to enhance mobility solutions across the clinical spectrum from community users to acute based care.

Examples of innovative solutions developed by Handicare

EvaDrive	Advantage	PhotoSurvey 3D
		
• A motorised mobile lift developed with caregivers in mind • EvaDrive's intuitive control panel enables minimal strength and effort whilst manoeuvring patients • Reduces occupational health risks related to load injuries and ancillary staffing requirements	• A friction driven slim straight stairlift powered by four motors with no toothtrack racking on the track • Eliminates the need for oil or grease minimising dirt build up • The slimmest stairlift currently on the market	• A proprietary 3D mapping software designed to enable quick and easy staircase surveys in the user's home • PhotoSurvey 3D allows customers to visualise their stairlift prior to purchase with the precise measurements and options being fed directly to the manufacturing division to enhance lead times • Efficient sales tool • Supplies data to the CRM and production systems in an integrated process

Source: Company information.

During the period 2014 to 2016, Handicare spent an average of 1.0 percent of revenue on product development. Over this period, the Group launched seven new products including line extensions:

Handicare recent product launch history

Date	Product
May-15	Active seat on stairlift
Mar-16	2000 stairlift 'One Man Install'
Oct-16	EvaDrive floor lift
Dec-16	A-series ceiling lift
Mar-17	Advantage stairlift
Apr-17	Compact shower seat
Q4-17	Unified ceiling lift track system

Source: Company information.

As of 30 June 2017, approximately 30 employees were involved in the Group's R&D efforts.

CUSTOMERS

Handicare conducts business with a diversified range of customers including dealers, hospitals, long-term care facilities, GPOs, government and private individuals.

Dealers: The most common distribution channel for the Group is through local dealers. Within Accessibility, Handicare's sales and marketing efforts address over 1,100 dealers, with an average relationship tenure with Handicare of four to eleven years depending on product and market. Within Patient Handling, the total number of dealers covered by Handicare amounts to approximately 750, with an average relationship tenure of four to five years with Handicare depending on product and market. In the year ended 31 December 2016, approximately 40 percent of the Group's revenue was generated through dealers and the revenue contribution from the single largest dealer was approximately EUR 2.0 million.

Dealers typically offer products and services from multiple suppliers. The Group seeks to maintain strong relationships with its dealers through shared software and technology solutions, sharing commission on leads or shared lead generation, and strategic pricing, such as offering discounts for volume purchases. The Company believes a number of additional factors support its relationships with the dealers including a reliable, high quality and comprehensive line of products, customer intimacy, quick manufacturing and delivery lead times, cost competitiveness and ability to service, install and respond to issues quickly and successfully.

GPOs: Handicare sells certain products to hospitals and long-term care facilities in the United States through GPOs. GPOs are consortiums of individual healthcare providers that seek to benefit from economies of scale by combining their purchasing volumes. Handicare has extensive relationships with some of the largest GPOs, such as MedAssets, HPG, FSS, Roi, Premier and RHA. Handicare typically enters into GPO contracts to supply a certain number of products for a certain period of time. Handicare is typically pre-qualified through an initial tender process and will put a framework agreement in place. Specific tenders will come up during the duration of the framework agreement for the qualified suppliers for certain project based assignments. The length of a framework agreement is typically two to five years.

Government entities: In Accessibility, Handicare mainly participates in government tenders in the United Kingdom, the Netherlands and Norway. The tenders can be regional, local or national. For the vehicle accessibility business, a majority of the revenue is generated either through national tenders, as is common in Norway, or regional tenders, as is common in Denmark. As a general matter, the public tender processes differ depending on the market. Handicare maintains a proactive relationship with key decision makers within the public healthcare bodies, such as occupational therapists who prescribe which lifting products to use and take part in tender decisions. This is achieved through regular contact and participating in educational meetings, product training and support, organisations and conferences. Specialised Handicare sales support staff also organise training and education meetings for end-users from hospitals and long-term care units to build relationships and increase awareness of Handicare's products. In general, tenders are for two to four years and function as a frame agreement where price is fixed or has some potential to adjust according to a consumer price index. Hospitals/long-term care facilities typically make ad hoc purchases from specific suppliers for patient handling products. The Group is continuously monitoring upcoming tenders and keeps track of resources needed for pre-tender product promotion.

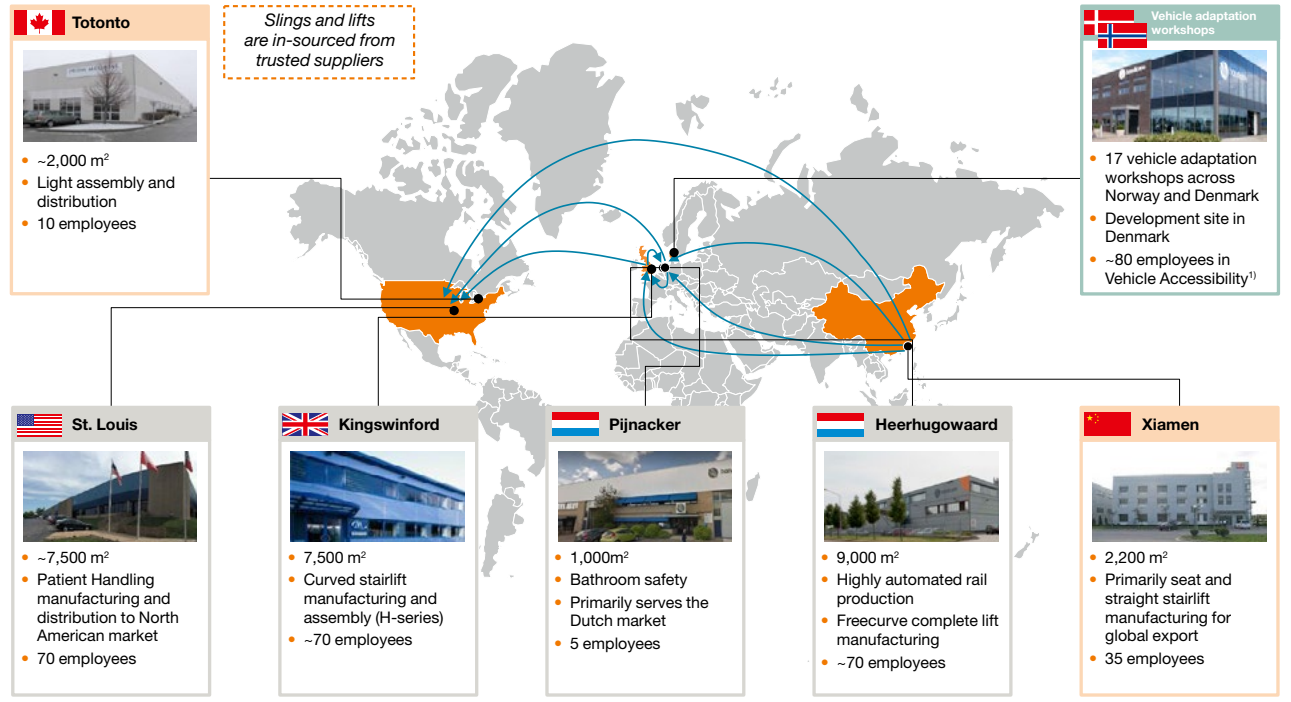
End-customer/private individual: End-customers within Accessibility include hospitals, long-term care facilities and private individuals (being mainly elderly people). Handicare has a comprehensive network of own sales representatives in North America and Europe engaging in direct sales to end-customers, in particular in the developed European markets such as the United Kingdom and the Netherlands. Sales to private individuals are mainly within Accessibility, where the typical consumer choice is to purchase new products only when an immediate need arises. The purchase decision is often made by relatives of the actual end-user. For stairlifts, the Company believes that product quality, functionality, reliability and the speed to receive/install the stairlift are the most important factors for private individuals.

MANUFACTURING

Handicare has a global network of manufacturing and assembly facilities providing operational flexibility. Handicare's stairlifts are manufactured at facilities located in the Netherlands (Heerhugowaard) and the United Kingdom (Kingswinford), whereas patient transfer and lifting products are manufactured at facilities located in the Netherlands (Pijnacker) and the United States (St. Louis). In addition, Handicare operates assembly facilities in China (Xiamen) for stairlifts and Canada (Toronto) for Patient Handling products. Handicare's own manufacturing capabilities are supported by third-party contract manufacturers for certain products, such as Patient Handling products and power packs for stairlifts. Handicare also operates 17 vehicle accessibility workshops in Norway and Denmark for its vehicle accessibility operations.

The Company leases its headquarters, which are located in Kista, Sweden, as well as its manufacturing facilities and assembly facilities. The below illustration sets forth certain information with respect to the manufacturing and assembly facilities operated by Handicare as of the date of this Offering Memorandum:

Overview of manufacturing and assembly facilities



Handicare has six manufacturing and assembly facilities focused on stairlifts and bathroom safety productsas well as 17 vehicle adaptation workshops

Manufacturing | Assembly | Vehicle accessibility | Distribution networks

Source: Company information.

1) Includes all of vehicle accessibility and not just workshops.

In the last few years, the Group has made substantial investments in enhancing productivity in the manufacturing process as it has focused on simplification, professionalisation and automation. The Group's manufacturing processes for stairlifts are closely linked to *PhotoSurvey 3D*, which enables on-site visualisation of the finished stairlift as well as accurate measurements. Such measurements, together with relevant options can be transmitted to the manufacturing lines and used in the production.

At the Heerhugowaard facility in the Netherlands for example, Handicare has also implemented three full function robots to increase the efficiency of the overall manufacturing process for the Freecurve stairlift. The combined effect was a 40 percent reduction in hours to manufacture each stairlift and a 41 percent reduction in average lead times (i.e., the average number of days from order confirmation until product is ready for shipment) during the period 2014 to 2016. During the same period,

similar improvements in manufacturing productivity were seen in the Kingswinford manufacturing facility in the United Kingdom as a result of investments in product automation (35 percent reduction in hours to manufacture each stairlift and 30 percent reduction in average lead times with regard to the RTC 2000 stairlift). During the period 2014 to 2016, stairlift revenue per FTE increased by 9 percent[1]. The Company believes that the enhanced manufacturing, workforce productivity and improved lead times has strengthened the Group's competitive position.

Entry level straight stairlifts components, Xclusive motor units, and seats to be installed on various other models within the Group's stairlift range are produced in China either in Handicare's assembly unit or by contract manufacturers. Handicare's logistics network transports both parts and fully finished products from China to Europe or North America for either assembly or customer delivery. This supports competitive pricing for commodity products and a fast, responsive lead time to the main markets for the bespoke, curved rails and more advanced models.

For stairlift manufacturing, capacity utilisation in Handicare's existing manufacturing facilities in Kingswinford (United Kingdom) and Heerhugowaard (Netherlands) in 2016 was approximately 35 percent. This is based on the current practice of running the main manufacturing facilities on a single day shift, five days per week operation, and adjusting workforce levels and manufacturing capacity in response to temporary order increases. The Company considers it possible to increase its operations to three shifts per day, which would significantly increase the Group's stairlift manufacturing output capacity, without significant further capital investment.

In North America, Handicare operates two facilities in St. Louis and Toronto, with a primary focus on the Patient Handling offering. Many of the products in Patient Handling are manufactured in St. Louis. For Canada bound sales, light assembly following manufacturing in the United States takes place in Handicare's assembly facility in Toronto. Slings are either manufactured in-house in the United States or by third-party manufacturers linked to a reliable supply chain and broad distribution network. For information on applicable regulatory requirements, see "*—Regulation and compliance*".

The primary development facility within vehicle accessibility is located in Denmark from where the design, development and manufacturing of the products is coordinated. In addition, the Group also has 17 vehicle accessibility workshops based in Denmark and Norway, where final vehicle conversions take place. The development facility in Denmark has recently obtained an ISO 9001 certification.

The Group currently distributes its products through four distribution centres in the Netherlands, Sweden, the United Kingdom and the United States. Heerhugowaard acts as a European mainland "hub" for stairlift distribution to other EU countries. Kingswinford, United Kingdom, serves as a hub for distribution to the United Kingdom dealer network of both Patient Handling products and stairlifts, and to Handicare's own field service engineers. Patient Handling products for EU and RoW are primarily distributed from a third-party logistics partner in Sweden. In the United States, the St. Louis manufacturing facility serves as a hub for distribution into North America for Accessibility and other distributed Patient Handling products to North American dealers, as well as the Company's hubs.

1) Based on average stairlift FTEs (direct and indirect). Stairlift revenue at constant currency (translation impact only).

SUPPLIERS

Handicare relies on a global network of approximately 1,000 suppliers for both components and finished products. In the year ended 31 December 2016, the top ten suppliers constituted an aggregate 15 percent of the total procurement spend. The largest suppliers include contract manufacturers for Patient Handling products located in Europe.

The Handicare purchasing function is responsible for optimising the Group's contractual terms while building balanced relationships with suppliers and maintaining a high quality of components, products and services purchased. Handicare's purchasing process complies with Handicare's internal control policy and Group authorisation policy, which set forth a separation of internal roles and responsibilities.

To obtain procurement synergies and mutual benefits the Group aims to consolidate its spending with key selected suppliers. Handicare does not use dual sourcing to a large extent but manages supplier interruption risk with supplier audits and by maintaining buffer stock of key components. To date, supply disruptions have not been an issue as most of the Group's supply needs can be fulfilled by more than one vendor.

All procurement activities are to be conducted within the framework of the Handicare code of conduct and applicable laws and regulations. The Handicare code of conduct is based on ethical, social and environmental conduct and describes Handicare's expectations in three general areas: anti-corruption and ethics, labour standards and human rights; and environment. The Group regularly conducts supplier audits that are also shared with the respective supplier for transparency. Violations of the code of conduct are reported to management. There is also an anonymous whistle-blowing service available for any business partners or employees.

REGULATION AND COMPLIANCE

Handicare is subject to regulation by governmental authorities such as the FDA, the EU, the EEA and other national and/or local governmental authorities in the countries in which the Group manufactures and sells its products. These governmental regulations govern, among other things, the testing, manufacturing, safety, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, recordkeeping, promotion, distribution, production, tariffs, duties and tax requirements. The Group's products and operations are also subject to various industrial standards.

Handicare has established management systems and processes to comply with regulatory requirements and industrial standards applicable to the Group's operations. The Group also has processes and procedures in place to monitor changes in the regulatory framework and quickly implement any required operational changes. The local management at each manufacturing facility is responsible for ensuring compliance with applicable local requirements and industrial standards. Handicare also has a Group Regulatory Affairs function, which is responsible for developing certification strategies for the Group. Handicare is subject to audits, including unannounced inspections and general surveillance visits, by the FDA and other competent authorities. Handicare's Patient Handling operations in Europe were subject to an inspection by the FDA in 2015, which did not result in any significant findings.

The below is a summary of key regulatory requirements that Handicare and its products are subject to, see further "*Risk factors—Risks relating to Handicare's business and industry—Risks relating to regulation*". See also "*Risk factors—Risks relating to Handicare's business and industry—Risks relating to regulation—Defects, failures or safety or quality issues associated with Handicare's products could lead to product recalls and other regulatory enforcement actions, warranty claims, litigation, including product liability claims, or negative publicity that could have a material adverse effect on Handicare's business, financial condition and results of operations*".

United States

All of the Group's products sold in the United States are subject to the FDCA as implemented and enforced by the FDA. Handicare and its products are subject to numerous FDA regulatory requirements, including QSR, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures. The Group's facilities that export medical devices to the United States are also registered with the FDA and are expected by the FDA to comply with QSR.

Before a new medical device or a new use of, or claim for, an existing device can be marketed in the United States, it must first receive either pre-market clearance under the FDCA or pre-market approval from the FDA, unless an exemption applies. The Group's currently commercialised Patient Handling products are exempt from pre-market clearance and approval under the FDCA. The Group's stairlifts are also exempt from pre-market clearance and approval under the FDCA and the stairlift manufacturing facilities in the Netherlands and the United Kingdom have been registered with the FDA. Furthermore, Prism Medical's FDA registration in the United

States has been expanded to include importation of stairlifts from Handicare's facilities in the Netherlands and the United Kingdom.

Europe

The main regulatory regimes to which the Group's products are subject in the EU are the MDD and the ISO 13485 quality system standards for medical devices. These regulatory regimes include requirements for, among other things, product design, development and manufacture.

In Europe, Handicare's products within Patient Handling are required to comply with the essential requirements of the MDD before they can be commercialised. Compliance with the requirements of the MDD entitles the Group to affix a CE mark to its medical devices. As a general matter, the CE marking is the manufacturer's declaration that the product meets the requirements of the applicable EC directives and can be sold throughout the EEA.

On 5 April 2017 the MDR was adopted, replacing the MDD. The MDR, which is directly applicable without any legislative implementation measures by the member states, replaces the MDD following a three year transitional period. Pursuant to article 123 of the MDR, the new regulation will apply from 26 May 2020. Handicare does not expect the entry into force of MDR to have a material impact on the Group's business.

In Europe, Handicare's stairlifts are required to comply with EN 81-40:2008 and certain other regulations, such as the RoHS Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (limiting the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers) and the EMC Directive on the harmonisation of the laws of the member states relating to electromagnetic compatibility (proscribing limited electromagnetic emissions and a certain level of resilience to interference). Compliance with these requirements entitles the Group to affix a CE mark to the Group's stairlifts.

Moreover, Handicare's vehicle accessibility products, which are sold only in Europe, are subject to ECE 14. Handicare's vehicle accessibility products, which are generally classified as Category M1 (vehicles used for the carriage of passengers and comprising not more than eight seats in addition to the driver's seat), are approved under ECE 14. Failure by Handicare to meet such requirements can result in, for example, a refusal to use the relevant E approval mark for its vehicle accessibility products.

Other jurisdictions

Many of the requirements applicable to the Group's devices and products around the world are similar to those of the United States or European Union, although they differ in detail, particularly with regard to pre-market registrations or clearances and risk classifications. Laws range from comprehensive device approval requirements to requests for product data or certifications. For example, in Canada, Handicare's stairlifts are required to be ISO 13485 certified. Inspection of and controls over manufacturing, as well as monitoring of device-related adverse events, are also components of most of these regulatory systems.

Quality accreditations

The Group's manufacturing facilities hold several quality accreditations, including the following certifications:

- ISO 9001 (*Quality management*), which sets out the criteria for a quality management system;
- ISO 13485 (*Medical devices – Quality management systems – Requirements for regulatory purposes*), which is a sector-specific standard based on ISO 9001 that specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements;
- ISO 14001 (*Environmental management systems – Requirements with guidance for use*), which specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance; and
- OHSAS 18001 (*Occupational Health and Safety Management*), which sets out the minimum requirements for occupational health and safety management best practice.

Compliance with the various requirements under the applicable standards is reviewed by recognised third parties. For example, the Group is subject to annual audits by TÜV Rheinland to ensure compliance with ISO 13485. Handicare believes that quality accreditations, such as the above certifications, are generally important to winning customers' trust and allows the Group to clearly communicate its high standards of quality. Furthermore, in certain jurisdictions, including Canada, ISO 13485 certification is a regulatory prerequisite for distribution of medical devices.

The picture below provides an overview of Handicare's quality accreditations and FDA compliance of its manufacturing facilities.

Manufacturing facility accreditations and FDA compliance

Pijnacker Bathroom safety	**Heerhugowaard** Accessibility	**Kista** Patient Handling	**Vehicle Accessibility**	**Kingswinford**	**Prism Medical**
ISO 13485:2016	ISO 13485:2016	ISO 13485:2016	ISO 9001:2015	ISO 13485:2016	ISO 13485:2016
QSR/CFR (FDA)	ISO 9001:2015	ISO 9001:2015		ISO 9001:2015	QSR/CFR (FDA)
	ISO 14001:2015	ISO 14001:2015		OHSAS 18001	
	QSR/CFR (FDA)	QSR/CFR (FDA)		ISO 14001:2015	
				QSR/CFR (FDA)★	

★ FDA registered butawaiting first inspection.

Source: Company information.

ENVIRONMENTAL MATTERS

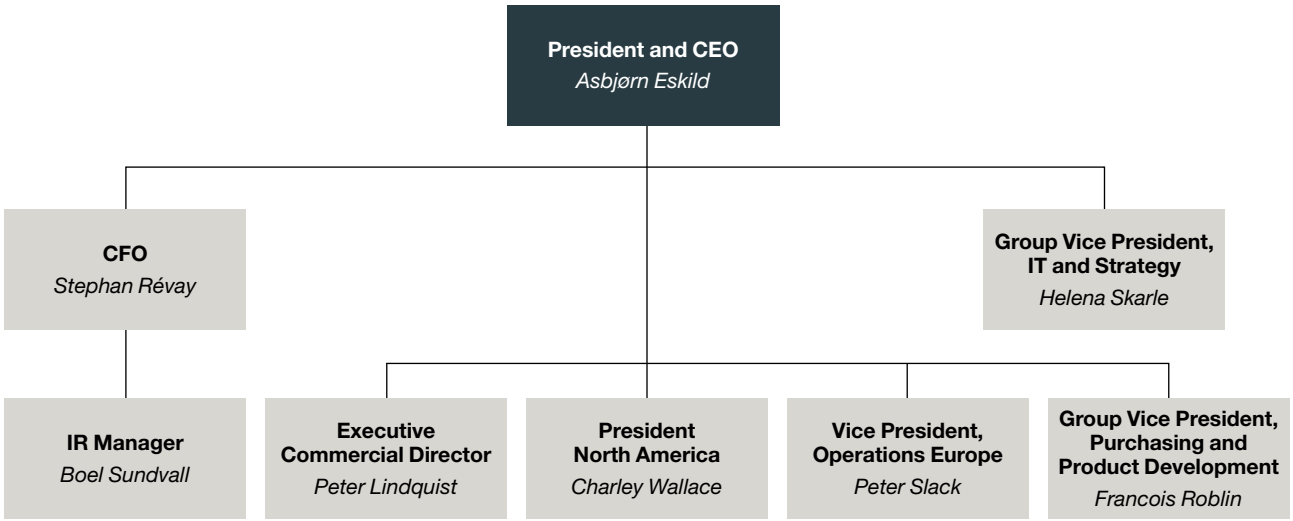
Handicare's internal code of conduct, which embodies the standards of business conduct and ethics that all employees, managers, executive officers, members of the board of directors and business partners of the Group must follow, states that environmental resources should be used responsibly and carefully and emphasises that the Group strives to conduct business in an environmentally sustainable way, such as by improved efficiencies or investment in sustainable products, services, and technologies. Ideas from employees that reduce the environmental impact of Handicare's activities are supported and encouraged. For example, use of lower carbon-emission vehicles, use of LED lighting in warehousing and investment in energy efficient compressors have all been implemented in recent years.

ORGANISATION

The Group's organisation follows a functional structure facilitating global coordination. The two main areas, North America and Europe, have separate commercial and operational heads reporting directly to the Group CEO. Handicare's lean central function has a primary focus to provide strategic guidance, financial control, performance monitoring and such functions where synergies of scale can be leveraged, such as in M&A, procurement and IT.

The management team consists of the Group President and CEO, Group CFO, Group Vice President, IT and Strategy, Executive Commercial Director, President North America, Group Vice President, Purchasing and Product Development and Vice President, Operations Europe, as well as an IR Manager who reports directly to the Group CFO.

Group organisation structure



Source: Company information.

EMPLOYEES

As of 31 December 2016, the Group had a total of 1,156 employees, of which 55 in Sweden, 210 in Norway, 354 in the United Kingdom, 228 in the Netherlands, 281 in the United States and Canada, and 28 in other countries. The parent company had 12 employees as of 31 December 2016. The average number of full-time equivalent employees (FTEs) in 2016 was 1,036.

As of 31 December 2016, 49 percent of the Group's FTEs were direct FTEs (i.e., manufacturing, warehouse and field service (service and installation) staff) employed at the Group's manufacturing and assembly facilities. Indirect FTEs (i.e., sales, customer service, R&D, finance and administration staff as well as management) represented 51 percent of the Group's total FTEs as of 31 December 2016.

As of 31 December 2016, women comprised 28 percent of the Group's employees. Handicare's personnel policy is based on equal pay for equal work, which means that, all other factors being equal, employees receive the same pay regardless of gender. Handicare aims to achieve an even gender distribution and is promoting this goal over time. This means that in its recruiting, Handicare will prioritise female applicants if applicants are equally qualified. Opportunities for further development, training and careers are gender neutral. Handicare emphasises the importance of providing the same preconditions regardless of ethnicity, national origin, skin colour, language, religion or lifestyle. Consideration of the above is taken into account in areas including recruitment, salary and employment conditions as well as development opportunities.

The Group aims to be a workplace where there is no discrimination based on disabilities. The Group works proactively with a targeted approach to designing and facilitating the physical prerequisites to enable anyone to work at Handicare. Workplaces are adapted to meet the needs of employees with disabilities.

Handicare believes that the work environment is satisfactory and absence in the Group due to sickness is low. Handicare focuses on health, the environment and safety, and actively implements safety measures.

Certain of the companies within the Group that are engaged in manufacturing, as well as certain additional Group entities, have entered into local collective bargain agreements. Handicare considers its relationship with its employees and their unions to be satisfactory.

	As at 31 December		
	2016	**2015**	**2014**
Employees by business area			
Accessibility	745	757	690
Patient Handling	344	110	146
Puls	59	41	40
Group	8	9	6
Total employees	**1,156**	**917**	**882**
Employees by region			
Europe	847	808	769
North America	281	38	41
RoW	28	71	71
Total employees	**1,156**	**917**	**882**

Selected historical financial information

PRESENTATION OF THE SELECTED HISTORICAL FINANCIAL INFORMATION

The selected consolidated historical financial information set forth below as of and for the years ended 31 December 2016, 2015 and 2014 has been derived from the Company's audited consolidated financial statements, which were audited by Ernst & Young AB, as set forth in its audit report included elsewhere herein. See also "*Presentation of financial and other information—Reorganisation and change of parent company domicile*". The selected consolidated historical financial information set forth below as of and for the six months ended 30 June 2017 and 2016 has been derived from the Company's unaudited interim consolidated financial statements as of and for the six months ended 30 June 2017, which were reviewed by Ernst & Young AB, as set forth in its review report included elsewhere herein, with comparative figures for the six months ended 30 June 2016. The Company's audited and unaudited interim consolidated financial statements as of and for the periods set forth below have each been prepared in accordance with IFRS, as adopted by the European Union. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, subject only to normal and recurring adjustments that are necessary for a fair statement of the results for the interim periods presented.

The Company presents below certain key operating metrics that are not defined under IFRS (alternative performance measures). These non-IFRS measures are used by Group management to monitor the underlying performance of the Company's business and operations, and it believes that these metrics are important and helpful in understanding the Company's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these or other non-IFRS metrics in the same way, the manner in which the Company has chosen to compute the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies. Therefore, the non-IFRS metrics should not be considered in isolation of, or viewed as substitutes for, the financial information prepared in accordance with IFRS.

The key performance indicators set forth below in "*—Selected key performance indicators*" are based on information derived from the Company's regularly maintained records and accounting and operating systems. See "*Presentation of financial and other information—Non-IFRS key operating metrics*" for definitions and reasons for use of non-IFRS measures set out in the tables below. The following information should be read in conjunction with "*Operating and financial review*" and the Company's consolidated financial statements, including the notes thereto, included in "*Historical financial information*".

SELECTED CONSOLIDATED INCOME STATEMENT INFORMATION

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statements)*		
Operating revenue					
Revenue	153.9	122.3	261.0	245.3	231.8
	153.9	**122.3**	**261.0**	**245.3**	**231.8**
Operating expenses					
Cost of goods sold	(73.3)	(60.5)	(129.7)	(121.6)	(112.6)
Personnel expenses	(38.6)	(30.2)	(63.7)	(64.1)	(63.7)
Depreciation, amortisation and impairment	(4.3)	(3.0)	(7.0)	(29.8)	(5.4)
Other external expenses	(25.6)	(20.5)	(45.3)	(42.7)	(41.9)
Other specified items	(2.0)	(3.9)	(18.4)	(9.9)	(8.3)
EBIT	**10.2**	**4.1**	**(3.2)**	**(22.8)**	**(0.1)**
Profit/loss from financial items					
Financial income	7.2	2.9	57.2	21.6	12.9
Financial expenses	(14.9)	(12.4)	(73.3)	(38.3)	(39.3)
Profit/loss after financial items	**2.5**	**(5.4)**	**(19.3)**	**(39.5)**	**(26.4)**
Tax expense	0.1	(1.3)	0.0	(0.1)	(2.9)
Profit/loss after tax from continuing operations	**2.6**	**(6.7)**	**(19.3)**	**(39.5)**	**(29.4)**
Profit from discontinued operations	–	–	0.0	17.1	5.0
Net profit/loss for the period	**2.6**	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**
Profit/loss attributable to:					
Handicare Group AB's shareholders	2.4	(6.3)	(18.9)	(22.2)	(24.4)
Non-controlling interests	0.1	(0.4)	(0.4)	(0.3)	0.0
	2.6	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**

SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statements)*		
Net profit/loss for the period	**2.6**	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**
Other comprehensive income					
Items that could later be reclassified to profit or loss					
Exchange-rate fluctuations pertaining to cash-flow hedged before tax	0.6	(4.9)	7.3	(1.6)	1.3
Hedges of net investments in foreign entities before tax	(2.1)	4.9	(5.3)	3.7	(6.5)
Translation differences	2.4	(4.3)	(6.2)	5.8	16.0
Tax effect of exchange-rate fluctuations and net investment hedges	0.4	(0.2)	(0.2)	(0.5)	1.4
Items that will not be reclassified to profit or loss					
Re-measurement of net pension obligations	0.0	0.0	(0.1)	0.1	(1.0)
Other comprehensive income for the period, after tax	**1.3**	**(4.5)**	**(4.6)**	**7.6**	**11.2**
Total comprehensive income for the period	**3.9**	**(11.1)**	**(23.9)**	**(14.9)**	**(13.2)**
Total comprehensive income for the period attributable to:					
Handicare Group AB:s shareholder	3.6	(10.5)	(23.7)	(15.2)	13.2
Non-controlling interests	0.2	(0.7	(0.2)	0.3	0.0
	3.9	**(11.1)**	**(23.9)**	**(14.9)**	**13.2**

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION

	As of 30 June		As of 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statements)*		
ASSETS					
Fixed assets					
Intangible fixed assets	52.2	44.0	54.1	44.4	59.3
Goodwill	173.3	137.9	177.5	142.6	198.2
Deferred tax assets	6.6	5.1	8.4	3.6	7.8
Tangible fixed assets	11.9	8.0	12.6	8.6	9.1
Non-current receivables	34.8	32.5	33.7	31.1	0.8
Total fixed assets	**278.8**	**227.4**	**286.3**	**230.2**	**275.1**
Current assets					
Inventory	36.1	27.6	36.5	30.1	45.6
Accounts receivable	41.6	29.0	44.3	27.5	38.8
Current tax assets	1.7	1.7	1.7	0.0	0.0
Other receivables	4.1	6.1	3.4	5.8	3.9
	83.5	**64.4**	**86.0**	**63.3**	**88.2**
Cash and cash equivalents	6.2	9.9	6.7	18.9	23.7
Total current assets	**89.8**	**74.3**	**92.7**	**82.2**	**111.9**
TOTAL ASSETS	**368.5**	**301.7**	**379.0**	**312.5**	**387.1**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	0.0	0.0	0.0	0.0	2.3
Other contributed capital	168.2	145.0	168.2	145.0	99.3
Reserves	56.0	52.0	56.5	30.4	19.8
Retained earnings	(149.3)	(127.5)	(131.9)	(79.9)	(3.6)
Net profit/loss for the period	2.4	(6.3)	(18.9)	(22.2)	(25.8)
Shareholders' equity attributable to Parent Company's shareholders	**77.3**	**63.3**	**73.9**	**73.3**	**92.0**
Non-controlling interests	4.5	3.2	4.0	4.4	0.0
Total shareholders' equity	**81.8**	**66.5**	**77.9**	**77.7**	**92.0**
Liabilities					
Long-term liabilities					
Pension obligations	0.7	1.1	0.8	1.0	2.6
Deferred tax liabilities	8.8	9.7	11.3	7.6	12.1
Deferred revenue	2.2	2.4	2.4	2.7	2.6
Accrued expenses	2.3	1.9	3.2	1.4	2.1
Other long-term liabilities	212.8	170.6	218.3	166.0	212.8
Financial derivatives	0.0	0.0	0.0	0.0	0.7
	226.9	**185.6**	**236.0**	**178.7**	**233.0**
Current liabilities					
Borrowings	9.1	8.2	8.2	13.1	12.7
Accounts payable	26.7	23.3	29.6	25.9	30.7
Current tax liabilities	–	–	–	–	–
Other current liabilities	2.0	0.7	0.8	1.4	3.6
Accrued expenses and deferred revenue	22.1	17.4	26.5	15.7	15.1
	59.9	**49.6**	**65.0**	**56.1**	**62.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**368.5**	**301.7**	**379.0**	**312.5**	**387.1**
MEMORANDUM ITEMS					
Pledged assets	**89.6**	**64.7**	**94.6**	**66.2**	**93.5**
Contingent liabilities	**–**	**–**	**–**	**–**	**–**

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statements)*		
Operating activities					
Profit/loss before tax	2.5	(5.4)	(19.3)	(22.4)	(21.4)
Adjustments for non-cash items:					
Depreciation, amortisation and impairment	4.3	3.0	7.0	30.7	6.3
Capital gain/loss	0.0	0.0	0.1	0.0	(0.0)
Reversal of interest expense	9.0	7.4	15.9	19.3	23.1
Reversal of interest income	(1.3)	(1.5)	(3.0)	(1.5)	(1.1)
Other non-cash items	(0.5)	2.2	0.1	(13.5)	0.9
Income tax paid	(0.5)	(1.0)	(0.7)	(0.0)	(1.1)
Cash flow from operating activities before changes in working capital	**13.5**	**4.8**	**0.0**	**12.6**	**6.8**
Cash flow from changes in working capital					
Change in inventory	(1.1)	1.6	1.2	4.6	(1.5)
Change in accounts receivable	1.0	(2.2)	(8.5)	6.4	(2.0)
Change in accounts payable	(2.1)	(1.5)	3.1	2.9	4.0
Change in other current liabilities/receivables	(5.0)	1.7	9.8	(4.9)	(0.2)
Cash flow from operating activities	**6.3**	**4.5**	**5.7**	**21.6**	**7.1**
Investing activities					
Business combinations	–	(1.0)	(49.4)	0.0	(3.0)
Divestment of subsidiaries	–	–	–	43.0	0.0
Acquisition of tangible and intangible assets	(3.5)	(3.6)	(11.4)	(9.6)	(9.0)
Proceeds from sale of tangible fixed assets	0.1	0.2	0.3	1.0	0.4
Cash flow from investing activities	**(3.4)**	**(4.4)**	**(60.6)**	**34.3**	**(11.6)**
Financing activities					
Proceeds from borrowings	1.9	–	40.3	2.3	6.8
Finance lease	0.2	0.0	0.0	(0.1)	(0.3)
Loan repayments	(2.4)	(5.8)	(14.3)	(53.3)	(2.6)
Reduction of shareholders' equity	–	–	–	(0.1)	(0.0)
Additional contributed capital	–	–	24.1	–	–
Interest received	0.0	0.2	0.5	1.5	1.1
Interest paid	(3.6)	(3.0)	(7.3)	(11.1)	(11.5)
Cash flow from financing activities	**(3.9)**	**(8.6)**	**43.4**	**(60.7)**	**(6.4)**
Cash flow for the period	**(1.0)**	**(8.5)**	**(11.5)**	**(4.8)**	**(10.9)**
Opening cash and cash equivalents	**6.7**	**18.9**	**18.9**	**23.7**	**33.6**
Exchange gains/losses on cash and cash equivalents	**0.6**	**(0.5)**	**(0.7)**	**(0.0)**	**0.9**
Closing cash and cash equivalents	**6.2**	**9.9**	**6.7**	**18.9**	**23.7**

SELECTED SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in three business areas, which are equivalent to the Company's reporting segments under IFRS: Accessibility, Patient Handling and Puls. Some of the key performance indicators presented below are non-IFRS financial measures, i.e. financial measures that are not measures defined under IFRS. Non-IFRS measures are not substitutes for any IFRS measures. For a description of the calculation of the non-IFRS financial measures and the reason for their use, see "*—Presentation of selected financial information*" and "*Presentation of financial and other information—Non-IFRS key operating metrics*".

The following table shows selected key performance indicators by segment for the six months ended 30 June 2017 and 2016, and the years ended 31 December 2016, 2015 and 2014, which have been derived from Handicare's financial and operating systems, including the Company's audited consolidated financial statements and notes for the periods presented, which are included elsewhere herein.

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(unaudited)*		
REVENUE[1)]					
Accessibility	89.9	86.8	174.2	167.7	153.7
Patient Handling	44.7	17.5	50.5	33.4	31.4
Puls	19.3	17.9	36.1	43.9	46.5
Other	0.0	0.1	0.1	0.3	0.1
TOTAL	**153.9**	**122.3**	**261.0**	**245.3**	**231.8**
GROSS PROFIT[2) 3)]					
Accessibility	36.4	35.3	70.2	66.4	57.9
Patient Handling	22.6	8.2	23.2	13.1	15.2
Puls	5.7	6.1	11.9	13.9	14.5
Group-wide functions	0.0	0.1	0.1	(0.1)	0.7
TOTAL	**64.8**	**49.8**	**105.3**	**93.3**	**88.3**
GROSS MARGIN (%)[2) 3)]					
Accessibility	40.5%	40.7%	40.3%	39.6%	37.7%
Patient Handling	50.7%	46.9%	45.9%	39.3%	48.4%
Puls	29.7%	34.2%	32.9%	31.6%	31.2%
Group-wide functions	–	–	–	–	–
TOTAL	**42.1%**	**40.7%**	**40.4%**	**38.0%**	**38.1%**
EBITA[2 3)]					
Accessibility	10.2	7.6	11.7	16.0	12.1
Patient Handling	6.1	0.6	(3.8)	(2.8)	(0.2)
Puls	1.8	1.5	2.2	3.8	3.9
Group-wide functions	(5.4)	(4.4)	(9.7)	(13.4)	(14.1)
TOTAL	**12.7**	**5.4**	**0.3**	**3.7**	**1.7**
OTHER SPECIFIED ITEMS[1)]					
Accessibility	0.6	1.3	6.7	1.0	0.7
Patient Handling	0.3	0.9	7.8	1.3	1.0
Puls	0.0	0.1	0.6	0.0	0.0
Group-wide functions	1.1	1.6	3.3	7.6	6.6
TOTAL	**2.0**	**3.9**	**18.4**	**9.9**	**8.3**
ADJUSTED EBITA[2) 3)]					
Accessibility	10.8	8.9	18.4	17.0	12.8
Patient Handling	6.4	1.5	4.0	(1.5)	0.8
Puls	1.8	1.6	2.8	3.8	3.9
Group-wide functions	(4.3)	(2.7)	(6.4)	(5.8)	(7.5)
TOTAL	**14.7**	**9.3**	**18.8**	**13.5**	**10.0**

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	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(unaudited)*		
ADJUSTED EBITA MARGIN[2) 3)]					
Accessibility	12.1%	10.2%	10.6%	10.2%	8.3%
Patient Handling	14.3%	8.4%	7.8%	(4.5)%	2.6%
Puls	9.3%	9.2%	7.7%	8.7%	8.5%
Group-wide functions	–	–	–	–	–
TOTAL	**9.5%**	**7.6%**	**7.2%**	**5.5%**	**4.3%**

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".
3) For reconciliation of non-IFRS measures to the nearest IFRS measure, see "*—Reconciliation tables*".

The following table shows the breakdown of Handicare's revenue by segment and geography for the six months ended 30 June 2017 and 2016, and the years ended 31 December 2016, 2015 and 2014, which have been derived from Handicare's financial and operating systems.

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(unaudited, unless otherwise stated)*		
REVENUE					
Accessibility					
EU	82.3	79.6	157.5	149.2	133.7
North America	6.4	5.9	11.9	13.8	13.1
RoW	1.2	1.3	4.9	4.7	6.9
Patient Handling					
EU	12.9	12.9	23.6	24.0	23.9
North America	31.2	4.2	24.5	6.4	6.5
RoW	0.5	0.4	2.5	3.0	1.0
Puls					
EU	19.3	17.9	36.1	43.9	46.5
TOTAL[1)]	**153.9**	**122.3**	**261.0**	**245.3**	**231.8**

1) From audited financial statements.

SELECTED KEY PERFORMANCE INDICATORS

Some of the key performance indicators presented below are non-IFRS financial measures, i.e. financial measures that are not measures defined under IFRS. Non-IFRS measures are not substitutes for any IFRS measures. For a description of the calculation of the non-IFRS financial measures and the reason for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

The following table shows selected key performance indicators for the six months ended 30 June 2017 and 2016, and the years ended 31 December 2016, 2015 and 2014, which have been derived from Handicare's financial and operating systems, including the Company's audited consolidated financial statements and notes as of the dates and for the periods presented, which are included elsewhere herein.

	As of and for the six months ended 30 June		As of and for the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR (unless otherwise stated)	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Revenue[1]	153.9	122.3	261.0	245.3	231.8
Organic growth[2) 3)]	6.0%	–	2.5%	3.2%	–
Gross profit[2) 3)]	64.8	49.7	105.3	93.3	88.3
Gross margin (%)[2) 3)]	42.1%	40.7%	40.4%	38.0%	38.1%
Adjusted EBITDA[2) 3)]	16.5	11.0	22.3	16.9	13.6
Adjusted EBITDA margin(%)[2) 3)]	10.7%	9.0%	8.5%	6.9%	5.9%
EBITDA[2) 3)]	14.5	7.2	3.9	7.1	5.3
EBITDA margin (%)[2) 3)]	9.4%	5.8%	1.5%	2.9%	2.3%
Adjusted EBITA[2) 3)]	14.7	9.3	18.8	13.5	10.0
Adjusted EBITA margin (%)[2) 3)]	9.5%	7.6%	7.2%	5.5%	4.3%
EBITA[2) 3)]	12.7	5.4	0.4	3.7	1.7
EBITA margin (%)[2) 3)]	8.3%	4.4%	0.1%	1.5%	0.7%
Operating profit/loss (EBIT)[4)]	10.2	4.1	(3.2)	(22.8)	(0.1)
Adjusted operating cash flow[2) 3)]	5.8	7.3	16.8	17.3	5.4
Adjusted operating cash flow % of EBITDA[2) 3)]	35.5%	66.3%	75.2%	102.0%	39.3%
Equity/assets ratio[2) 3)]	22.2%	22.0%	20.6%	24.9%	23.8%
Net interest-bearing debt/Adjusted EBITDA[2) 3)]	7.7	6.7	8.7	8.1	15.7
Net working capital[2) 3)]	32.7	23.0	29.1	20.3	38.9
Number of employees (end of period)[2)]	1,192	914	1,156	917	1,150

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".
3) For reconciliation of non-IFRS measures to the nearest IFRS measure, see "*—Reconciliation tables*".
4) Operating profit/loss (EBIT) is not an IFRS-based measure, but is presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.

RECONCILIATION TABLES

The following tables provide a reconciliation of the non-IFRS measures presented herein to the nearest IFRS measures. For further information on these non-IFRS measures, including definitions and the rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Gross profit and gross margin for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Revenue	153.9	122.3	261.0	245.3	231.8
Direct material[1)]	(71.2)	(59.6)	(127.0)	(121.8)	(113.8)
Direct labour[2)]	(12.8)	(10.3)	(21.4)	(22.6)	(21.6)
Total freight[3)]	(5.1)	(2.6)	(7.1)	(7.3)	(7.9)
Other income	0.0	(0.1)	(0.2)	(0.4)	(0.2)
Gross profit[4)]	**64.8**	**49.8**	**105.3**	**93.3**	**88.3**
Gross margin (%)[4)]	**42.1%**	**40.7%**	**40.4%**	**38.0%**	**38.1%**

1) Direct material is included in the line item cost of goods sold. Direct material is a non-IFRS measure.
2) Direct labour is included in the line item personnel expenses. Direct labour is a non-IFRS measure.
3) Total freight consists of inbound freight and outbound freight. Inbound freight is included in the line item cost of goods sold. Outbound freight is included in the line item other external expenses. Total freight is a non-IFRS measure.
4) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Cost of goods sold for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Direct material	71.2	59.6	127.0	121.8	113.8
Inbound freight	2.1	0.9	2.7	3.3	2.7
Reclassification Mobility	–	–	–	(3.4)	(3.9)
Cost of goods sold	**73.3**	**60.5**	**129.7**	**121.6**	**112.6**

Gross profit and gross margin by segment

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
ACCESSIBILITY					
Revenue	89.8	86.8	174.2	167.7	153.7
Direct material[1)]	(40.7)	(40.0)	(80.7)	(78.0)	(72.4)
Direct labour[2)]	(10.1)	(9.9)	(19.1)	(19.4)	(19.1)
Total freight[3)]	(2.7)	(1.5)	(4.3)	(3.8)	(4.2)
Gross profit[4)]	**36.4**	**35.3**	**70.2**	**66.4**	**57.9**
Gross margin (%)[4)]	**40.5%**	**40.7%**	**40.3%**	**39.6%**	**37.7%**
PATIENT HANDLING					
Revenue	44.7	17.5	50.5	33.4	31.4
Direct material[1)]	(17.7)	(8.2)	(22.9)	(16.5)	(13.1)
Direct labour[2)]	(2.7)	(0.5)	(2.4)	(1.8)	(1.6)
Total freight[3)]	(1.6)	(0.6)	(2.0)	(2.0)	(1.5)
Gross profit[4)]	**22.6**	**8.2**	**23.2**	**13.1**	**15.2**
Gross margin (%)[4)]	**50.7%**	**46.9%**	**45.9%**	**39.3%**	**48.4%**
PULS					
Revenue	19.3	17.9	36.1	43.9	46.5
Direct material[1)]	(12.8)	(11.4)	(23.4)	(27.3)	(28.2)
Direct labour[2)]	0.0	0.0	0.0	(1.3)	(1.6)
Total freight[3)]	(0.8)	(0.4)	(0.8)	(1.4)	(2.2)
Gross profit[4)]	**5.7**	**6.1**	**11.9**	**13.9**	**14.5**
Gross margin (%)[4)]	**29.7%**	**34.2%**	**32.9%**	**31.6%**	**31.2%**

1) Direct material is included in the line item cost of goods sold. Direct material is a non-IFRS measure.
2) Direct labour is included in the line item personnel expenses. Direct labour is a non-IFRS measure.
3) Total freight consists of inbound freight and outbound freight. Inbound freight is included in the line item cost of goods sold. Outbound freight is included in the line item other external expenses. Total freight is a non-IFRS measure.
4) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

EBITDA, EBITDA margin, EBITA, EBITA margin and EBIT margin for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
EBIT	**10.2**	**4.1**	**(3.2)**	**(22.8)**	**(0.1)**
Amortisation/write-down of intangible assets	2.5	1.3	3.5	26.4	1.8
EBITA[1)]	**12.7**	**5.4**	**0.4**	**3.7**	**1.7**
EBITA margin (%)[1)]	**8.3%**	**4.4%**	**0.1%**	**1.5%**	**0.7%**
Depreciation of tangible fixed assets	1.8	1.8	3.5	3.4	3.6
EBITDA[1)]	**14.5**	**7.2**	**3.9**	**7.1**	**5.3**
EBITDA margin (%)[1)]	**9.4%**	**5.8%**	**1.5%**	**2.9%**	**2.3%**

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
EBIT	**10.2**	**4.1**	**(3.2)**	**(22.8)**	**(0.1)**
Amortisation/write-down of intangible assets	2.5	1.3	3.5	26.4	1.8
Other specified items[1)]	2.0	3.9	18.4	9.9	8.3
Transaction costs	0.1	0.1	4.0	1.9	0.8
Integration costs	0.3	0.8	3.6	1.4	1.0
Restructuring costs	1.6	1.8	5.4	6.0	6.5
IPO costs	–	0.8	1.2	–	–
Recall costs	–	0.0	3.1	–	–
Mobility costs	–	–	0.3	0.6	–
Other efficiency projects	(0.0)	0.2	0.9	0.0	–
Adjusted EBITA[2)]	**14.7**	**9.3**	**18.8**	**13.5**	**10.0**
Adjusted EBITA margin (%)[2)]	**9.5%**	**7.6%**	**7.2%**	**5.5%**	**4.3%**
Depreciation of tangible fixed assets	1.8	1.8	3.5	3.4	3.6
Adjusted EBITDA[2)]	**16.4**	**11.0**	**22.3**	**16.9**	**13.6**
Adjusted EBITDA margin (%)[2)]	**10.7%**	**9.0%**	**8.5%**	**6.9%**	**5.9%**

1) For detailed information on other specified items, see "*Operating and financial review—Key factors affecting comparability*".
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

EBITA and EBITA margin by segment

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
ACCESSIBILITY					
EBIT	**9.2**	**7.0**	**9.9**	**15.1**	**11.7**
Amortisation/write-down of intangible assets	1.0	0.6	1.8	1.0	0.4
EBITA[1)]	**10.2**	**7.6**	**11.7**	**16.0**	**12.1**
EBITA margin (%)[1)]	**11.4%**	**8.8%**	**6.7%**	**9.6%**	**7.9%**
PATIENT HANDLING					
EBIT	**5.0**	**0.2**	**(5.2)**	**(16.1)**	**(0.8)**
Amortisation/write-down of intangible assets	1.1	0.4	1.3	13.3	0.6
EBITA[1)]	**6.1**	**0.6**	**(3.8)**	**(2.8)**	**(0.2)**
EBITA margin (%)[1)]	**13.6%**	**3.4%**	**(7.6)%**	**(8.4)%**	**(0.5)%**
PULS					
EBIT	**1.7**	**1.5**	**2.1**	**3.7**	**3.8**
Amortisation/write-down of intangible assets	0.1	0.0	0.1	0.1	0.1
EBITA[1)]	**1.8**	**1.5**	**2.0**	**3.6**	**3.7**
EBITA margin (%)[1)]	**9.3%**	**8.6%**	**5.4%**	**8.2%**	**8.0%**

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Adjusted EBITA and Adjusted EBITA margin by segment

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
ACCESSIBILITY					
EBIT	**9.2**	**7.0**	**9.9**	**15.1**	**11.7**
Amortisation/write-down of intangible assets	1.0	0.6	1.8	1.0	0.4
Other specified items[1)]	0.6	1.3	6.7	1.0	0.7
Transaction costs	–	–	–	–	–
Integration costs	0.0	0.8	1.2	0.2	–
Restructuring costs	0.6	0.5	0.9	0.4	0.7
IPO costs	–	–	–	–	–
Recall costs	–	0.0	3.0	–	–
Mobility costs	–	–	–	–	–
Other efficiency projects	–	–	1.6	0.3	–
Adjusted EBITA[2)]	**10.8**	**8.9**	**18.4**	**17.0**	**12.8**
Adjusted EBITA margin (%)[2)]	**12.1%**	**10.2%**	**10.6%**	**10.2%**	**8.3%**
PATIENT HANDLING					
EBIT	**5.0**	**0.2**	**(5.2)**	**(16.1)**	**(0.8)**
Amortisation/write-down of intangible assets	1.1	0.4	1.3	13.3	0.6
Other specified items[1)]	0.3	0.9	7.8	1.3	1.0
Transaction costs	–	0.0	3.5	–	–
Integration costs	0.3	0.1	1.6	0.6	–
Restructuring costs	0.0	0.7	1.4	0.7	1.0
IPO costs	–	–	–	–	–
Recall costs	–	–	0.0	–	–
Mobility costs	–	–	–	–	–
Other efficiency projects	0.0	0.1	1.2	0.0	–
Adjusted EBITA[2)]	**6.4**	**1.5**	**4.0**	**(1.5)**	**0.8**
Adjusted EBITA margin (%)[2)]	**14.3%**	**8.4%**	**7.8%**	**(4.5)%**	**2.6%**
PULS					
EBIT	**1.7**	**1.5**	**2.1**	**3.7**	**3.8**
Amortisation/write-down of intangible assets	0.1	0.0	0.1	0.1	0.1
Other specified items[1)]	–	0.1	0.6	–	–
Transaction costs	–	–	–	–	–
Integration costs	–	–	–	–	–
Restructuring costs	–	0.0	0.1	–	–
IPO costs	–	–	–	–	–
Recall costs	–	–	–	–	–
Mobility costs	–	–	–	–	–
Other efficiency projects	–	0.1	0.5	–	–
Adjusted EBITA[2)]	**1.8**	**1.6**	**2.8**	**3.8**	**3.9**
Adjusted EBITA margin (%)[2)]	**9.3%**	**9.2%**	**7.7%**	**8.7%**	**8.5%**

1) For detailed information on other specified items, see "*Operating and financial review—Key factors affecting comparability*".
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Adjusted operating cash flow and adjusted operating cash flow as percentage of Adjusted EBITDA for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Cash flow from the ongoing business	**13.5**	**4.8**	**0.0**	**12.6**	**6.8**
Cash income tax	0.5	1.0	0.7	0.0	1.1
Cash interest and cost	(7.7)	(5.9)	(12.9)	(17.8)	(22.0)
Net financial cost profit and loss	7.7	9.5	16.1	16.7	26.3
Other non-cash flow items	0.5	(2.2)	(0.1)	12.6	(1.9)
Discontinued operations	0.0	0.0	0.0	(17.1)	(5.0)
Transaction costs	0.1	0.1	4.0	1.9	0.8
Integration costs	0.3	0.8	3.6	1.4	1.0
Restructuring costs	1.6	1.8	5.4	6.0	6.5
IPO costs	–	0.8	1.2	–	–
Recall costs	–	0.0	3.1	–	–
Mobility costs	–	–	0.3	0.6	–
Other efficiency projects	0.0	0.2	0.9	0.0	–
Adjusted EBITDA[1)]	**16.4**	**11.0**	**22.3**	**16.9**	**13.6**
Change in net working capital	(7.2)	(0.3)	5.6	9.0	0.3
Capital expenditure[2)]	(3.5)	(3.6)	(11.4)	(9.6)	(9.0)
Divestment of fixed assets	0.0	0.2	0.3	1.0	0.4
Adjusted operating cash flow	**5.8**	**7.3**	**16.8**	**17.3**	**5.4**
Adjusted operating cash flow % of Adjusted EBITDA[1) 3)]	**35.5%**	**66.3%**	**75.2%**	**102.0%**	**39.3%**

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".
2) For reconciliation of capital expenditure to the nearest IFRS measure, see "*—Capital expenditure for the Group*".
3) For reconciliation of Adjusted EBITDA to the nearest IFRS measure, see "*—Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin for the Group*".

Organic growth for the Group

	For the six months ended 30 June	
	2017	2016
MEUR	*(unaudited)*	
Revenue	153.9	122.3
Acquisitions and divestments[1)]	(26.8)	0.0
Revenue excl. acquisitions and divestment	127.1	122.3
Currency effects	–	(2.4)
Revenue excl. acquisitions and divestments and currency effects	127.1	119.9
Organic growth[2)]	**6.0%**	**–**

1) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

	For the year ended 31 December	
	2016	2015
MEUR	*(unaudited, unless otherwise stated)*	
Revenue[1)]	261.0	245.3
Acquisitions and divestments[2)]	(20.1)	0.0
Revenue excl. acquisitions and divestment	240.9	245.3
Currency effects	–	(10.4)
Revenue excl. acquisitions and divestments and currency effects	240.9	234.9
Organic growth[3)]	**2.5%**	**3.2%**

1) From audited financial statements.
2) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
3) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

	For the year ended 31 December	
	2015	2014
MEUR	*(unaudited, unless otherwise stated)*	
Revenue[1)]	245.3	231.8
Acquisitions and divestments[2)]	0.0	0.0
Revenue excl. acquisitions and divestment	245.3	231.8
Currency effects	–	5.9
Revenue excl. acquisitions and divestments and currency effects	245.3	237.7
Organic growth[3)]	**3.2%**	**–**

1) From audited financial statements.
2) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
3) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Organic growth by segment

	For the six months ended 30 June	
	2017	2016
MEUR	*(unaudited)*	
ACCESSIBILITY		
Revenue	89.9	86.8
Acquisitions and divestments[1)]	0.0	0.0
Revenue excl. acquisitions and divestments	89.9	86.8
Currency effects	–	(2.6)
Revenue excl. acquisitions and divestments and currency effects	89.9	84.2
Organic growth[2)]	**6.8%**	**–**
PATIENT HANDLING		
Revenue	44.7	17.5
Acquisitions and divestments[1)]	(26.8)	0.0
Revenue excl. acquisitions and divestments	17.9	17.5
Currency effects	–	(0.3)
Revenue excl. acquisitions and divestments and currency effects	17.9	17.2
Organic growth[2)]	**3.7%**	**–**
PULS		
Revenue	19.3	17.9
Acquisitions and divestments[1)]	0.0	0.0
Revenue excl. acquisitions and divestments	19.3	17.9
Currency effects	–	0.5
Revenue excl. acquisitions and divestments and currency effects	19.3	18.4
Organic growth[2)]	**5.3%**	**–**

1) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

cont. **Organic growth by segment**

MEUR	For the year ended 31 December 2016	2015
	(unaudited, unless otherwise stated)	
ACCESSIBILITY		
Revenue[1)]	174.2	167.7
Acquisitions and divestments[2)]	(4.6)	–
Revenue excl. acquisitions and divestments	169.6	167.7
Currency effects	–	(7.9)
Revenue excl. acquisitions and divestments and currency effects	169.6	159.8
Organic growth[3)]	**6.2%**	**4.0%**
PATIENT HANDLING		
Revenue[1)]	50.5	33.4
Acquisitions and divestments[2)]	(15.6)	–
Revenue excl. acquisitions and divestments	35.0	33.4
Currency effects	–	(0.9)
Revenue excl. acquisitions and divestments and currency effects	35.0	32.5
Organic growth[3)]	**7.7%**	**2.3%**
PULS		
Revenue[1)]	36.1	43.9
Acquisitions and divestments[2)]	–	–
Revenue excl. acquisitions and divestments	36.1	43.9
Currency effects	–	(1.6)
Revenue excl. acquisitions and divestments and currency effects	36.1	42.4
Organic growth[3)]	**(14.8%)**	**0.5%**

1) From audited financial statements.
2) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
3) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

MEUR	For the year ended 31 December 2015	2014
	(unaudited, unless otherwise stated)	
ACCESSIBILITY		
Revenue[1)]	167.7	153.7
Acquisitions and divestments[2)]	–	–
Revenue excl. acquisitions and divestments	167.7	153.7
Currency effects	–	7.5
Revenue excl. acquisitions and divestments and currency effects	167.7	161.2
Organic growth[3)]	**4.0%**	**–**
PATIENT HANDLING		
Revenue[1)]	33.4	31.4
Acquisitions and divestments[2)]	–	–
Revenue excl. acquisitions and divestments	33.4	31.4
Currency effects	–	1.2
Revenue excl. acquisitions and divestments and currency effects	33.4	32.6
Organic growth[3)]	**2.3%**	**–**
PULS		
Revenue[1)]	43.9	46.5
Acquisitions and divestments[2)]	–	–
Revenue excl. acquisitions and divestments	43.9	46.5
Currency effects	–	(2.8)
Revenue excl. acquisitions and divestments and currency effects	43.9	43.7
Organic growth[3)]	**0.5%**	**–**

1) From audited financial statements.
2) For more information on Handicare's acquisitions and divestments, see "*Operating and financial review—Key factoris affecting Handicare's result of operations—Acquisitions and divestments*".
3) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Capital expenditure for the Group

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Acquisition of tangible and intangible assets	3.5	3.6	11.4	9.6	9.0
Of which related to the divested Mobility business	–	–	–	*(1.7)*	*(2.1)*
Capital expenditures	**3.5**	**3.6**	**11.4**	**7.9**	**6.9**
Maintenance capex[1)]	2.7	1.9	5.8	4.8	4.1
Expansion capex[1)]	0.8	1.6	5.6	3.1	2.8
Capital expenditures	**3.5**	**3.6**	**11.4**	**7.9**	**6.9**

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

Net interest-bearing debt and net interest-bearing debt as percentage of Adjusted EBITDA for the Group

	As of 30 June		As of 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Other long-term liabilities (Interest-bearing long-term loans)	216.2	176.9	223.1	173.1	222.1
Shareholder loans[1)]	(77.7)	(72.6)	(77.9)	(66.9)	(64.8)
Interest-bearing loans	138.5	104.3	145.2	106.3	157.4
Borrowings (Interest-bearing current loans)	9.0	8.0	8.0	12.9	12.4
Financial leasing and other debt (Interest-bearing)	1.4	0.3	1.4	0.2	0.7
Provisions for pensions (Interest-bearing)	0.7	1.1	0.8	1.0	2.6
Non-current receivables (Vendor note loan)	(34.5)	(31.9)	(33.2)	(30.6)	0.0
Cash and cash equivalents	(6.2)	(9.9)	(6.7)	(18.9)	(23.7)
Net interest-bearing debt	**109.0**	**71.9**	**115.5**	**70.8**	**149.4**
Net interest-bearing debt/Adjusted EBITDA[2)]	**7.7**	**6.7**	**8.7**	**8.1**	**15.7**

1) Shareholder loans are excluded from net interest-bearing debt.
2) For reconciliation of Adjusted EBITDA to the nearest IFRS measure, see "*—Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin for the Group*".

Equity to asset ratio and net working capital

	As of 30 June		As of 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statement unless otherwise stated)*		
Total equity	81.8	66.5	77.9	77.7	92.0
Total assets	368.5	301.7	379.0	312.5	387.1
Equity / assets ratio[1)]	**22.2%**	**22.0%**	**20.6%**	**24.9%**	**23.8%**
Inventory	36.1	27.6	36.5	30.1	45.6
Accounts receivable	41.6	29.0	44.3	27.5	38.8
Current tax assets	1.7	1.7	1.7	0.0	0.0
Other receivables	4.1	6.1	3.4	5.8	3.9
Accounts payable	(26.7)	(23.3)	(29.6)	(25.9)	(30.7)
Current tax liabilities	–	–	–	–	–
Other current liabilities	(2.0)	(0.7)	(0.8)	(1.4)	(3.6)
Accrued expenses and deferred revenue	(22.1)	(17.4)	(26.5)	(15.7)	(15.1)
Net working capital[1)]	**32.7**	**23.0**	**29.1**	**20.3**	**38.9**
***Net working capital / Revenue*[1)]**	**21.3%**	**18.8%**	**11.2%**	**8.3%**	**16.8%**

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial and other information—Non-IFRS key operating metrics*".

2015–2017 QUARTERLY DATA

The following table shows selected unaudited quarterly data for each quarter in the years ended 31 December 2015 and 2016, as well as for the first two quarters in the year ending 31 December 2017, which have been derived from Handicare's financial and operating systems, including the Company's unaudited consolidated financial statements for the six months ended 30 June 2017, with comparative figures for the six months ended 30 June 2016, which are included elsewhere herein. See also "*Presentation of financial and other information—Quarterly financial information*".

	Q1 2017[1)]	Q2 2017[1)]	Q1 2016[1)]	Q2 2016[1)]	Q3 2016[2)]	Q4 2016[2)]	Q1 2015[2)]	Q2 2015[2)]	Q3 2015[2)]	Q4 2015[2)]
MEUR	*(unaudited)*		*(unaudited)*				*(unaudited)*			
Revenue	78.2	75.7	60.4	61.9	62.0	76.7	58.9	62.0	60.9	63.6
Cost of goods sold	(37.5)	(35.8)	(29.5)	(31.0)	(28.3)	(40.9)	(28.5)	(29.6)	(29.5)	(34.1)
Employee benefits expenses	(19.2)	(19.4)	(15.3)	(15.0)	(16.1)	(17.3)	(16.9)	(17.9)	(16.8)	(12.5)
Other external expenses	(13.3)	(12.2)	(10.4)	(10.0)	(12.2)	(12.7)	(9.1)	(9.8)	(10.0)	(13.8)
Depreciation, amortisation and impairment	(2.3)	(2.0)	(1.5)	(1.5)	(1.7)	(2.3)	(1.3)	(1.3)	(1.6)	(25.6)
Other specified items[3)]	(0.8)	(1.2)	(1.6)	(2.3)	(1.7)	(12.8)	(1.2)	(0.7)	(2.5)	(5.4)
Operating profit/loss (EBIT)	**5.1**	**5.1**	**2.0**	**2.1**	**2.0**	**(9.4)**	**2.0**	**2.6**	**0.5**	**(27.8)**
Financial, net	(3.8)	(3.9)	(5.6)	(4.0)	(3.8)	(2.7)	(3.9)	(5.1)	(4.2)	(3.5)
Profit/loss before tax	**1.3**	**1.2**	**(3.5)**	**(1.9)**	**(1.8)**	**(12.1)**	**(1.9)**	**(2.5)**	**(3.7)**	**(31.3)**
Tax	0.1	0.0	(0.6)	(0.6)	(1.0)	2.3	(0.3)	(0.5)	1.6	(0.9)
Profit/loss before tax from continuing operations	**1.4**	**1.2**	**(4.1)**	**(2.5)**	**(2.8)**	**(9.8)**	**(2.1)**	**(3.0)**	**(2.1)**	**(32.2)**

1) Derived from the Company's unaudited consolidated financial statements for the six months ended 30 June 2017, with comparative figures for the six months ended 30 June 2016.
2) Derived from Handicare's financial and operating systems.
3) For detailed information on other specified items, see "*Operating and financial review—Key factors affecting comparability*".

Pro forma

Handicare has prepared pro forma income statements for the periods from 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 in order to show the hypothetical effects that: (i) Handicare's business combination with Prism Medical, which was completed on 1 September 2016, would have had on Handicare's profit/loss for 2016 if this acquisition had been completed on 1 January 2016; and (ii) Handicare's divestment of its BD Business, which was completed on 1 August 2017, would have had on Handicare's profit/loss for 2016 and the six months ended 30 June 2017 if this divestment had been completed on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information also show the hypothetical effect that the divestment of the BD Business would have had on Handicare's balance sheet as of 30 June 2017, if the divestment had been completed on 30 June 2017.

The acquisition and divestment included in the pro forma financial information are the transactions that the Company has completed at January 2016 and later, and they have been treated in the accounts as an acquisition of operations and a sale of operations, respectively. Prism Medical is recognised under business area (operating segment) Patient Handling, and the BD Business is recognised under business area (operating segment) Puls.

The pro forma financial information have been prepared according to IFRS, and the Company's auditor has provided a report on the pro forma financial information. The pro forma financial information illustrate a hypothetical situation, and do not necessarily reflect Handicare's actual profit/loss from operations as if the acquisition of Prism Medical and the divestment of the BD Business had been completed at an earlier date. The pro forma financial information should not be considered to be an indication of Handicare's profit/loss for any future period.

These unaudited pro forma financial information are only intended for use in connection with the Offering in Sweden and the admission for trading of shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as indicated in the prospectus approved by the Swedish Financial Supervisory Authority.

This information has not been prepared in accordance with SEC Regulation S-X or any other standards or practices generally accepted in the U.S. Had the shares been registered under the U.S. Securities Act, these pro forma financial information would have been drawn up differently or eliminated from the prospectus.

The pro forma financial information should be considered together with other information in the prospectus.

BACKGROUND

Acquisition of Prism Medical

On 1 September 2016, Handicare acquired all shares in Prism Medical as part of its growth strategy. Prism Medical manufactures and sells ceiling and mobility lifts and other aids for hospitals and healthcare facilities. The acquisition strengthened Handicare's position in the fast-growing North American market, which is an important component of its strategy. The total purchase price was EUR 48.0 million. There is no earn-out agreement. The acquisition was financed by external loans, equity contribution and cash.

This acquisition has been treated as an acquisition of operations in the accounts. According to the acquisition agreement, ownership is transferred to Handicare on the transfer date, and Prism Medical has thereby been consolidated into Handicare's consolidated financial statements as of the transfer date of 1 September 2016. This is in line with Group management's assessments based on IFRS.

Divestment of the BD Business

The BD Business, which is part of Puls, is a distributor of medical equipment from supplier Becton Dickinson. The BD Business has been sold to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII,

Handicare's principal owner) with a transfer date of 1 August 2017. The purchase price amounted to NOK 109 million (EUR 11.4 million based on the NOK/EUR exchange rate on 30 June 2017). There is no earn-out agreement. The purchase price was paid by remission of Cidron Liberty Systems Limited's shareholder loan to Handicare by an amount equivalent to the purchase price.

BASES FOR THE PRO FORMA FINANCIAL INFORMATION

Accounting policies

The pro forma financial information have been prepared in accordance with Handicare's accounting policies under IFRS, as described in Handicare's 2016 Annual Report.

Prism Medical also applies IFRS, and an analysis of the differences in applying IFRS between Handicare and Prism Medical was performed when the pro forma financial information were prepared. The results of the analysis are presented below under "*—Pro forma adjustments*."

The BD Business applies IFRS, and an analysis of the differences in applying IFRS between Handicare and the BD Business was performed when the pro forma financial information were prepared. The results of the analysis are presented below under "*—Pro forma adjustments*."

No pro forma adjustments have been made for synergy effects, transaction costs or integration costs.

Supporting documents

The supporting documents on which the pro forma financial information are based come from:

- **Handicare:** Audited consolidated financial statements for the year ended 31 December 2016 prepared according to IFRS, as well as the unaudited interim consolidated financial statements as of and for the six months ended 30 June 2017 prepared in accordance with IAS 34.
- **Prism Medical:** Unaudited internal reports for the period 1 January–31 August 2016. The internal reports were prepared in accordance with IFRS.
- **The BD Business:** Unaudited internal reports for the period 1 January–30 December 2016 and 1 January–30 June 2017, respectively. The internal reports were prepared in accordance with IFRS.

Foreign currencies

Prism Medical has USD and CAD as its functional currencies. The internal reports for Prism Medical used as a basis for the pro forma income statement were converted to euro, based on average monthly exchange rates for EUR/USD and EUR/CAD, respectively.

The BD Business's presentation currency and functional currency is NOK. The internal reports used as a basis for the pro forma income statement and pro forma statement of financial position were converted from the presentation currency (NOK) to euro, based on average monthly exchange rates for EUR/NOK and the rate on the balance sheet date as of 30 June 2017, respectively.

All of the exchange rates used for conversion to euro are based on the corresponding exchange rates in Handicare's consolidation system, which are in turn obtained from the central bank of Norway.

ASSUMPTIONS FOR PRO FORMA

The following assumptions were made in the preparation of the pro forma financial information.

Prism Medical

Final acquisition analysis

The effects of the acquisition of Prism Medical are calculated based on the final acquisition analysis (purchase price allocation), which is described in Handicare's 2016 Annual Report.

Financing of acquisition

Prism Medical was financed by raising of a loan of EUR 40.3 million (denominated in CAD and NOK, respectively), and an equity injection. The loan was raised in connection with the acquisition, and all existing loans in Prism Medical were repaid in connection with the acquisition.

In the pro forma financial information, the acquisition loan was assumed to apply to the financing beginning on 1 January 2016, and the interest rate and currency effect of the extended loan period were treated as an acquisition-related adjustment in the pro forma income statement. Prism Medical's existing financing from 1 January 2016 to 31 August 2016 has been correspondingly eliminated in the pro forma income statement.

The financing through equity has no impact on the income statement.

The BD Business

Principles for preparation of the BD Business's pro forma income statement

- Revenue is based on internal reports.
- Cost of goods sold is based on internal reports per department (therapy area). In the small number of departments (therapy areas) with sales of both the BD Business's products and other products, the cost of goods sold has been allocated based on sales.
- Personnel expenses are allocated based on the relative payroll costs for employees of the BD Business's and Puls's continuing operations, respectively.
- Depreciation, amortisation and impairment of improvements to rented premises are allocated entirely to the BD Business, since the BD Business is to use the current premises. Puls continuing operations are being moved to Handicare's other premises. Depreciation, amortisation and impairment of fixtures and office equipment is allocated based on sales, since this provides a reasonable allocation. Depreciation, amortisation and impairment of goodwill arising from the purchase of the net assets of a business are allocated entirely to Puls's continuing operations, since this goodwill is not related to the BD Business.
- Other specified items are allocated entirely to continuing operations, since the projects that drove these costs primarily affect continuing operations.
- Group-wide costs have been allocated entirely to continuing operations, since the BD Business will be owned by a company outside the Group.
- Financial income and expenses are allocated entirely to continuing operations, since financial liabilities remain with continuing operations in their entirety. No interest on cash and cash equivalents allocated to the BD Business was taken into account, since it was not considered to be material to the pro forma financial information at current interest rates.
- No tax has been charged to the BD Business's profit or loss, since the legal entity Puls AS (which the BD Business is part of) was not in a taxable position in 2016 or 2017.

Principles for preparation of the BD Business's pro forma statement of financial position

- Goodwill on Group level is allocated based on the relative values of the BD Business and Puls, respectively.
- Equipment and office equipment are allocated entirely to the BD Business since these assets are a part of the transaction.
- Stock has been allocated based on internal and external stock reports per division (external stock reports are provided by the logistics operator DSV).

Purchase consideration

The purchase price amounted to NOK 109 million (EUR 11.4 million based on the NOK/EUR exchange rate on 30 June 2017). The purchase price was paid by remission of Cidron Liberty Systems Limited's shareholder loan to Handicare by an amount equivalent to the purchase price. In the pro forma financial information, remission of the subject part of the shareholder loan was assumed to apply to the financing beginning on 1 January 2016 and 1 January 2017, respectively. The interest rate and currency effect of the subject part of the shareholder loan were treated as an acquisition-related adjustment in the pro forma income statement.

PRO FORMA ADJUSTMENTS

Prism Medical

Adjustments for differences in accounting policies

Handicare has analysed whether there is any material difference between the accounting policies applied by Handicare and those applied by Prism Medical in accordance with IFRS. The differences identified include valuation of inventories and accounts receivable. Prism Medical's audited balance sheet as of 31 December 2016 has been prepared according to Handicare's accounting policies, and adjustments to valuation are thereby already included in Handicare's 2016 financial statements. Thus no pro forma adjustment needs to be performed in relation to the above-mentioned differences.

Acquisition-related adjustments

- **Transactions:** There were no transactions between Handicare and Prism Medical before 1 September 2016.
- **Acquired assets:** All acquired assets have been valued at fair value as of 1 September 2016. Adjustments have been made for depreciation/amortisation based on fair value from 1 January to the acquisition date in the pro forma income statement. Depreciation/amortisation of the carrying amount from 1 January 2016 to 31 August 2016 has been correspondingly eliminated in the pro forma income statement.
- **Financing:** Prism Medical was financed by the raising of a loan of EUR 40.3 million (denominated in CAD and NOK, respectively). The loan was raised in connection with the acquisition, and all existing loans in Prism Medical were repaid in connection with the acquisition. In the pro forma financial information, the acquisition loan was assumed to apply to the financing beginning on 1 January 2016, and the interest rate and currency effect of the extended loan period were treated as an acquisition-related adjustment in the pro forma income statement. Interest on Prism Medical's existing financing from 1 January 2016 to 31 August 2016 has been correspondingly eliminated in the pro forma income statement.

Tax effect of adjustments

The tax effect has been taken into consideration for all adjustments considered to be tax deductible or taxable in the pro forma financial information. The estimated tax effect may differ from the actual tax effect when the transaction is completed. The tax effect has been estimated based on a tax rate of 33.3 percent, which is the average tax rate for Prism Medical (the weighted tax rate in the U.S. and Canada, which are the two countries in which Prism Medical is taxed).

The BD Business

Adjustments for differences in accounting policies

Handicare has analysed whether there is any material difference in the application of the accounting policies applied by Handicare and those applied by the BD Business (Puls) in their internal reports to the Company in accordance with IFRS. No material differences were noted in this review. Thus no pro forma adjustment needs to be performed in relation to what is discussed above.

Divestment-related adjustments

- **Transactions:** There were no transactions between Handicare and The BD Business (Puls) in 2016 or 2017, with the exception of allocation of expenses for Group-wide functions. These were allocated in their entirety to continuing operations as described above.
- **Purchase consideration:** The purchase price was paid by remission of Cidron Liberty Systems Limited's shareholder loan to Handicare by an amount equivalent to the purchase price. In the pro forma financial information, remission of the subject part of the shareholder loan was assumed to apply to the financing beginning on 1 January 2016 and 1 January 2017, respectively. The interest rate and currency effect of the subject part of the shareholder loan were eliminated in the pro forma income statement.
- **Capital gain:** Based on a purchase price of EUR 11.4 million / 12.1 million (NOK 109 million converted to NOK using the NOK/EUR rate at January 2016 and January 2017, respectively) for the BD Business and consolidated value on shareholders' equity in the divested business of EUR 11.0 million / EUR 11.7 million, capital gain before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million and EUR 9.6 million, respectively, as Group goodwill is not tax-deductible. After a deduction of 25 percent / 24 percent for tax (corporate income tax in Norway in 2016 and 2017, respectively), the capital loss after tax has been estimated at EUR 1.9 million.

Tax effect on adjustments

The tax effect has been taken into consideration for all adjustments considered to be tax deductible or taxable in the pro forma financial information. The estimated tax effect may differ from the actual tax effect when the transaction is completed. The tax effect has been estimated based on a tax rate of 25 percent for the year ended 31 December 2016 and 24 percent for the six months ended 30 June 2017, which is the corporate income tax rate in Norway in 2016 and 2017, respectively.

PRO FORMA INCOME STATEMENT 1 JANUARY–31 DECEMBER 2016

(MEUR)	Handicare 160101-161231 Audited IFRS	Prism Medical 160101-160831 Unaudited IFRS	The BD Business 160101-161231 Ej reviderat IFRS	Pro forma adjustments Unaudited	Note	Proforma income statement Unaudited
Operating revenue						
Revenue	261.0	29.8	(16.3)			274.5
Operating expenses						
Cost of goods sold	(129.7)	(10.8)	10.5			(129.9)
Personnel expenses	(63.7)	(9.2)	2.3			(70.6)
Depreciation, amortisation and impairment	(7.0)	(1.6)	0.0	0.4	A	(8.3)
Other external costs	(45.3)	(6.5)	1.7			(50.1)
Other specified items	(18.4)	(2.5)	0.0	0.4	B	(20.5)
Operating profit (EBIT)	**(3.2)**	**(0.7)**	**(1.8)**	**0.7**		**(5.0)**
Financial income	57.2	0.0	0.0			57.2
Financial expense	(73.3)	(0.2)	0.0	(0.8)	C, D	(74.3)
Profit/Loss after financial items	**(19.3)**	**(0.9)**	**(1.8)**	**0.0**		**(22.0)**
Tax expense	0.0	(0.4)	0.0	21.0	A, B, C, D	(20.6)
Net profit after tax for the year	**(19.3)**	**(1.3)**	**(1.8)**	**20.9**		**(1.4)**

Notes to pro forma income statement 1 January–31 December 2016

(A) The following intangible assets were identified in the acquisition analysis for Prism Medical (i) brands; (ii) technology; (iii) customer contracts/relationships; and (iv) goodwill. Amortisation of these assets, save for goodwill which is not amortised, is made on a straight-line basis over their estimated economic life. The estimated economic life is ten years (brands) and five years (technology and customer contracts/relationships). The amortisations (based on fair value) from 1 January to the acquisition date have been adjusted in the pro forma income statement. They amount to EUR 1.3 million. The reported amortisations (based on book value) are correspondingly eliminated, which amounts to EUR 1.7 million. The net effect in the pro forma statement is EUR 0.4 million, with a tax effect of 0.1 million. The pro forma adjustment has a continuing impact.

The carrying amount (as of 1 January 2016) of intangible assets in Prism Medical, the amortisation period and the amortisation are summarised below. The identified fair value, amortisation period and the resulting amortisation are also summarised in the acquisition analysis.

		Amortisation			Amortisation	
(MEUR)	Carrying amount	Year	(MEUR)	Fair value	Year	(MEUR)
Brands	0.0	–	0.0	1.0	10	0.1
Technology	2.0	5	0.4	1.2	5	0.2
Customer relationships	5.8	5	1.3	5.0	5	1.0
Software	0.1	5	0.0	0.0	–	0.0
Total	**7.9**		**1.7**	**7.2**		**1.3**

(B) Based on a purchase price of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2016) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 11.0 million (including allocated goodwill of EUR 8.7 million), capital gain before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million as Group goodwill is not tax-deductible. After a deduction of 25 percent for tax (corporate income tax in Norway in 2016), the capital gain after tax has been estimated at EUR 1.9 million. The consolidated value of shareholders' equity (including allocated goodwill) is based on the book value at 30 June 2017 (i.e. balance sheet at the signing of the transaction) of NOK 105.6 million converted to EUR 11.0 million at the NOK/EUR rate at 1 January 2016. The adjustment does not have a continuing impact.

(C) The adjustment refers to a change in the financing of the acquisition of Prism Medical. The acquisition loan of EUR 40.3 million (denominated in CAD and NOK, respectively) carries an interest rate of 5.5 percent for the period according to the loan agreement. Interest for the period 1 January–31 August 2016 amounts to EUR 1.5 million. Prism Medical's existing loans were repaid on the acquisition date. Interest on these loans amounts to EUR 0.2 million for the period 1 January–31 August 2016. The net effect in the pro forma statement is EUR 1.3 million.

The adjustment also involves a currency effect for revaluation of loans denominated in CAD and NOK respectively to euro, from the rate on 1 January 2016 to the rate on 1 September 2016. The effect is a financial expense of EUR 1.4 million.

The tax effect amounts to EUR 0.9 million. It is based on a tax rate of 33.3 percent (the average tax rate for Prism Medical). The pro forma adjustment has continuing impact (excluding revaluation of loans).

(D) The purchase consideration for the divestment of BD Business was paid through reduction of shareholder loans of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2016). The interest rate on the shareholder loan is 10.0 percent and is paid-in-kind. The adjustment eliminates the interest paid on the subject part of the shareholder loan in the year ended 31 December 2016. The interest amounted to EUR 1.2 million.

The adjustment also excludes the currency effect for revaluation of the subject part of the shareholder loan from the NOK/EUR rate at 1 January 2016 to the NOK/EUR rate on 31 December 2016. The loan was revaluated from EUR 11.4 million at 1 January 2016 to EUR 12.1 million at 31 December 2016. The reported financial expense of EUR 0.7 million was eliminated.

The tax effect amounts to EUR 0.5 million. It is based on a tax rate of 25 percent (the corporate tax rate in Norway in 2016). The pro forma adjustment has continuing impact (excluding revaluation of loans).

Pro forma income statement (EBIT) per segment 1 January–31 December 2016

The table below illustrates how the acquisitions and disposals stated above affect Handicare's EBIT per segment.

(MEUR)	Patient Handling 160101-161231 Unaudited IFRS	Prism Medical 160101-160831 Unaudited IFRS	Pro forma adjustments Unaudited	Patient Handling pro forma 160101-161231 Unaudited IFRS	Puls 160101-161231 Unaudited IFRS	The BD Business 160101-161231 Unaudited IFRS	Pro forma adjustments Unaudited	Puls pro forma 160101-161231 Unaudited IFRS	Accessibility 160101-161231 Unaudited IFRS	Group-wide 160101-161231 Unaudited IFRS	Group 160101-161231 Unaudited IFRS
Revenue	50.5	29.8		80.4	36.1	(16.3)		19.7	174.2	0.1	274.5
Cost of goods sold	(23.5)	(10.8)		(34.3)	(23.7)	10.5		(13.2)	(82.4)	0.0	(129.9)
Personnel expenses	(13.5)	(9.2)		(22.7)	(5.6)	2.3		(3.3)	(41.8)	(2.8)	(70.6)
Depreciation, amortisation and impairment	(2.3)	(1.6)	0.4	(3.6)	(0.2)	0.0		(0.1)	(4.2)	(0.3)	(8.3)
Other external costs	(8.6)	(6.5)		(15.1)	(4.0)	1.7		(2.2)	(29.1)	(3.7)	(50.1)
Other specified items	(7.8)	(2.5)		(10.3)	(0.6)	0.0	0.4	(0.3)	(6.7)	(3.3)	(20.5)
Operating profit (EBIT)	**(5.2)**	**(0.7)**	**0.4**	**(5.5)**	**2.1**	**(1.8)**	**0.4**	**0.7**	**9.9**	**(10.0)**	**(5.0)**

UNAUDITED PRO FORMA INCOME STATEMENT 1 JANUARY–30 JUNE 2017

(MEUR)	Handicare 170101-170630 Unaudited IFRS	The BD Business 170101-170630 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma income statement Unaudited
Operating revenue					
Revenue	153.9	(9.2)			144.7
Operating expenses					
Cost of goods sold	(73.3)	6.1			(67.2)
Personnel expenses	(38.6)	1.0			(37.6)
Depreciation, amortisation and impairment	(25.6)	1.0			(24.6)
Other external costs	(4.3)	0.0			(4.3)
Other specified items	(2.0)	0.0	0.4	A	(1.6)
Operating profit (EBIT)	**10.2**	**(1.1)**	**0.4**		**(9.5)**
Financial income	7.2	0.0	(0.6)	B	6.6
Financial expense	(14.9)	0.0	0.6	B	(14.3)
Profit/Loss after financial items	**2.5**	**(1.1)**	**0.4**		**(1.7)**
Tax expense	0.1	0.0	(2.3)	A, B	(2.2)
Net profit after tax for the period	**2.6**	**(1.1)**	**(2.0)**		**(0.5)**

Notes to unaudited pro forma income statement 1 January–30 June 2017

(A) Based on a purchase price of EUR 12.1 million (NOK 109 million converted at the NOK/EUR rate at 1 January 2017) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 11.7 million (including allocated goodwill of EUR 9.2 million), capital gain before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.6 million as Group goodwill is not tax-deductible. After a deduction of 24 percent for tax (corporate income tax in Norway in 2017), the capital loss after tax has been estimated at EUR 1.9 million. The consolidated value of shareholders' equity (including allocated goodwill) is based on the book value at 30 June 2017 (i.e. balance sheet at the signing of the transaction) of NOK 105.6 million converted to EUR at the NOK/EUR rate at 1 January 2017. The adjustment does not have continuing impact.

(B) The consideration of the BD Business was paid through reduction of shareholder loans of EUR 12.1 million (NOK 109 million translated at the NOK/EUR rate at 1 January 2017). The interest rate on the shareholder loan is 10.0 percent and is paid-in-kind. The adjustment eliminates the interest paid on the subject part of the shareholder loan in the six months ended 30 June 2017. The interest amounted to EUR 0.6 million.

The adjustment also excludes the currency effect for revaluation of the subject part of the shareholder loan from the rate on NOK/EUR rate at 1 January 2017 to the NOK/EUR rate on 30 June 2017. The loan was revalued from EUR 12.1 million at 1 January 2017 to EUR 11.5 million at 31 December 2016. The reported financial income of EUR 0.6 million was eliminated.

The tax effect amounts to EUR (0.2) million. It is based on a tax rate of 24 percent (the statutory corporate tax rate in Norway in 2017). The pro forma adjustment has continuing impact (excluding revaluation of loans).

Pro forma operating profit (EBIT) per segment 1 January – 30 June 2017

(MEUR)	Puls 170101-170630 Unaudited IFRS	The BD Business 170101-170630 Unaudited IFRS	Pro forma adjustments Unaudited	Puls pro forma 170101-170630 Unaudited IFRS	Accessibility 170101-170630 Unaudited IFRS	Patient Handling 170101-170630 Unaudited IFRS	Group-wide 170101-170630 Unaudited IFRS	Group 170101-170630 Unaudited IFRS
Revenue	19.3	(9.2)		10.1	89.9	44.7	0.0	144.7
Cost of goods sold	(13.1)	6.1		(6.9)	(41.9)	(18.3)	0.0	(67.2)
Personnel expenses	(2.7)	1.0		(1.7)	(21.5)	(12.1)	(2.3)	(37.6)
Depreciation, amortisation and impairment	(0.1)	0.0		(0.1)	(2.1)	(1.7)	(0.4)	(4.3)
Other external costs	(1.8)	1.0		(0.8)	(14.5)	(7.2)	(2.0)	(24.6)
Other specified items	0.0	0.0	0.4	0.4	(0.6)	(0.3)	(1.1)	(1.6)
Operating profit (EBIT)	**1.7**	**(1.1)**	**0.4**	**1.0**	**9.2**	**5.0**	**(5.8)**	**9.5**

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

(MEUR)	Handicare 170630 Unaudited IFRS	The BD Business 170630 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma statement of financial position Unaudited
ASSETS					
Fixed assets					
Intangible fixed assets	52.2				52.2
Goodwill	173.3		(8.7)	B	164.6
Deferred tax assets	6.6		(2.2)	A	4.4
Tangible fixed assets	11.9	(0.1)			11.8
Non-current receivables	34.8				34.8
Total fixed assets	**278.8**	**(0.1)**	**(10.9)**		**267.8**
Current assets					
Inventory	36.1	(1.3)			34.8
Accounts receivable	41.6				41.6
Current tax assets	1.7				1.7
Other receivables	4.1				4.1
Cash and cash equivalents	6.2	(0.9)			5.3
Total current assets	**89.8**	**(2.3)**			**87.5**
TOTAL ASSETS	**368.5**	**(2.3)**	**(10.9)**		**355.3**

The table continues on next page

(MEUR)	Handicare 170630 Unaudited IFRS	The BD Business 170630 Unaudited IFRS	Pro forma adjustments Unaudited	Note	Pro forma statement of financial position Unaudited
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	0.0	0.0			0.0
Other contributed capital	168.2				168.2
Reserves	56.0				56.0
Retained earnings	(149.3)	(2.3)	0.5	A, B	(151.1)
Current year profit	2.4				2.4
Non-controlling interests	4.5				4.5
Total shareholders' equity	**81.8**	**(2.3)**	**0.5**		**80.0**
Liabilities					
Long-term liabilities					
Pension obligations	0.7				0.7
Deferred tax liabilities	8.8				8.8
Deferred revenue	2.2				2.2
Accrued expenses	2.3				2.3
Other long-term liabilities	212.8		(11.4)	A	201.4
Financial derivatives	0.0				0.0
Total long-term liabilities	**226.9**		**(11.4)**		**215.5**
Current liabilities					
Borrowings	9.1				9.1
Accounts payable	26.7				26.7
Other current liabilities	2.0				2.0
Accrued expenses and deferred revenue	22.1				22.1
Total current liabilities	**59.9**				**59.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**368.5**	**(2.3)**	**(10.9)**		**355.3**

Notes to unaudited pro forma statement of financial position as of 30 June 2017

(A) Based on a purchase price of EUR 11.4 million (NOK 109 million converted at the NOK/EUR rate at 30 June 2017) for the BD Business and the consolidated value of shareholders' equity in the divested business of EUR 2.3 million (excluding goodwill of EUR 8.7 million), capital gain before tax is estimated at EUR 9.1 million. The tax charge on the pre-tax capital gain is EUR 2.2 million (based on the 2017 corporate tax rate in Norway of 24.0 percent). The purchase price was paid through a reduction of shareholder loans of EUR 11.4 million (NOK 109 million) and booked against equity. The tax charge on the capital gain of EUR 2.2 million was offset by a corresponding reduction of deferred tax assets, in turn booked against equity.

(B) Goodwill of EUR 8.7 million (NOK 83.2 million converted to EUR at the NOK/EUR rate at 30 June 2017, accounted for a Group level) was allocated to the BD Business. This goodwill balance was eliminated against equity.

AUDITORS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

To the board of directors of Handicare Group AB (publ), Corporate Reg No 556982-7115

We have audited the pro forma financial information presented on pages 111–119 of the prospectus of Handicare Group AB (publ) dated 27 September 2017 (the "**Prospectus**").

The pro forma financial information has been prepared for illustrative purposes only to provide information about how (i) Handicare's acquisition of Prism Medical, that was executed as of 1 September 2016, hypothetically might have affected the consolidated statement of income of Handicare Group AB (publ) for the financial year 2016 if the acquisition of Prism Medical had taken place on 1 January 2016, and (ii) Handicare's divestment of the BD Business, that was executed as of 1 August 2017, hypothetically might have affected the consolidated statement of income of Handicare Group AB (publ) for the financial year 2016 and the six month period ending 30 June 2017 if the divestment of the BD Business had taken place on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information has also been prepared to illustrate the effect the divestment of the BD Business might have had on the Company if this divestment had been completed on 30 June 2017 for purposes of the pro forma statement of financial position.

Responsibility of the board of directors

It is the responsibility of the board of directors to prepare the pro forma financial information in accordance with the requirements of the Prospectus Regulation 809/2004/EC.

The Auditors' responsibility

It is our responsibility to provide an opinion pursuant to Annex II Item 7 of the Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or any of its constituent elements. We do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that we have for auditor's reports regarding historical financial information issued in the past.

Work performed

We have conducted our work in accordance with FAR's recommendation RevR 5 *Examination of Financial Information in Prospectuses*. This requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system for quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Handicare Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent review or audit of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the Company.

We planned and performed our work so as to obtain the information and explanations that we considered necessary to obtain reasonable assurance that the pro forma financial information has been properly compiled on the basis stated on page 112 and that such basis is consistent with the accounting policies applied by the Company.

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Other disclosures

This report is issued for the sole purpose of the public offering in Sweden and the admission of shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the public offering described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the offer to the public of the shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated on page 112 of the Prospectus, and that basis is consistent with the accounting principles of the Handicare Group AB (publ).

Stockholm, 27 September 2017

Ernst & Young AB
Stefan Andersson Berglund
Authorised Public Accountant

Operating and financial review

The following operating and financial review should be read together with Handicare's consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, and as of and for the years ended 31 December 2016, 2015 and 2014, as well as the information relating to the business of Handicare, included elsewhere in this Offering Memorandum. See also "Presentation of financial and other information—Reorganisation and change of parent company domicile". The following section contains forward-looking statements that reflect the current view of Handicare's management and involve inherent risks and uncertainties. Handicare's actual results may differ significantly from the results discussed in the forward-looking statements as a result of factors discussed below and elsewhere in this Offering Memorandum, particularly in "Risk factors". See "Important information—Cautionary note regarding forward-looking information" elsewhere in this Offering Memorandum.

OVERVIEW

Handicare is a leading, global provider of mobility solutions in the accessibility and patient handling markets measured by revenue. It offers solutions and support to increase the independence and mobility of the elderly and physically challenged as well as to improve the convenience and safety of work environments of those caring for them. Handicare's products include a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, vehicle accessibility products and medical equipment. Handicare also offers services related to its products, ranging from installation and repairs to supervision and performance optimisation, which help to ensure that the Group's solutions are properly maintained and optimised for customer use.

The Group manages its operations under three business areas: Accessibility, Patient Handling and Puls. Accessibility and Patient Handling are Handicare's main business areas comprising 86 percent, or EUR 225 million of the Group's revenue in the year ended 31 December 2016.

- **Accessibility:** Within Accessibility, Handicare offers curved and straight stairlifts, primarily for the home setting, with a complementary offering of vehicle accessibility products. Handicare's service offering in Accessibility includes service, installation, spare parts and vehicle conversions. In the year ended 31 December 2016, Accessibility accounted for 67 percent of the Group's revenue. Main markets in Accessibility are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark. In the year ended 31 December 2016, Handicare derived 90 percent of its Accessibility revenue from Europe (primarily the United Kingdom, the Netherlands, the Nordics, France and Germany). A smaller portion of the Group's Accessibility revenue for the year ended 31 December 2016 was derived from North America (7 percent) and RoW (3 percent).
- **Patient Handling:** Within Patient Handling, Handicare offers a comprehensive range of patient transfer and lifting products primarily for the hospital setting. Handicare's service offering in Patient Handling includes service and installation. In the year ended 31 December 2016, Patient Handling accounted for 19 percent of the Group's revenue. Main markets in Patient Handling are the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway. In the year ended 31 December 2016, Handicare derived for 48 percent of its Patient Handling revenue from North America, 47 percent from Europe (primarily the United Kingdom, the Netherlands and the Nordics) and 5 percent from RoW.
- **Puls:** Within Puls, Handicare distributes medical equipment and consumables in Norway and Denmark. In the year ended 31 December 2016, Puls accounted for 14 percent of the Group's revenue. On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson), as further discussed under "*—Key factors affecting Handicare's results of operations—Acquisitions and divestments*" below.

Handicare benefits from a comprehensive global network of sales representatives who operate across distribution channels, including dealers, GPOs and governmental entities, in order to provide Handicare's products to the ultimate end-users, including hospitals, long-term care facilities and private individuals. Handicare's sales representatives also sell directly to these end-users.

For the six months ended 30 June 2017, Handicare recorded revenue of EUR 153.9 million and Adjusted EBITA of EUR 14.7 million.

In 2016, Handicare acquired Prism Medical, which significantly increased Handicare's presence in the attractive North American market, where Prism Medical held a strong market share in patient handling. In 2017, Handicare divested the BD Business. See "*—Key factors affecting Handicare's results of operations—Acquisitions and divestments*" below and "Pro forma".

SEGMENT REPORTING AND BUSINESS AREAS

The Company operates in three business areas, which are equivalent to the Company's reporting segments under IFRS: Accessibility, Patient Handling and Puls (see "*—Overview*"). The Company generally monitors the operations of each business area based on revenue, gross profit/margin and Adjusted EBITA/EBITA margin. The table below sets forth the revenue, gross profit, gross margin, Adjusted EBITA and Adjusted EBITA margin of the Company's business areas for the periods indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statements)*		
REVENUE[1]					
Accessibility	89.9	86.8	174.2	167.7	153.7
Patient Handling	44.7	17.5	50.5	33.4	31.4
Puls	19.3	17.9	36.1	43.9	46.5
GROSS PROFIT[2][3]					
Accessibility	36.4	35.3	70.2	66.4	57.9
Patient Handling	22.6	8.2	23.2	13.1	15.2
Puls	5.7	6.1	11.9	13.9	14.5
GROSS MARGIN (%)[2][3]					
Accessibility	40.5%	40.7%	40.3	39.6	37.7
Patient Handling	50.7%	46.9%	45.9	39.3	48.4
Puls	29.7%	34.2%	32.9	31.6	31.2
ADJUSTED EBITA[2][3]					
Accessibility	10.8	8.9	18.4	17.0	12.8
Patient Handling	6.4	1.5	4.0	(1.5)	0.8
Puls	1.8	1.6	2.8	3.8	3.9
ADJUSTED EBITA MARGIN (%)[2][3]					
Accessibility	12.1%	10.2%	10.6	10.2	8.3
Patient Handling	14.3%	8.4%	7.8	(4.5)	2.6
Puls	9.3%	9.2%	7.7	8.7	8.5

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".
3) For reconciliations of non-IFRS measures to the nearest IFRS measures, see "*Selected historical financial information—Reconciliation tables*".

For additional information and an analysis of these key financial indicators by business area, see "*—Results of operations*" below.

KEY FACTORS AFFECTING COMPARABILITY

The main factors affecting the comparability of the Company's results of operations for the years ended 31 December 2016, 2015 and 2014 and the six months ended 30 June 2017 and 2016 include:

- **Divestment of Mobility:** The Mobility division was divested in September 2015. The financial impact from the divestment has been accounted for in profit from discontinued operations in the years ended 31 December 2014 and 2015. The divestment of the Mobility division, however, has not been reflected in the balance sheet for the year ended 31 December 2014 or in the case of the cash flow statement for the years ended 31 December 2015 and 2014, in accordance with IFRS. For additional information on the divestment, see "*—Key factors affecting Handicare's results of operations—Acquisitions and divestments*" below.
- **Acquisition of Rep-Tek:** The acquisition of Rep-Tek was completed as of 4 January 2016. Rep-Tek contributed revenue of EUR 4.6 million in the twelve months ended 31 December 2016. Rep-Tek was fully integrated in the Accessibility segment in 2016. As a result, Rep-Tek's Adjusted EBITA contribution in the year ended 31 December 2016 is not measurable. Rep-Tek is included in Accessibility and has sales in Norway.
- **Acquisition of Prism Medical:** The acquisition of Prism Medical was completed as of 1 September 2016. Prism Medical contributed revenue of EUR 15.6 million in the four months ended 31 December 2016. Prism Medical is included in Patient Handling. Prism Medical has sales in the United States and Canada. See "*Pro forma*" for pro forma financial information illustrating the hypothetical effect of the acquisition of Prism Medical on Handicare's results of operations as if the acquisition had occurred on 1 January 2016.
- **Divestment of the BD Business:** The divestment of the BD Business was completed on 1 August 2017. The BD Business is included in the Company's consolidated financial statements for the three years ended 31 December 2016, 2015 and 2014, and for the six months ended 30 June 2017 and 2016. See "*Pro forma*" for pro forma financial information illustrating the hypothetical effect of the divestment of the BD Business on Handicare's results of operations and financial position, respectively, as if the divestment had occurred on 1 January 2016 or 1 January 2017, respectively, and as regards the hypothetical effect on the consolidated statement of financial position, on 30 June 2017. A significant portion of the transaction and restructuring costs related to the divestment of the BD Business will be borne by the buyer and as a result, the impact on Handicare's results of operations in the year ending 31 December 2017 will be limited.
- **Other specified items:**
  (i) transaction costs (including transaction advisory fees) related to the acquisitions and divestments during the respective periods (e.g., the acquisitions of Prism Medical and Rep-Tek in 2016, the divestment of the Mobility division in 2015 and the acquisition of YouQ B.V. in 2014[1)]), which amounted to EUR 0.1 million in the six months ended 30 June 2017, EUR 4.0 million in the year ended 31 December 2016, EUR 1.9 million in the year ended 31 December 2015 and EUR 0.8 million in the year ended 31 December 2014;
  (ii) integration costs (including redundancy costs, termination costs for lease contracts and consulting costs) related to the acquisitions during the periods (Prism Medical and Rep-Tek in 2016 and YouQ B.V. in 2014), which amounted to EUR 0.3 million in the six months ended 30 June 2017, EUR 3.6 million in the year ended 31 December 2016, EUR 1.4 million in the year ended 31 December 2015 and EUR 1.0 million in the year ended 31 December 2014;
  (iii) restructuring costs (including redundancy costs, termination costs for lease contracts and consultancy costs) primarily related to changes in Group management in 2017, the establishment of a finance shared service centre in the United Kingdom in 2016, outsourcing of the IT function in 2016, relocation of the Group's head office from Moss (Norway) to Kista (Sweden) in 2015, divestment of the Mobility division in 2015, outsourcing of logistics functions in 2015, as well as headcount reduction programmes in 2014 and 2015, which amounted to EUR 1.6 million in the six months ended 30 June 2017, EUR 5.4 million in the year ended 31 December 2016, EUR 6.0 million in the year ended 31 December 2015 and EUR 6.5 million in the year ended 31 December 2014;

1) YouQ B.V. was subsequently divested as part of the Mobility division in 2015.

(iv) recall costs (including e.g. cost of material, personnel costs and freight costs) primarily relate to a product recall due to the faulty seat levelling motor (stairlifts). The total costs amounted to EUR 0.0 million in the six months ended 30 June 2017, EUR 3.1 million in the year ended 31 December 2016, EUR 0.0 million in the year ended 31 December 2015, and EUR 0.0 million in the year ended 31 December 2014. No costs related to the recall were recognised in the six months ended 30 June 2017 as incurred costs related to the recall were offset through release of provisions made in the year ended 31 December 2016. The provision was EUR 1.1 million at 30 June 2017. A claim towards the seat levelling motor supplier has been filed and negotiations are ongoing. Handicare expects to incur further costs related to the product recall in the six months ending 31 December 2017. These costs are expected to largely be covered by the provision on the 30 June 2017 balance sheet;

(v) IPO costs (principally advisory fees) in relation to the Offering. The total costs amounted to EUR 0.0 million in the six months ended 30 June 2017, EUR 1.2 million in the year ended 31 December 2016. Handicare did not have any costs related to the Offering in the years ended 31 December 2015 and 2014. No costs related to the Offering were recognised in the six months ended 30 June 2017 as incurred costs related to the Offering were offset through release of provisions made in the year ended 31 December 2016. No provisions for costs related to the Offering were recognised in the balance sheet as of 30 June 2017. Handicare expects to incur further costs related to the Offering in the six months ending 31 December 2017. These costs will be expensed as incurred. For information on costs related to the Offering, see "*Legal considerations and supplementary information—Costs associated with the Offering and listing*";

(vi) Mobility costs represent incurred operating expenses related to the divested Mobility business but paid for by Handicare post the divestment. The total costs amounted to EUR 0.0 million in the six months ended 30 June 2017, EUR 0.3 million in the year ended 31 December 2016, EUR 0.6 million in the year ended 31 December 2015 and EUR 0.0 million in the year ended 31 December 2014; and

(vii) other efficiency projects largely include redundancy costs, consulting costs and lease termination costs related to efficiency projects. The total costs amounted to EUR 0.0 million in the six months ended 30 June 2017, EUR 0.9 million in the year ended 31 December 2016, EUR 0.0 million in the year ended 31 December 2015, and EUR 0.0 million in the year ended 31 December 2014.

Other specified items are reported separately in the Company's consolidated financial statements. See further "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 5 (Other specified items)*".

KEY FACTORS AFFECTING HANDICARE'S RESULTS OF OPERATIONS

Demand for Handicare's products and healthcare cost containment measures

Handicare believes that over the long term, patient and care provider demand for its products and services will continue to grow as a result of a number of underlying fundamental healthcare macro drivers, including an ageing population, an increase in the prevalence of chronic diseases, longer life expectancy of patients with chronic conditions, and an increasing preference of patients to stay at home longer. In addition to these structural trends, the continuing global pressure on public healthcare budgets and growing share of healthcare expenditure on elderly persons is also expected by the Company to drive demand for Handicare's products, as its products can contribute to more cost effective healthcare.

In Accessibility, this is achieved, for example, by home stairlifts helping to increase the time people are able to live at home, which is significantly less expensive than moving to hospitals or long-term care facilities, as well as by reducing the need for staff to help the users with mobility.

In Patient Handling, Handicare's products enable reduced spending and increased efficiency for healthcare providers by, for example, reducing sick leave and injuries for caregivers caused by injuries related to patient handling, reducing staffing requirements (e.g., by enabling one caregiver to perform a task that might otherwise require two or more caregivers) and decreasing the risk of pressure wounds.

At the same time, however, the continued pressure on healthcare providers to improve efficiency and control costs may result in increased price pressure and

decreased profitability for suppliers of healthcare products, including Handicare. These pressures may arise as a result of a number of factors, including declining third-party payer reimbursement rates, changes in laws and regulations and general economic conditions which may cause governmental authorities to initiate various measures to control healthcare spending.

Organic growth drivers

Handicare's organic growth[1] (revenue growth excluding impact from acquisition and divestments and currency fluctuations) in the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 was 3.2 percent, 2.5 percent and 6.0 percent, respectively. During the period 2014 to 2016, average organic growth[2] for Accessibility and Patient Handling—Handicare's main business areas—was 5.0 percent, whereas total revenue CAGR during the period (taking into account the revenue contributions from acquired businesses) was 11.7 percent, ahead of market growth in Handicare's main markets of approximately 4 percent[3]. Handicare believes that the following factors have contributed, and will continue to contribute to its organic growth:

- **Market growth:** Within accessibility, the stairlift product segment growth rates are expected to be 1–2 percent per year in Europe and 4–6 percent per year between North America during 2016 and 2020. In Europe and North America, the expected growth is primarily driven by increased volumes. The higher forecast growth rate for the North American market is driven by a generally lower market maturity in the United States than in Europe.[4] In the year ended 31 December 2016, Handicare derived approximately 75 percent of its Accessibility revenue from the top five markets, of which the United Kingdom accounted for 45 percent.

  Within patient handling, Handicare's main markets in Europe are expected to grow at a rate of 2–3 percent per year between 2016 and 2020, while the North American market is expected to grow at a rate of 6–8 percent per year during the same period.[5] Market growth is expected to be driven by underlying structural fundamentals, such as an ageing population, increased chronic conditions resulting in decreased mobility and increased focus on caregiver safety. In Europe and Canada, regulations governing caregiver safety have historically been more prevalent than in the United States (on average)[6], indicating higher growth rates in the United States and a lower market penetration compared to the European market.[7]

- **Market share growth:** The Company believes that it has increased its market share in several of its main markets in the last three years, including as a result of implementation of its Hub Strategy in North America, enhanced cross-selling across Patient Handling and Accessibility and expansion of the Group's Patient Handling offering to provide a greater proportion of manual transfer solutions and lifting slings. Handicare aims to continue growing its market shares as discussed under "*Business overview—Strategic objectives*".

- **Geographic expansion:** Part of Handicare's strategy is to expand its geographic footprint by entering into new markets. During the period 2014 to 2016, Handicare entered into nine new markets. In this context, "new markets" are defined as markets in which a specific segment did not generated any revenue prior to 2014. Sales in these new markets contributed revenue of EUR 15.0 million in the year ended 31 December 2016.

- **Product development:** Handicare continually invests in product improvements and product development (including new products and line extensions). Revenue from new products developed during the period 2014 to 2016 was EUR 10.3 million in the year ended 31 December 2016. In this context, "new products" are defined as products that had not generated any revenue prior to 2014.

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of organic growth to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Organic growth for the Group*".
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*". For a reconciliation of organic growth to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables—Organic growth for the Group*".
3) Source: Handicare estimates based on market analysis.
4) Source: Handicare estimates based on market analysis.
5) Source: Handicare estimates based on market analysis.
6) Ten states in the United States have recently implemented new regulations. Regulations implemented in the United Kingdom since 1992.
7) Source: Handicare estimates based on market analysis.

- **Service revenue:** For direct to customer sales (and some sales through dealers) of stairlifts, Handicare offers installation and aftermarket services often as a package together with equipment purchases. These services accounted for 18 percent of revenue in Accessibility[1)] in the year ended 31 December 2016 (40 percent of non-dealer revenue). Most products come with a warranty of two to four years, under which Handicare services products. The Company is focused on increasing the share of service sales (including warranty package sales) going forward.

Acquisitions and divestments

Acquisitions

Since 2000, Handicare has completed 24 acquisitions, which have broadened the Group's geographic footprint and product offering. Since 1 January 2014, the Company has completed three acquisitions, including the acquisitions in 2016 of Prism Medical and Rep-Tek, which strengthened Handicare's offering within Patient Handling and Accessibility, respectively. In addition, in 2014, Handicare acquired YouQ B.V., which was subsequently divested as part of the divestment of the Mobility division in 2015 (see below). In recent years, acquisitions have contributed to the overall growth of Handicare's business, and Handicare intends to continue to pursue acquisitions in order to increase its market presence and product offering.

Following an acquisition, Handicare aims to increase the value of the acquired business by extracting revenue (e.g., sell the acquired company's products through Handicare's distribution channels) and/or cost synergies (e.g., facility and headcount reductions). Through the integration of acquisitions into Handicare's operations, the Company seeks to improve the total Handicare business utilising competitive advantages inherent in both Handicare and the acquired businesses. As part of the integration process, Handicare explores integration possibilities for both sales forces and manufacturing facilities with the aim of achieving an optimal post acquisition footprint. Integration procedures, such as headcount reductions and rationalisation of the facility and warehouse network, can involve significant nonrecurring costs in order to achieve subsequent reductions in total cost base. For information on transaction and integration costs, see "*—Key factors affecting comparability*" above.

The acquisition of Prism Medical on 1 September 2016 significantly increased Handicare's presence in the attractive North American market, where Prism Medical held a strong market share in patient handling. The Company aims to achieve significant contribution to revenue and cost synergies through the acquisition of Prism Medical. Revenue synergies primarily include cross-selling of stairlifts to Prism Medical customers (dealers) and cross-selling of Prism Medical's Patient Handling products to Handicare's existing customer base. As of the date of this Offering Memorandum, approximately 20 percent of the Company's dealers in North America market both Patient Handling and stairlift products. Cost synergies comprise efficiency improvements in procurement, as well as merger of warehouse facilities locations and headcount reductions. As of the date of this Offering Memorandum, the Company believes that the synergies identified as part of the acquisition process are being delivered according to plan, and full run-rate synergies are expected to be realised in 2018. See "*Pro forma*" for pro forma financial information illustrating the hypothetical effect of the acquisition of Prism Medical on Handicare's consolidated income statement as if the acquisition had occurred on 1 January 2016.

The acquisition of Rep-Tek on 4 January 2016 strengthened Handicare's position in the vehicle accessibility market in Norway. Synergies from the Rep-Tek acquisition include a reduction in the number of workshops and headcount reductions. As of the date of this Offering Memorandum, the Company believes that the synergies planned in connection with the acquisition have in all material respects been realised.

Handicare capitalises goodwill relating to acquisitions. Goodwill is tested annually for impairment and stated at cost less accumulated impairment losses. If Handicare is required to recognise impairment of goodwill or other intangible assets, it is recorded in the income statement. In the year ended 31 December 2015, the Company recorded a goodwill impairment of EUR 24 million, of which EUR 11 million was related to reorganisations following the divestment of the Mobility business. The residual EUR 13 million was related to operational developments in Patient Handling related to weaker than expected performance of the business in the United States. In 2016, Patient Handling reported strong performance (both in terms of revenue growth and improved profitability). No impairment was required in 2014 and 2016. Any significant impairment of goodwill or other intangible assets could have a material adverse effect on Handicare's business, financial condition and results of operations.

1) Excluding vehicle accessibility revenue.

Divestments

Handicare has made two strategic divestments since 1 January 2014. On 30 September 2015 Handicare divested its Mobility division to Sunrise Medical GmbH. The financial impact from the divestment has been accounted for in profit from discontinued operations in the years ended 31 December 2014 and 2015. Mobility's revenue and profit after tax in the nine month period ended 30 September 2015 amounted to EUR 49.0 million and EUR 3.3 million, respectively. The net gain from the transaction totalled EUR 13.7 million. Profit from discontinued operations amounted to EUR 17.1 million in the year ended 31 December 2015 and EUR 3.5 million in the year ended 31 December 2014.

On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The transfer was completed on 1 August 2017. The purchase price for the BD Business was EUR 11.4 million (NOK 109 million), equal to the fair market value of the business, and was paid by way of reduction of the Cidron Liberty System Limited's shareholder loan to Handicare. Handicare has prepared pro forma income statements for the periods from 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 in order to show the hypothetical effects that Handicare's sale of its BD Business would have had on Handicare's consolidated income statement for 2016 and the six months ended 30 June 2017 if this sale had been completed on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information also show the hypothetical effect that the sale of the BD Business would have had on Handicare's consolidated statement of financial position as of 30 June 2017 if the sale had been completed on 30 June 2017. See "*Pro forma*".

Segment, product, geographic and distribution channel mix

Average sales price for Handicare's products and, as a consequence, gross margin varies between geographies and distribution channels. Gross margin also varies between segments and products. Gross margin is defined as revenue less direct material, direct labour and freight (inbound and outbound) costs.

- **Segment mix:** The gross margin varies between business areas/segments. Accessibility and Patient Handling have higher margins compared to Puls. The main reason is that revenue in Accessibility and Patient Handling primarily comprise Handicare's own products and services, whereas Puls is a distributor of products manufactured by third parties. In addition, Patient Handling has higher gross margins than Accessibility.
- **Product mix:** The gross margin varies between products. For example, within Accessibility stairlifts have a higher gross margin (and EBITA margin) than vehicle accessibility. Stairlifts accounted for approximately 75 percent of total Accessibility revenue in the year ended 31 December 2016.
- **Geographic mix:** The gross margin varies between geographies as a result of, among other things, the competitive environment in the subject market. The Company has higher average sales prices in less mature markets (e.g., the United States and Germany for stairlifts) compared to more mature markets (e.g., the Netherlands and the United Kingdom for stairlifts).
- **Distribution channel mix:** The gross margin varies between distribution channels. Direct sales entails higher average sales prices compared to sales to dealers, as the dealers buy products from Handicare at a discount to final selling price. However, on EBITA level, the impact from the gross margin difference is less pronounced, as direct sales entail additional sales costs (e.g., cost of sales representatives and marketing).

Operating efficiency

The Company's results of operations and profitability rely on the Company's management of its operations and control of its key operating expenses, which include cost of goods sold and personnel expenses. For the year ended 31 December 2016, cost of goods sold (direct material and inbound freight) and personnel expenses represented 54 percent and 27 percent, respectively, of the Company's total operating expenses. The Group's main variable costs are direct material, direct labour costs, freight costs and commissions.

In general, the Company's operating expenses, and variable costs in particular, are impacted by sales volumes. In addition, the Company manages these costs through continual improvement and operational initiatives and has launched a number of key operational improvement initiatives since 2014, including:

- Investments in production automation, most notably in the Group's Accessibility manufacturing facilities in the Netherlands and the United Kingdom. These investments contributed to the improvement in the Group's gross margin from 38.1 percent in the year ended 31 December 2014 to 40.4 percent in the year ended 31 December 2016.
- Centralisation of finance (through the establishment of a finance shared service centre in the United Kingdom) and procurement and outsourcing of non-core functions including e.g. logistics and IT. Partly as a result of this, the revenue per FTE and stairlift increased by 9 percent between 2014 and 2016[1)].
- Focus on operational excellence, including product portfolio optimisation, productivity improvements and strategic sourcing. These initiatives, in combination with the automation of the manufacturing facilities described above helped to reduce lead times in Handicare's manufacturing facilities in the Netherlands and the United Kingdom. For curved stairlifts manufactured in the Heerhugowaard facility in the Netherlands, the average lead time (i.e., the average number of days from order confirmation until product is ready for shipment) was reduced by 41 percent during the period 2014 to 2016. During the same period, the average lead time for the RTC 2000 stairlift manufactured in Kingswinford, United Kingdom, reduced by 30 percent. In addition, manufacturing productivity between 2014 and 2016, measured as number of hours to manufacture each stairlift, improved by 40 percent in the Heerhugowaard facility and by 35 percent in the Kingswinford facility.

Interest rates

Handicare has significant indebtedness to aid the funding of its operations. Interest rate risk arises primarily from Handicare's long-term indebtedness with an adjustable rate of interest. Handicare used interest rate swaps, interest rate caps and floors, which, in exchange for a fee, offer protection against a rise in interest rates in the years ended 31 December 2014 and 2015. No such instruments were used in 2016 or 2017 (as of the date of this Offering Memorandum). Handicare's results of operations can be affected by changes in interest rates with respect to the unhedged portion of Handicare's indebtedness that bears interest at floating rates, which primarily bears a spread over EURIBOR, LIBOR or NIBOR. The fair value of the hedges was included in the statement of financial position (long-term liabilities) as of 31 December 2014. Fair value adjustments are booked against equity. No derivatives were in place as of 31 December 2015 and 2016.

A sensitivity analysis has been conducted, which indicates how certain interest rate fluctuations would have impacted the Group's income statement. Based on Handicare's financing in place for the periods under review, if the EURIBOR interest rates had been one (1) percentage point higher during the year ended 31 December 2016, everything else being equal, the effect on the income statement (interest expenses) would have been loss of EUR 274,000 (NIBOR EUR 865,000, LIBOR EUR 243,000).

Concurrently with the Offering, Handicare will refinance certain existing financial indebtedness by replacing its existing credit facilities with a new multicurrency term loan and revolving credit facilities agreement provided by Danske Bank A/S, Danmark, Sverige Filial, DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) as original lenders, Danske Bank A/S Investment Banking, Skandinaviska Enskilda Banken AB (publ) and DNB Bank ASA, Sweden Branch as arrangers and DNB Bank ASA, Sweden Branch as agent (the "**Facilities Agreement**"). The Facilities Agreement will consist of a EUR 100 million non-amortising term loan facility and a EUR 40 million multicurrency revolving credit facility both of which will be available for drawing in optional currencies such as CAD, GBP and NOK subject to certain procedures set out in Facilities Agreement (jointly the "**New Credit Facilities**").

See "*Background and reasons—Use of proceeds" and "—Liquidity and capital resources—Indebtedness—New Credit Facilities*". The refinancing will impact Handicare's net interest expense going forward.

1) Based on average stairlift FTEs (direct and indirect). Stairlift revenue at constant currency (translation impact only).

Assuming that the New Credit Facilities had been available and the contemplated refinancing referenced above had taken place on 30 June 2017, with drawdowns of EUR 100.0 million under the term loan if all the relevant LIBOR interest rates had been one (1) percentage point higher as of 30 June 2017, everything else being equal, the effect on income before taxes on an annual basis would have been EUR 1 million.

Exchange rates

Changes in foreign exchange rates between EUR (the Company's reporting currency) and the local currencies of the various countries in which the Company and its subsidiaries operate affect the Group's results of operations. The Group records revenue through sales in a variety of currencies, including NOK, SEK, USD, GBP, DKK and CAD. For the year ended 31 December 2016, the Group generated 24 percent of its revenue in NOK, 4 percent of its revenue in SEK, 11 percent of its revenue in USD, 26 percent of its revenue in GBP, 10 percent of its revenue in DKK and 3 percent of its revenue in CAD. The remaining percentage of revenue was generated in EUR. Following the acquisition of Prism Medical, the Company's exposure to USD and CAD increased. For the year ended 31 December 2016, 28 percent of operating expenses were incurred in the United Kingdom, 16 percent in Norway, 25 percent in the Netherlands and 13 percent in the United States. The significant majority of the operating expenses in these countries are sourced in the local currency (i.e., NOK in Norway, EUR in the Netherlands, etc.).

The Group's results of operations are subject both to transaction risk and translation risk. The Group's results of operations are influenced by currency translation because the results of operating units are ultimately consolidated in EUR. As a result, exchange rate fluctuations may impact the reported financial results of a subsidiary in EUR even if no change in the results of operations in the subsidiary's local currency has occurred. The Group's balance sheet translation exposure to foreign currencies is hedged by seeking to match borrowings to net assets in foreign currencies. For example, under its existing credit facilities as of 30 June 2017, Handicare had designated external debt of NOK 779.4 million, EUR 26.6 million (EUR 35.6 million including revolving credit facility), GBP 20.8 million and CAD 10 million under its financing arrangements as a hedge against the translation effects of net assets reported in EUR, GBP, CAD and NOK. For further information, see "*Risk factors—Handicare is exposed to currency risks*". Concurrently with the Offering, Handicare will refinance certain existing financial indebtedness by replacing its existing credit facilities with the New Credit Facilities, see "*—Liquidity and capital resources—Indebtedness—New Credit Facilities*".

While the Group aims to balance the extent to which different currencies contribute to its revenue and expenses, the Group's results of operations are still influenced by currency transaction risk. For example, while the Company's operating subsidiaries typically invoice in the same currency as the associated costs, there are instances where the transaction impact is not fully offset and certain of the Group's products are sold in currencies that are different from the associated costs. The Group generally seeks to mitigate this transaction risk by balancing the extent to which revenue and costs are denominated in different currencies.

A sensitivity analysis has been conducted, which indicates how certain exchange rate fluctuations would have impacted the Group's EBITA. If the GBP and USD would have strengthened/weakened by 10 percent on average against the EUR in the financial year ended 31 December 2016 , everything else being equal, the Group's EBITA would have increased/decreased by EUR 0.2 million and EUR 0.1 million, respectively. This sensitivity analysis is based on translation impact only (i.e. not transaction impact). For additional information on the Group's currency risk, the currency balance of revenue and costs during the periods under review and the full exchange rate sensitivity analysis, see "*Quantitative and qualitative disclosures about financial risk management—Currency risk management*".

Tax rates and deferred tax assets

Handicare's tax rate is mainly affected by corporate tax rates in Sweden, Norway, the United States, the Netherlands and the United Kingdom as these currently are among the countries where Handicare has a significant part of its operations. The corporate tax rate is 22 percent on taxable income gains in Sweden, 25 percent (24 percent in 2017) in Norway, 38 percent in the United States, 25 percent in the Netherlands and 19 percent in the United Kingdom. However, Handicare's tax rate is also affected by corporate tax rates in other countries.

Handicare had deferred tax assets (tax losses carried forward) of EUR 68.9 million as of 31 December 2016 of

which EUR 47.3 million are not recognised on the consolidated statement of financial position. Handicare assesses the carrying value of deferred tax assets (tax losses carried forward) annually, utilising a variety of factors. See "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 1 (Accounting policies)*". Handicare anticipates limited cash tax charges until 2019. Ultimately, the actual cash tax payments will depend on the growth, profitability and earnings of the Group (higher profits will reduce the deferred tax losses balance at a higher rate) as well as the geographic split of revenue and profits (the tax losses cannot be used in all jurisdictions, e.g. in Canada).

RECENT DEVELOPMENTS AND CURRENT TRENDS

Demand for Handicare's products and services is affected by the demand for healthcare equipment and medical devices and related services in the Group's main markets.[1)] In turn, the demand from these main markets is impacted by demographic development, preferences among caretakers and other end-users, product development, general macroeconomic trends, healthcare costs, and trade and regulatory developments.

Current market trends include (i) focus on efficiency and cost containment by healthcare providers, such as by providing incentives for healthcare systems to move patients to homecare settings as soon as possible and keep people in their homes for a longer time; (ii) increased focus on caregiver safety, such as by driving demand for products that can contribute to a reduction of the amount of sick leave taken by caregivers caused by injuries related to patient handling; and (iii) increased regulation and scrutiny by regulators, such as through stricter regulatory standards and increased vigilance in connection with business practice investigations, including manufacturing, sales and reimbursement reporting.

For further information on the key trends and factors that affect Handicare's results of operations, see "*—Key factors affecting Handicare's results of operations*".

Based on unaudited internal monthly accounting reports, Handicare estimates that its business continued to perform broadly in line with budget and plans during July and August 2017. On a year-over-year basis, the Group's revenue showed improvement in July and August 2017 compared to July and August 2016, on a comparable basis (i.e. including Prism Medical in all periods). In general, key indicators such as revenue, EBITDA and EBITDA margin for the nine months ending 30 September 2017 are expected to be in line with the Group's budget and plans.

In the ordinary course of business and as part of Handicare's growth and value creation strategy, Handicare continuously conducts discussions and negotiations with potential acquisition target companies. However, there can be no assurances that these companies will be acquired, either within a particular timeframe or at all.

SIGNIFICANT CHANGES SINCE 30 JUNE 2017

On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The transfer was completed on 1 August 2017. The purchase price for the BD Business was EUR 11.4 million (NOK 109 million) and paid by way of reduction of the Principal Owner's shareholder loan to Handicare. For more information on the divestment of the BD Business, see "*Legal considerations and supplementary information – Acquisitions and divestments – Divestment of the BD Business*".

Nasdaq Stockholm's Listing Committee has on 6 September 2017 decided to admit the Company's shares for trading on Nasdaq Stockholm, subject to customary conditions, including that the distribution requirement for the shares has been met.

EXPLANATION OF KEY INCOME STATEMENT ITEMS

Revenue

Revenue consists of invoiced amounts after deduction of trade discounts, rebates, bonuses, goods returned and other credit notes. The level of trade discounts, rebates etc. varies among route-to-market and customers. For example, large dealers are offered a lower price compared to when sales are made directly to end-customers.

Revenue is recognised in the relevant period in accordance with IFRS, which for goods is generally when the essential risk and rewards connected with the goods are transferred to the buyer. Exact timing of when the risk and rewards are transferred depends on the contractual terms, but generally conforms to the time when goods are shipped (which applies to both direct sales to end-customer and to sales to dealers).

1) Handicare's main markets are the United Kingdom, Germany, the Netherlands, France, Italy, Norway and Denmark within Accessibility and the United States, Canada, the United Kingdom, the Netherlands, Sweden, Denmark and Norway within Patient Handling.

Services or goods that require installation are either recorded partially with their percentage of completion (if the time effect and value is significant) or in full when the product is installed (if the time and value is not significant).

If the selling price of a product includes subsequent servicing and maintenance (e.g., warranty contract), that amount is deferred and recognised as revenue over the service (warranty) contract period.

Revenue is not recognised if it is not probable that the economic benefits attached to it will fall to the Group.

Cost of goods sold

Cost of goods sold includes the cost of raw materials, spare parts, consumables and direct purchase costs, such as customs duties, shipping/transport (i.e., inbound freight costs) cost and transport insurance. The cost is net of received discounts, rebates, refunds and returns.

Values in cost of goods are written down to net realisable value for non-sellable, slow moving items and for other stock value adjustments. Handicare applies a general provision (write-down) model for all entities. The provision model varies for raw material, work in progress, finished goods and spare parts. Finished goods are typically written-down to nil after 24 months in stock. As of 31 December 2016, finished goods accounted for 76.5 percent of the total inventory balance. Provisions are accounted for in cost of goods sold. The total change in inventory provision was EUR 2.9 million in the year ended 31 December 2016.

Personnel expenses

Personnel expenses include salaries, social security and other charges, bonuses (including sales commissions), pensions and other benefits. Personnel expenses also include temporary employees.

Depreciation, amortisation and impairment

Depreciation includes depreciation and write-down of tangible assets. Amortisation includes amortisation and write-down of intangible assets, including goodwill. Additional cost is added to the carrying amount of an intangible or tangible asset if it is probable that the future economic benefit associated with the cost is expected and the associated cost can be measured reliably.

Depreciation and amortisation of tangible and intangible assets are based on its useful life, unless the asset in question has indefinite useful life. Certain trades names and goodwill have indefinite useful lives. Assets are subject to annual impairment testing in each fourth quarter.

The significant majority of the goodwill recorded in the Group's statement of financial position is related to the Principal Owner's acquisition of Handicare in 2010.

Other external expenses

Other external expenses include all other operating expenses. The main expense items include rent, vehicles expenses, consulting costs, freight costs (outbound freight) and IT-costs (licenses, hosting, etc.).

Other specified items

Other specified items include (i) transaction costs (e.g. advisory fees) in regard to acquired and divested businesses, (ii) integration costs (e.g. redundancy costs) in regard to acquired businesses, (iii) restructuring costs (e.g. legal fees) in regard to larger projects e.g. outsourcing of IT and establishment of share service centre, (iv) costs related to the Offering (advisory fees) and (v) other costs impacting comparability (e.g., provision for a product recall related to the seat-levelling motor in certain stairlift models in 2016). See "*—Key factors affecting comparability*". For additional information regarding the product recall, see "*Legal considerations and supplementary information—Legal proceedings*".

Financial income

Financial income includes interest income and (positive) impact of revaluation of financial assets or liabilities due to currency fluctuations (i.e., increased asset value or reduced liability).

Financial expense

Financial expense includes interest expense and (negative) impact of revaluation of financial assets or liabilities due to currency fluctuations (i.e., decreased asset value or increased liability).

Tax expense

Tax includes all current and deferred tax benefits and expenses, as calculated in accordance with the relevant tax laws in force in the jurisdictions in which Handicare operates.

Profit from discontinued operations

Profit from discontinued operations includes the profit of the Mobility division, which was divested to Sunrise Medical GmbH on 30 September 2015, as well as the net gain from the Mobility divestment in 2015. Mobility designed, manufactured and marketed wheelchairs and mobility products such as scooters and rollators. Mobility's revenue and profit after tax in the nine months

ended 30 September 2015 amounted to EUR 49.0 million and EUR 3.3 million, respectively. The net gain from the transaction totalled EUR 13.7 million. Profit from discontinued operations amounted to EUR 17.1 million in the year ended 31 December 2015. In the year ended 31 December 2015, the Company recorded a goodwill impairment of EUR 24 million, of which EUR 11.6 million was related to reorganisations following the divestment of the Mobility business.

RESULTS OF OPERATIONS

The following table sets forth consolidated income statement information for the Company for the periods indicated:

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(from audited financial statements)*		
Operating revenue					
Revenue	153.9	122.3	261.0	245.3	231.8
	153.9	**122.3**	**261.0**	**245.3**	**231.8**
Operating expenses					
Cost of goods sold	(73.3)	(60.5)	(129.7)	(121.6)	(112.6)
Personnel expenses	(38.6)	(30.2)	(63.7)	(64.1)	(63.7)
Depreciation, amortisation and impairment	(4.3)	(3.0)	(7.0)	(29.8)	(5.4)
Other external expenses	(25.6)	(20.5)	(45.3)	(42.7)	(41.9)
Other specified items	(2.0)	(3.9)	(18.4)	(9.9)	(8.3)
EBIT	**10.2**	**4.1**	**(3.2)**	**(22.8)**	**(0.1)**
Profit/loss from financial items					
Financial income	7.2	2.9	57.2	21.6	12.9
Financial expenses	(14.9)	(12.4)	(73.3)	(38.3)	(39.3)
Profit/loss after financial items	**2.5**	**(5.4)**	**(19.3)**	**(39.5)**	**(26.4)**
Tax expense	0.1	(1.3)	0.0	(0.1)	(2.9)
Profit/loss after tax from continuing operations	**2.6**	**(6.7)**	**(19.3)**	**(39.5)**	**(29.4)**
Profit from discontinued operations	–	–	0.0	17.1	5.0
Net profit/loss for the period	**2.6**	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**
Profit/loss attributable to:					
Handicare Group AB's shareholders	2.4	(6.3)	(18.9)	(22.2)	(24.4)
Non-controlling interests	0.1	(0.4)	(0.4)	(0.3)	0.0
	2.6	**(6.7)**	**(19.3)**	**(22.5)**	**(24.4)**

Six months ended 30 June 2017 compared to the six months ended 30 June 2016

Revenue

Group. The Group's revenue for the six months ended 30 June 2017 was EUR 153.9 million, an increase of EUR 31.6 million, or 25.8 percent, compared to EUR 122.3 million in the six months ended 30 June 2016. This was principally driven by Prism Medical, which was acquired in September 2016, which contributed revenue of EUR 26.8 million in the six months ended 30 June 2017. The Group's revenue was adversely impacted by currency fluctuations, in particular the strengthening of the EUR against the GBP after the United Kingdom's decision to leave the European Union in June 2016 and thereafter.

Organic growth was EUR 7.2 million, or 6.0 percent driven by growth in all business areas. Growth in Accessibility was mainly driven by an increase in sales of stairlifts, both in Europe and North America, whereas the increase in Patient Handling revenue was driven by the European market. Puls revenue was primarily driven by increased sales of disposable products.

Accessibility. Accessibility revenue was EUR 89.9 million, an increase of EUR 3.1 million, or 3.6 percent, compared to EUR 86.8 million in the six months ended 30 June 2016. Organic growth was EUR 5.7 million, or 6.8 percent, primarily driven by increased sales of stairlifts in both Europe and North America. Vehicle Accessibility also reported organic growth.

Patient Handling. Patient Handling revenue was EUR 44.7 million, an increase of EUR 27.2 million, or 155 percent, compared to EUR 17.5 million in the six months ended 30 June 2016. Organic growth was EUR 0.7 million, or 3.7 percent driven by Europe. In the second quarter of 2017, Handicare moved its manufacturing of ceiling lifts for the North American market from its manufacturing facilities in Europe to the facility in St. Louis, which was acquired through the acquisition of Prism Medical. As a result, organic growth in the Patient Handling business, which excludes the Prism Medical operations, was negatively impacted, while Prism Medical contributed revenue of EUR 26.8 million in the six months ended 30 June 2017.

Puls. Puls revenue was EUR 19.3 million, an increase of EUR 1.4 million, or 8.1 percent, compared to EUR 17.9 million in the six months ended 30 June 2016. Organic growth was EUR 0.9 million, or 5.3 percent, due to increased sales of disposable products and, to a lesser extent, increased project sales. The BD Business reported revenue of EUR 9.2 million in the six months ended 30 June 2017.

Cost of goods sold

The Group's cost of goods sold for the six months ended 30 June 2017 was EUR 73.3 million, an increase of EUR 12.8 million, or 21.1 percent, compared to EUR 60.5 million in the six months ended 30 June 2016. This was principally as a result of the acquisition of Prism Medical.

Cost of goods sold as a percentage of revenue was 47.6 percent for the six months ended 30 June 2017 compared to 49.4 percent for the six months ended 30 June 2016. This was driven by the acquisition of Prism Medical, which improved Patient Handling contribution and reduced the relative share of Puls revenue (which has lower contribution than Group average).

Personnel expenses

The Group's personnel expenses for the six months ended 30 June 2017 were EUR 38.6 million, an increase of EUR 8.4 million, or 27.8 percent, compared to EUR 30.2 million in the six months ended 30 June 2016. This was principally as a result of the acquisition of Prism Medical.

Personnel expenses as a percentage of revenue was 25.1 percent for the six months ended 30 June 2017 compared to 24.7 percent for the six months ended 30 June 2016. The increase was partly related to investments in the North American sales force, as a part of Handicare's Hub Strategy.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment for the six months ended 30 June 2017 were EUR 4.3 million, an increase of EUR 1.3 million, or 41.7 percent, compared to EUR 3.0 million in the six months ended 30 June 2016. This was principally as a result of the acquisition of Prism Medical (including amortisation of acquired intangible assets) and the significant investment in the new ERP system in 2016.

Other external expenses

The Group's other external expenses for the six months ended 30 June 2017 were EUR 25.6 million, an increase of EUR 5.1 million, or 24.9 percent, compared to EUR 20.5 million in the six months ended 30 June 2016. This was principally as a result of the acquisition of Prism Medical.

Other external expenses as a percentage of revenue was 16.6 percent for the six months ended 30 June 2017 compared to 16.7 percent for the six months ended 30 June 2016.

Other specified items

The Group's other specified items for the six months ended 30 June 2017 were EUR 2.0 million, a decrease of EUR 1.9 million, or 49.6 percent, compared to EUR 3.9 million in the six months ended 30 June 2016. This was principally as a result of reduced integration costs and costs related to the Offering.

- **Transaction costs:** Transaction costs in the six months ended 30 June 2017 amounted to EUR 0.1 million and were related to the acquisition of Prism Medical. Transaction costs in the six months ended 30 June 2016 amounted to EUR 0.1 million. The main portion of these costs were related to the acquisition of Rep-Tek.
- **Integration costs:** Integration costs in the six months ended 30 June 2017 amounted to EUR 0.3 million and were mainly related to the integration of Prism Medical. Integration costs in the six months ended 30 June 2016 amounted to EUR 0.8 million and were mainly related to the acquisition of Rep-Tek. Handicare targets significant synergies from these acquisitions, relating to headcount reductions and the merger of facilities, which have driven integration costs.

- **Restructuring costs:** Restructuring costs in the six months ended 30 June 2017 amounted to EUR 1.6 million. The significant majority of these costs were related to (i) outsourcing of IT functions and; (ii) the reorganisation of Group management in March 2017. Restructuring costs in the six months ended 30 June 2016 amounted to EUR 1.8 million. The main portions of these costs were related to (i) outsourcing of IT functions; (ii) implementation of a finance shared service centre; (iii) outsourcing of certain assembly in Patient Handling; and (iv) outsourcing of certain logistics arrangements in Norway.
- **IPO costs:** No costs related to the Offering were recognised in the six months ended 30 June 2017 as incurred costs related to the Offering were offset through release of provisions made in the year ended 31 December 2016. Costs related to the Offering in the six months ended 30 June 2016 amounted to EUR 0.8 million.
- **Other efficiency projects:** No costs related to these types of projects were recognised in the six months ended 30 June 2017. Costs related to efficiency projects totalled EUR 0.2 million in the six months ended 30 June 2016. These costs principally related to the termination of a lease contract.

EBIT

The Group's EBIT for the six months ended 30 June 2017 was EUR 10.2 million, an increase of EUR 6.1 million, or 146.8 percent, compared to EUR 4.1 million in the six months ended 30 June 2016. This was principally as a result of the acquisition of Prism Medical and reduced other specified items.

Financial income

The Group's financial income for the six months ended 30 June 2017 was EUR 7.2 million, an increase of EUR 4.3 million, or 148 percent, compared to EUR 2.9 million in the six months ended 30 June 2016. This was primarily related to currency fluctuations (most notably the NOK, USD and GBP depreciated against the EUR). Interest income was EUR 1.3 million in the six months ended 30 June 2017 compared to EUR 1.5 million in the six months ended 2016. The interest income primarily related to interest received on the vendor note related to the divestment of the Mobility division.

Financial expense

The Group's financial expense for the six months ended 30 June 2017 was EUR 14.9 million, an increase of EUR 2.5 million, or 20.2 percent, compared to EUR 12.4 million in the six months ended 30 June 2016. This was primarily related to currency fluctuations (most notably the NOK, USD and GBP depreciated against the EUR). Interest expense increased to EUR 9.0 million in the six months ended 30 June 2017 from EUR 7.4 million in the six months ended 2016, primarily relating to the debt financing of the Prism Medical acquisition.

Profit/loss after financial items

The Group's profit after financial items for the six months ended 30 June 2017 was EUR 2.5 million, an increase of EUR 7.9 million compared to loss of EUR 5.4 million in the six months ended 30 June 2016. This was principally as a result of the Group's increased operating profit.

Tax expense

The Group's tax expense for the six months ended 30 June 2017 was EUR negative 0.1 million (income), a decrease of EUR 1.4 million compared to EUR 1.3 million (expense) in the six months ended 30 June 2016. This was principally as a result of changes in deferred tax balances.

Profit/loss after tax from continuing operations

As a result of the reasons discussed above, the Group's profit after tax from continuing operations for the period increased by EUR 9.3 million, from a loss of EUR 6.7 million for the six months ended 30 June 2016 to a profit of EUR 2.6 million for the six months ended 30 June 2017.

Profit from discontinued operations

The Group's profit from discontinued operations for the six months ended 30 June 2016 and 2017 was EUR 0.0 million. No divestments were made in the subject interim periods.

Net profit/loss for the period

As a result of the reasons discussed above, the Group's net profit for the six months ended 30 June 2017 was EUR 2.6 million, an increase of EUR 9.3 million compared to the six months ended 30 June 2016 (net loss of EUR 6.7 million).

EBIT/EBIT margin, gross profit/margin and Adjusted EBITA/EBITA margin

The table below presents revenue, EBIT, EBIT margin, gross profit, gross margin, Adjusted EBITA and Adjusted EBITA margin for the Group and each business area for the periods indicated.

	Accessibility		Patient Handling		Puls		Group-wide functions		Group	
MEUR	Jan–June 2017	Jan–June 2016	Jan–June 2017	Jan–June 2016	Jan–June 2017	Jan–June 2016	Jan–June 2017	Jan–June 2016	Jan–June 2017	Jan–June 2016
Revenue[1]	89.9	86.8	44.7	17.5	19.3	17.9	0.0	0.1	153.9	122.3
EBIT[1]	9.2	7.0	5.0	0.2	1.7	1.5	(5.8)	(4.5)	10.2	4.1
EBIT margin (%)[2]	10.3%	8.1%	11.2%	1.0%	9.0%	8.3%	–	–	6.6%	3.4%
Gross profit[2] [3]	36.4	35.3	22.6	8.2	5.7	6.1	0.0	0.1	64.8	49.8
Gross margin (%)[2] [3]	40.5%	40.7%	50.7%	46.9%	29.7%	34.2%	–	–	42.1%	40.7%
Adjusted EBITA[2] [3]	10.8	8.9	6.4	1.5	1.8	1.6	(4.3)	(2.7)	14.7	9.3
Adjusted EBITA margin (%)[2] [3]	12.1%	10.2%	14.3%	8.4%	9.3%	9.2%	–	–	9.5%	7.6%

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum. Operating profit/loss (EBIT) is not an IFRS-based measure, but is presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measures. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".
3) For reconciliation of non-IFRS measures to the nearest IFRS measure, see "*Selected historical financial information—Reconciliation tables*".

Group. EBIT for the six months ended 30 June 2017 was EUR 10.2 million, an increase of EUR 6.1 million, or 146.8 percent, compared to EUR 4.1 million in the six months ended 30 June 2016. The increase was driven by increased revenue and improved margins. The EBIT margin increased from 3.4 percent in the six months ended 30 June 2016 to 6.6 percent in the six months ended 30 June 2017. Adjusted EBITA for the period ended 30 June 2017 was EUR 14.7 million, an increase of EUR 5.4 million, or 58.2 percent, compared to EUR 9.3 million in the six months ended 30 June 2016. The increase was principally driven by Patient Handling. Gross profit increased from EUR 49.7 million in the six months ended 30 June 2016 to EUR 64.8 million, an increase of 30.4 percent, in the six months ended 30 June 2017.

Accessibility. EBIT for the six months ended 30 June 2017 was EUR 9.2 million compared to EUR 7.2 million in the six months ended 30 June 2016. Adjusted EBITA for the six months ended 30 June 2017 was EUR 10.8 million, an increase by EUR 1.9 million, or 22.0 percent, compared to EUR 8.9 million in the six months ended 30 June 2016. The increase in EBIT and Adjusted EBITA was driven by increased revenue and improved margins. Adjusted EBITA margin increased from 10.2 percent in the six months ended 30 June 2016 to 12.1 percent in the six months ended 30 June 2017. The margin improvement was explained by increased operating leverage (i.e. reduced operating expenses as percentage of revenue). The gross margin decreased slightly from 40.7 percent in the six months ended 30 June 2016 to 40.5 percent in the six months ended 30 June 2017. Gross profit increased from EUR 35.3 million in the six months ended 30 June 2016 to EUR 36.4 million in the six months ended 30 June 2017 as a result of increased revenue.

Patient Handling. EBIT for the six months ended 30 June 2017 was EUR 5.0 million compared to EUR 0.2 million in the six months ended 30 June 2016. This was principally driven by the acquisition of Prism Medical. Adjusted EBITA for the six months ended 30 June 2017 was EUR 6.4 million, an increase of EUR 4.9 million compared to the six months ended 30 June 2016. Prism Medical contributed Adjusted EBITA of EUR 4.0 million in the six months ended 30 June 2017. The Adjusted EBITA margin improved from 8.4 percent in the six months ended 30 June 2016 to 14.3 percent in the six months ended 30 June 2017. This was driven by improved gross margin and increased operating leverage (i.e. reduced operating expenses as percentage of revenue). The gross margin increased from 46.9 percent in the six months ended 30 June 2016 to 50.7 percent in the six months ended 30 June 2017, as Prism Medical has had a higher gross margin than the Patient Handling business. Gross profit increased from EUR 8.2 million in the six months ended 30 June 2016 to EUR 22.6 million in the six months ended 30 June 2017.

Puls. EBIT for the six months ended 30 June 2017 was EUR 1.7 million compared to EUR 1.5 million in the six months ended 30 June 2016. This was driven by increased revenue and improved margins. Adjusted EBITA for the six months ended 30 June 2017 was EUR 1.8 million compared to EUR 1.6 million in the six months ended 30 June 2016. Adjusted EBITA margin improved from 8.6 percent in the six months ended 30 June 2016 to 9.3 percent in the six months ended 30 June 2016 as a result of increased operating leverage (i.e. reduced operating expenses as percentage of revenue). The increased operating leverage was partly explained by a reclassification of certain costs from operating expenses (in the six months ended 30 June 2016) to cost of goods sold (in the six months ended 30 June 2017). Accordingly, the gross margin decreased from 34.2 percent in the six months ended 30 June 2016 to 29.7 percent in six months ended 30 June 2017. The impact on the gross margin from the reclassification of costs was 2.8 percent in the six months ended 30 June 2017. The BD Business, which was divested on 1 August 2017, contributed Adjusted EBITA of EUR 1.1 million in the six months ended 30 June 2017.

Group-wide functions primarily comprise Group costs not directly allocated to a business area. The main cost items in the six months ended 30 June 2017 were personnel expenses (EUR 2.3 million), IT-costs (EUR 1.3 million) and consultancy costs (EUR 0.3 million).

Year ended 31 December 2016 compared to the year ended 31 December 2015

Revenue

Group. The Group's revenue for the year ended 31 December 2016 was EUR 261.0 million, an increase of EUR 15.7 million, or 6.4 percent, compared to EUR 245.3 million in the year ended 31 December 2015. The increase was primarily attributable to the two acquisitions that were completed in 2016. Prism Medical was acquired with effect from 1 September 2016 (reported in Patient Handling) and Rep-Tek was acquired with effect from 4 January 2016 (reported in vehicle accessibility, which is part of Accessibility). Prism Medical contributed revenue of EUR 15.6 million and Rep-Tek contributed revenue of EUR 4.6 million in the year ended 31 December 2016. The Group's revenue was adversely impacted by currency fluctuations (EUR 10.4 million), in particular the strengthening of the EUR against the GBP after the United Kingdom's decision to leave the European Union in June 2016 and thereafter and, to a lesser extent, the depreciation of the NOK against the EUR.

Organic growth was EUR 5.9 million, or 2.5 percent, due primarily to an increase in revenue generated by the Accessibility business and Patient Handling businesses. Growth in Accessibility was mainly driven by an increase in sales of stairlifts, whereas growth in Patient Handling was driven by increased sales in the North American market. Compared to the previous year, Puls's revenue decreased by EUR 7.9 million, or 17.9 percent, in the year ended 31 December 2016 due primarily to lower project sales, whereas sales of consumables remained stable, and unfavourable currency fluctuations (the impact was EUR 1.6 million).

Accessibility. Accessibility revenue for the year ended 31 December 2016 was EUR 174.2 million, an increase of EUR 6.5 million, or 3.9 percent, compared to EUR 167.7 million in the year ended 31 December 2015. In the year ended 31 December 2016, stairlifts contributed revenue of EUR 130.3 million, of which curved stairlifts represented approximately 70 percent, and Vehicle Accessibility contributed revenue of EUR 44.0 million. Rep-Tek contributed revenue of EUR 4.6 million in the year ended 31 December 2016. Organic growth was EUR 9.8 million, or 6.2 percent, driven by stairlifts and vehicle accessibility. Stairlifts accounted for the main part of the growth in absolute figures, whereas the relative growth was higher in vehicle accessibility.

Patient Handling. Patient Handling revenue for the year ended 31 December 2016 was EUR 50.5 million, an increase of EUR 17.2 million, or 51.5 percent, compared to EUR 33.4 million in the year ended 31 December 2015. Prism Medical was acquired with effect from 1 September 2016 and contributed revenue of EUR 15.6 million in the four months ended 31 December 2016, the significant majority of which was derived in the North American market. Organic growth was EUR 2.5 million, or 7.7 percent, driven by the North American market and, to a lesser extent, the United Kingdom.

Puls. Puls revenue for the year ended 31 December 2016 was EUR 36.1 million, a decrease of EUR 7.9 million, or 17.9 percent, compared to EUR 43.9 million in the year ended 31 December 2015. Organic growth was negative EUR 6.3 million, or 14.8 percent, due primarily to a decline in project sales whereas sales of consumables were in line with 2015. Project sales refers to multiple use equipment (as opposed to single use products / consumables) such as mattresses, surgery tables and similar, and are typically ordered by institutions on a one-off basis. Project sales typically fluctuate between years depending on the Group's ability to contract for relevant projects.

The revenue contribution from the BD Business was EUR 16.3 million in the year ended 31 December 2016.

Cost of goods sold

The Group's cost of goods sold for the year ended 31 December 2016 amounted to EUR 129.7 million, an increase of EUR 8.1 million, or 6.7 percent, compared to EUR 121.6 million in the year ended 31 December 2015. The increase was in line with the increase in revenue between 2015 and 2016, and the impact from currency fluctuations was limited as the main currencies for supplies in 2016 were the same as for revenue. Cost of goods sold was negatively impacted by the purchase accounting related to the acquisition of Prism Medical through which the fair value of inventory was increased by EUR 1.1 million in the opening balance sheet.

Cost of goods sold as a percentage of revenue was 49.7 percent for the year ended 31 December 2016 compared to 49.6 percent for the year ended 31 December 2015.

Personnel expenses

The Group's personnel expenses for the year ended 31 December 2016 amounted to EUR 63.7 million, a decrease of EUR 0.4 million, or 0.7 percent, compared to EUR 64.1 million in the year ended 31 December 2015. As a result, personnel expenses as a percentage of revenue was 24.4 percent for the year ended 31 December 2016 compared to 26.1 percent for the year ended 31 December 2015. This decrease was principally driven by increased productivity as a result of investments in production automation, as well as outsourcing of non-core functions (e.g., IT personnel and certain assembly functions). The decrease in personnel expenses in relation to IT were partly offset by an increase in other external expenses (e.g., cost for IT personnel were partly offset by charges from the third-party IT service provider) (see "*—Other external expenses*" below). In addition, the establishment of the finance shared service centre in the United Kingdom reduced the average cost per FTE in the finance team.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment expense for the year ended 31 December 2016 amounted to EUR 7.0 million, a decrease of EUR 22.8 million, or 76.4 percent, compared to EUR 29.8 million in the year ended 31 December 2015. In the year ended 31 December 2015, the Company recorded a goodwill impairment of EUR 24 million driven by reorganisations following the divestment of the Mobility business (EUR 11.6 million) and operational development in the Patient Handling related to weaker than expected performance in the United States (EUR 12.7 million). No impairment was required in 2016.

Other external expenses

The Group's other external expenses for the year ended 31 December 2016 amounted to EUR 45.3 million, an increase of EUR 2.6 million, or 6.2 percent, compared to EUR 42.7 million in the year ended 31 December 2015. This was principally driven by the significant number of restructuring projects completed in 2016 (e.g., outsourcing of IT personnel, establishment of a new finance shared service centre, implementation of a new ERP system, outsourcing of logistics and outsourcing of certain assembly functions). Certain costs related to these projects were reported in other specified items, see "*—Other specified items*". Increased consultancy costs were one of the main drivers of the increase in other external expenses. As noted above, the outsourcing of IT personnel and assembly functions increased other operating expenses (although net of personnel expenses, the Group's operating costs decreased), see "*—Personnel expenses*".

Other external expenses as a percentage of revenue amounted to 17.4 percent for each of the years ended 31 December 2015 and 2016.

Other specified items

The Group's other specified items for the year ended 31 December 2016 amounted to EUR 18.4 million, an increase of EUR 8.6 million, or 87.0 percent, compared to EUR 9.9 million in the year ended 31 December 2015. This was principally as a result of transaction and integration costs related to the acquisitions of Prism Medical and Rep-Tek in 2016. Transaction costs and integration costs amounted to EUR 4.0 million and EUR 3.6 million, respectively, in the year ended 31 December 2016 compared to EUR 1.9 million and EUR 1.4 million, respectively, in in the year ended 31 December 2015. In addition, 2016 was impacted by provisions for certain IPO costs (EUR 1.2 million), provisions for restructuring costs related to the IT-outsourcing (EUR 1.8 million) and a provision for a product recall related to the seat-levelling motor in certain stairlift models (EUR 2.4 million). Specified below are the different other specified items incurred by Handicare in the years ended 31 December 2016 and 2015.

- **Transaction costs:** Transaction costs in the year ended 31 December 2016 amounted to EUR 4.0 million. The significant majority of these costs related to the acquisition of Prism Medical. The size of the

transaction, combined with the complexity as a result of Prism Medical being a publicly traded company, drove transaction costs. Transaction costs in the year ended 31 December 2015 amounted to EUR 1.9 million. The main portion of these costs related to the acquisition of Rep-Tek and the divestment of the Mobility division.

- **Integration costs:** Integration costs in the year ended 31 December 2016 amounted to EUR 3.6 million. The significant majority of these costs related to the integration of Prism Medical and Rep-Tek. Handicare targets significant synergies from these acquisitions, relating to headcount reductions and the merger of facilities, which have driven integration costs. Integration costs in the year ended 31 December 2015 amounted to EUR 1.4 million. The main portion of these costs was related to organisational changes following the divestment of the Mobility division.
- **Restructuring costs:** Restructuring costs in the year ended 31 December 2016 amounted to EUR 5.4 million. The significant majority of these costs related to (i) outsourcing of IT functions; (ii) implementation of a finance shared service centre; (iii) outsourcing of certain assembly in Patient Handling; and (iv) outsourcing of logistics. Restructuring costs in the year ended 31 December 2015 amounted to EUR 6.0 million. The main portion of these costs (most notably a provision of EUR 4.6 million relating to unused premises) related to the relocation of the Group's head office from Moss (Norway) to Kista (Sweden).
- **Recall costs:** Recall costs amounted to EUR 3.1 million in the year ended 31 December 2017. The significant majority of these costs were related to a faulty seat-levelling motor in certain stairlifts. No recall costs were recognised in the year ended 31 December 2015.
- **IPO costs:** Costs related to the Offering amounted to EUR 1.2 million in the year ended 31 December 2016. These principally comprised advisory fees. No costs were incurred in the year ended 31 December 2015.
- **Mobility costs:** Certain operating expenses related to the divested Mobility business were incurred in (and paid by) Handicare post the divestment. These costs amounted to EUR 0.3 million in the year ended 31 December 2016 and EUR 0.6 million in the year ended 31 December 2015.
- **Other efficiency projects:** Costs related to other efficiency projects totalled EUR 0.9 million in the year ended 31 December 2016. These costs principally included redundancy costs, lease termination costs and consulting costs. No similar costs were incurred in the year ended 31 December 2015.

EBIT

The Group's EBIT for the year ended 31 December 2016 was a loss of EUR 3.2 million, a positive change of EUR 19.6 million, or 86.0 percent, compared to a loss of EUR 22.8 million in the year ended 31 December 2015. The change was principally related to the impairment of goodwill of EUR 24 million in the year ended 31 December 2015, as discussed under "*—Depreciation, amortisation and impairment*" above.

Financial income

The Group's financial income for the year ended 31 December 2016 amounted to EUR 57.2 million, an increase of EUR 35.6 million, or 164.7 percent, compared to EUR 21.6 million in the year ended 31 December 2015. This was principally as a result of currency fluctuations (most notably, the NOK, USD and GBP depreciated against the EUR). Interest income increased to EUR 3.0 million in the year ended 31 December 2016 from EUR 1.2 million in the year ended 31 December 2015, principally as a result of interest received on the vendor note related to the divestment of the Mobility division.

Financial expense

The Group's financial expense for the year ended 31 December 2016 amounted to EUR 73.3 million, an increase of EUR 35.0 million, or 91.4 percent, compared to EUR 38.3 million in the year ended 31 December 2015. This was principally as a result of currency fluctuations (most notably the NOK, USD and GBP depreciated against EUR). Interest expenses decreased to EUR 16.0 million in the year ended 31 December 2016 from EUR 19.1 million in the year ended 31 December 2015, principally as a result of scheduled amortisations on interest-bearing debt.

Profit/loss after financial items

The Group's loss after financial items for the year ended 31 December 2016 was EUR 19.3 million, a decrease of EUR 20.2 million, or 51.2 percent, compared to a loss of EUR 39.5 million in the year ended 31 December 2015.

Tax expense

The Group's tax expense for the year ended 31 December 2016 amounted to EUR 0.0 million, a decrease of EUR 0.1 million compared to EUR 0.1 million in the year ended 31 December 2015.

Profit/loss after tax from continuing operations

As a result of the reasons discussed above, the Group's loss after tax from continuing operations for the period decreased by EUR 20.2 million, from a loss of EUR 39.5 million for year ended 31 December 2015 to a loss of EUR 19.3 million for the year ended 31 December 2016.

Profit from discontinued operations

The Group's profit from discontinued operations for the year ended 31 December 2016 was EUR 0.0 million, compared to EUR 17.1 million in the year ended 31 December 2015. No divestments were made in 2016. As discussed above, the profit from discontinued operations in 2015 related to the Mobility division, which was divested on 30 September 2015. Mobility's profit after tax in the nine months ended 30 September 2015 amounted to EUR 3.3 million. In addition, the net gain from the transaction of EUR 13.7 million is also included in profit from discontinued operations in 2015.

Net profit/loss for the period

As a result of the reasons discussed above, the Group's net loss for the period decreased by EUR 3.2 million, from a loss of EUR 22.5 million in the year ended 31 December 2015 to a loss of EUR 19.3 million in the year ended 31 December 2016.

EBIT/EBIT margin, gross profit/margin and Adjusted EBITA/EBITA margin

The table below presents revenue, EBIT, EBIT margin, gross profit, gross margin, Adjusted EBITA and Adjusted EBITA margin for the Group and each business area for the periods indicated.

	Accessibility		Patient Handling		Puls		Group-wide functions		Group	
MEUR	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue[1]	174.2	167.7	50.5	33.4	36.1	43.9	0.1	0.3	261.0	245.3
EBIT[1]	9.9	15.1	(5.2)	(16.1)	2.1	3.7	(10.0)	(25.5)	(3.2)	(22.8)
EBIT margin (%)[2]	5.7	9.0	(10.2)	(48.3)	5.7	8.5	–	–	(1.2)	(9.3)
Gross profit[2] [3]	70.2	66.4	23.2	13.1	11.9	13.9	0.1	(0.1)	105.3	93.3
Gross margin (%)[2] [3]	40.3	39.6	45.9	39.3	32.9	31.6	–	–	40.4	38.0
Adjusted EBITA[2] [3]	18.4	17.0	4.0	(1.5)	2.8	3.8	(6.4)	(5.8)	18.8	13.5
Adjusted EBITA margin (%)[2] [3]	10.6	10.2	7.8	(4.5)	7.7	8.7	–	–	7.2	5.5

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum. Operating profit/loss (EBIT) is not an IFRS-based measure, but is presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".
3) For reconciliations of non-IFRS measures to the nearest IFRS measures, see "*Selected historical financial information—Reconciliation tables*".

Group. EBIT for the year ended 31 December 2016 was a loss of EUR 3.2 million, a positive change of EUR 19.6 million, or 86.0 percent, compared to a loss of EUR 22.8 million in the year ended 31 December 2015. The decrease was primarily attributable to the impairment of goodwill of EUR 24 million in the year ended 31 December 2015. Adjusted EBITA for the year ended 31 December 2016 was EUR 18.8 million, an increase of EUR 5.3 million, or 39.3 percent, compared to EUR 13.5 million in the year ended 31 December 2015. The increase was principally driven by Patient Handling. Gross profit increased by 12.9 percent from EUR 93.3 million in the year ended 31 December 2015 to EUR 105.3 million in the year ended 31 December 2016.

Accessibility. EBIT for the year ended 31 December 2016 was EUR 9.9 million compared to EUR 15.1 million in the year ended 31 December 2015. The decrease was primarily driven by increased amortisation charges and increased other specified items. Adjusted EBITA for the year ended 31 December 2016 was EUR 18.4 million, an increase of EUR 1.4 million, or 8.0 percent, compared to EUR 17.0 million in the year ended 31 December 2015. This was principally driven by increased revenue, whereas Accessibility reported a slight increase in Adjusted EBITA margin. Gross margin increased from 39.6 percent in the year ended 31 December 2015 to 40.3 percent in the year ended 31 December 2016. This was

largely explained by lower direct personnel costs following investments production automation. Gross profit increased from EUR 66.4 million in the year ended 31 December 2015 to EUR 70.2 million in the year ended 31 December 2016, primarily as a result of increased revenue during the period.

Patient Handling. EBIT for the year ended 31 December 2016 was a loss of EUR 5.2 million compared to a loss of EUR 16.1 million in the year ended 31 December 2015. This was principally driven by a goodwill impairment of EUR 12.7 million in 2015 (there was no impairment charge in 2016), partly offset by increased other specified items. Adjusted EBITA for the year ended 31 December 2016 was EUR 4.0 million, a positive change of EUR 5.5 million compared to the year ended 31 December 2015. Gross profit in the year ended 31 December 2015 was impacted by inventory write-down and increased warranty provision of EUR 1.9 million (5.7 percentage point impact on gross margin in 2015). Outsourcing of certain assembly functions in 2016, increased cost focus (including headcount reductions) and the refocusing of the product portfolio in late 2015 were the main drivers of the increase in profitability. Prism Medical's gross profit decreased by EUR 1.1 million in the year ended 31 December 2016 compared to the previous year (which had a negative impact of 2.3 percentage points on Patient Handling gross margin) as a result of the purchase accounting (this had, however, no cash impact).

Puls. EBIT for the year ended 31 December 2016 was EUR 2.1 million compared to EUR 3.7 million in the year ended 31 December 2015. This was principally a result of decreased revenue, which was partly offset by increased gross margin and reduced operating expenses. Adjusted EBITA for the year ended 31 December 2016 was EUR 2.8 million, a decrease by EUR 1.0 million compared to EUR 3.8 million in the year ended 31 December 2015. The gross margin increased from 31.6 percent in the year ended 31 December 2015 to 32.9 percent in the year ended 31 December in 2016 as a result of a shift in product mix (increased sales of higher margin products). The BD Business, which was divested on 1 August 2017, contributed Adjusted EBITA of EUR 1.8 million in the year ended 31 December 2016.

Group-wide functions primarily comprise Group costs not directly allocated to a business area. The main cost items in the year ended 31 December 2016 included personnel expenses (EUR 3.0 million), IT-costs (EUR 1.5 million) and consultancy costs (EUR 0.7 million).

Year ended 31 December 2015 compared to the year ended 31 December 2014

Revenue

Group. The Group's revenue for the year ended 31 December 2015 was EUR 245.3 million, an increase of EUR 13.5 million, or 5.8 percent, compared to EUR 231.8 million in the year ended 31 December 2014. No acquisitions were made in the years ended 31 December 2015 and 2014. The Mobility division was divested in 2015. In the 2015 annual report, the Mobility division is reported under profit from discontinued operations for the years ended 31 December 2015 and 2014, and therefore does not affect reported revenue in these periods. In 2015, revenue was adversely impacted by currency fluctuations, primarily the strengthening of the EUR against the NOK. Organic growth was EUR 7.6 million, or 3.2 percent, due primarily to an increase in revenue generated by the Group's Accessibility and Patient Handling businesses.

Accessibility. Accessibility revenue for the year ended 31 December 2015 was EUR 167.7 million, an increase of EUR 14.0 million, or 9.1 percent, compared to EUR 153.7 million in the year ended 31 December 2014. Organic growth was EUR 6.5 million, or 4.0 percent. Stairlifts reported positive organic growth between the periods, principally driven by the European market (most notably the United Kingdom and Germany). Revenue in vehicle accessibility decreased slightly.

Patient Handling. Patient Handling revenue for the year ended 31 December 2015 was EUR 33.4 million, an increase of EUR 2.0 million, or 6.1 percent, compared to EUR 31.4 million in the year ended 31 December 2014. Organic growth was EUR 0.7 million, or 2.3 percent, primarily driven by the growth in the United Kingdom and the inclusion of a large dealer in Japan in the Group's dealer network.

Puls. Puls revenue for the year ended 31 December 2015 was EUR 43.9 million, a decrease of EUR 2.6 million, or 5.6 percent, compared to EUR 46.5 million in the year ended 31 December 2014 mainly driven by currency fluctuations (depreciation of the NOK against the EUR). Organic growth was EUR 0.2 million, or 0.5 percent, primarily driven by increased sales of consumables.

Cost of goods sold

The Group's cost of goods sold for the year ended 31 December 2015 amounted to EUR 121.6 million, an increase of EUR 9.0 million, or 8.0 percent, compared to EUR 112.6 million in the year ended 31 December 2014. This increase was principally driven by the increase in revenue during the period as cost of goods sold is variable in nature.

Cost of goods sold as a percentage of revenue amounted to 49.6 percent for the year ended 31 December 2015 compared to 48.6 percent for the year ended 31 December 2014. The decrease was primarily attributable to inventory write-down and increased warranty provision (related to new product launches) in Patient Handling in 2015, which impacted cost of goods sold by EUR 1.9 million and the cost of goods sold to revenue ratio by 0.7 percentage points. In addition, a strategic sourcing programme was implemented in late 2014, which, among other things, involved the renegotiation of all freight contracts.

Personnel expenses

The Group's personnel expenses for the year ended 31 December 2015 amounted to EUR 64.1 million, an increase of EUR 0.5 million, or 0.7 percent, compared to EUR 63.7 million in the year ended 31 December 2014. The increase was primarily attributable to ordinary salary increases. The increase was partly offset by a decrease in the average number of FTEs (excluding the Mobility division) from 925 in the year ended 31 December 2014 to 900 in the year ended 31 December 2015 following a headcount reduction program (particularly within Patient Handling).

Personnel expenses as a percentage of revenue was 26.1 percent for the year ended 31 December 2015 compared to 27.5 percent for the year ended 31 December 2014.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment expense for the year ended 31 December 2015 amounted to EUR 29.8 million, an increase of EUR 24.4 million compared to EUR 5.4 million in the year ended 31 December 2014. In the year ended 31 December 2015, the Company recorded a goodwill impairment of EUR 24 million driven by reorganisations following the divestment of the Mobility business (EUR 11.6 million) and operational development in the Patient Handling related to weaker than expected performance in the United States (EUR 12.6 million). No impairment was required in 2014.

Other external expenses

The Group's other external expenses for the year ended 31 December 2015 amounted to EUR 42.7 million, an increase of EUR 0.8 million, or 1.9 percent, compared to EUR 41.9 million in the year ended 31 December 2014. This was mainly driven by increased sales and marketing expenses.

Other external expenses as a percentage of revenue was 17.4 percent for the year ended 31 December 2015 compared to 18.1 percent for the year ended 31 December 2014. This decrease was primarily a result of revenue increasing relatively more than other external expenses as certain costs (e.g., rent) are fixed or semi-fixed in nature (i.e., do not change proportionally to changes in revenue).

Other specified items

The Group's other specified items for the year ended 31 December 2015 amounted to EUR 9.9 million, an increase of EUR 1.6 million, or 19.3 percent, compared to EUR 8.3 million in the year ended 31 December 2014. This was principally as a result of increased transaction costs, primarily related to the divestment of the Mobility division. Total transaction costs amounted to EUR 1.9 million in the year ended 31 December 2015 compared to EUR 0.8 million in the year ended 31 December 2014. Specified below are the different other specified items incurred by Handicare in the years ended 31 December 2015 and 2014.

- **Transaction costs:** Transaction costs in the year ended 31 December 2015 amounted to EUR 1.9 million. The main portion of these costs related to the acquisition of Rep-Tek and the divestment of the Mobility division. Transaction costs in the year ended 31 December 2014 amounted to EUR 0.8 million. The main portion of these costs related to the acquisition of YouQ B.V. (which was subsequently divested as part of the divestment of the Mobility division in 2015).
- **Integration costs:** Integration costs in the year ended 31 December 2015 amounted to EUR 1.4 million. The main portion of these costs related to organisational changes following the divestment of the Mobility division. Integration costs in the year ended 31 December 2014 amounted to EUR 1.0 million. These costs related to payment of a stay-on bonus to the CEO of Mid Atlantic Care, a company that Handicare acquired in 2013.

- **Restructuring costs:** Restructuring costs in the year ended 31 December 2015 amounted to EUR 6.0 million. The main portion of these costs (most notably a provision of EUR 4.6 million relating to unused premises) related to the relocation of the Group's head office from Moss (Norway) to Kista (Sweden). Restructuring costs in the year ended 31 December 2014 amounted to EUR 6.5 million and related to the Group-wide contingency program.
- **Mobility costs:** Certain operating expenses related to the divested Mobility business were incurred in (and paid by) Handicare post the divestment. These costs amounted to EUR 0.6 million in the year ended 31 December 2015. The Mobility business was divested in the year ended 31 December 2015.

EBIT

The Group's EBIT for the year ended 31 December 2015 was a loss of EUR 22.8 million, a negative change of EUR 22.7 million compared to a loss of EUR 0.1 million in the year ended 31 December 2014. This was principally a result of an impairment of goodwill of EUR 24 million in the year ended 31 December 2015.

Financial income

The Group's financial income for the year ended 31 December 2015 amounted to EUR 21.6 million, an increase of EUR 8.7 million, or 67.5 percent, compared to EUR 12.9 million in the year ended 31 December 2014. This was principally as a result of currency fluctuations. Interest income was EUR 1.2 million in the year ended 31 December 2015 compared to EUR 1.0 million in the year ended 31 December 2014.

Financial expense

The Group's financial expense for the year ended 31 December 2015 amounted to EUR 38.3 million, a decrease of EUR 1.0 million, or 2.6 percent, compared to EUR 39.3 million in the year ended 31 December 2014. This was principally due to decreased interest expense. Interest expense decreased to EUR 19.1 million in the year ended 31 December 2015 from EUR 24.6 million in the year ended 31 December 2014, principally as a result of scheduled amortisations on interest-bearing debt.

Profit/loss after financial items

The Group's loss after financial items for the year ended 31 December 2015 was EUR 39.5 million, an increase of EUR 13.1 million, or 49.6 percent, compared to EUR 26.4 million in the year ended 31 December 2014.

Tax expense

The Group's tax expense for the year ended 31 December 2015 amounted to EUR 0.1 million, a decrease of EUR 2.8 million, or 96.6 percent, compared to EUR 2.9 million in the year ended 31 December 2014. This was principally a result of changes in deferred tax relating to intangible assets, fixed assets, unrealised currency exchange rate gains/losses, other accruals and tax losses carried forward.

Profit/loss after tax from continuing operations

As a result of the reasons discussed above, the Company's loss after tax from continuing operations for the period increased by EUR 10.2 million, from a loss of EUR 29.4 million for year ended 31 December 2014 to a loss of EUR 39.5 million for the year ended 31 December 2015.

Profit from discontinued operations

The Group's profit from discontinued operations for the year ended 31 December 2015 amounted to EUR 17.1 million, an increase of EUR 12.1 million, or 243.6 percent, compared to EUR 5.0 million in the year ended 31 December 2014. The profit from discontinued operations in 2015 and 2014 related to the Mobility division, which was divested on 30 September 2015. Mobility's profit after tax in the nine months ended 30 September 2015 amounted to EUR 3.3 million. The net gain from the transaction of EUR 13.7 million is also included in profit from discontinued operations in 2015. Mobility's profit after tax in 2014 amounted to EUR 3.5 million.

Net profit/loss for the period

As a result of the reasons discussed above, the Company's net loss for the period decreased by EUR 1.9 million, from a loss of EUR 24.4 million for year ended 31 December 2014 to a loss of EUR 22.5 million for the year ended 31 December 2015.

EBIT/EBIT margin, gross profit/margin and Adjusted EBITA/EBITA margin

The table below presents revenue, EBIT, EBIT margin, gross profit, gross margin, Adjusted EBITA and Adjusted EBITA margin for the Group and each business area for the periods indicated.

	Accessibility		Patient Handling		Puls		Group-wide functions		Group	
MEUR	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue[1]	167.7	153.7	33.4	31.4	43.9	46.5	0.3	0.1	245.3	231.8
EBIT[1]	15.1	11.7	(16.1)	(0.8)	3.7	3.8	(25.5)	(14.8)	(22.8)	(0.1)
EBIT margin (%)[2]	9.0	7.6	(2.5)	(48.3)	8.5	8.2	–	–	(9.3)	0.0
Gross profit[2] [3]	66.4	57.9	13.1	15.2	13.9	14.5	(0.1)	0.7	93.3	88.3
Gross margin (%)[2] [3]	39.6	37.7	39.3	48.4	31.6	31.2	–	–	38.0	38.1
Adjusted EBITA[2] [3]	17.0	12.8	(1.5)	0.8	3.8	3.9	(5.8)	(7.5)	13.5	10.0
Adjusted EBITA margin (%)[2] [3]	10.2	8.3	(4.5)	2.6	8.7	8.5	–	–	5.5	4.3

1) IFRS-based measure presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum. Operating profit/loss (EBIT) is not an IFRS-based measure, but is presented in the Company's audited consolidated financial statements as of and for the years ended 31 December 2016, 2015 and 2014, and the Company's unaudited consolidated financial statements as of and for the six months ended 30 June 2017 and 2016, which are included in this Offering Memorandum.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".
3) For reconciliations of non-IFRS measures to the nearest IFRS measures, see "*Selected historical financial information—Reconciliation tables*".

Group. The Group's EBIT for the year ended 31 December 2015 was a loss of EUR 22.8 million, a negative change of EUR 22.7 million compared to a loss of EUR 0.1 million in the year ended 31 December 2014. The change was primarily a result of a goodwill impairment of EUR 24 million in the year ended 31 December 2015. Adjusted EBITA for the Group for the year ended 31 December 2015 was EUR 13.5 million, an increase of EUR 3.5 million, or 34.6 percent, compared to EUR 10.0 million in the year ended 31 December 2014. The increase was principally driven by higher revenue and margin in Accessibility. Gross profit increased from EUR 88.3 million in the year ended 31 December 2014 to EUR 93.3 million in the year ended 31 December 2015, primarily as a result of increased revenue during the period. The gross margin remained stable over the periods.

Accessibility. EBIT for the year ended 31 December 2015 was EUR 15.1 million, increase of EUR 3.4 million, or 29.1 percent, compared to EUR 11.7 million in the year ended 31 December 2014. The increase was primarily driven by increased revenue and improved gross margin, partly offset by increased amortisation charges. Adjusted EBITA for the year ended 31 December 2015 was EUR 17.0 million, an increase of EUR 4.3 million, or 33.3 percent, compared to EUR 12.8 million in the year ended 31 December 2014. The gross margin increased from 37.7 percent in the year ended 31 December 2014 to 39.6 percent in the year ended 31 December 2015, principally driven by a strategic sourcing programme initiated in late 2014 (reduced both cost of material and freight costs) as well as investments in automated production (reducing direct labour costs). Adjusted EBITA margin increased from 8.3 percent in the year ended 31 December 2014 to 10.2 percent in the year ended 31 December 2015.

Patient Handling. EBIT for the year ended 31 December 2015 was a loss of EUR 16.1 million, compared to a loss of EUR 0.8 million in the year ended 31 December 2014. This change was primarily driven by goodwill impairment of EUR 12.7 million in in the year ended 31 December 2015. In addition, write-down of inventory and increased warranty provision had a negative impact (EUR 1.9 million). The write-down of inventory was made in connection with the restructuring of the business (e.g., concentrating the product portfolio). The warranty provision was made in connection with new product launches. Adjusted EBITA in Patient Handling for the year ended 31 December 2015 was negative EUR 1.5 million, a negative change of EUR 2.3 million compared to a profit of EUR 0.8 million in the year ended 31 December 2014. Gross profit in the year ended 31 December 2015 was impacted by inventory write-downs and increased warranty provision of EUR 1.9 million (5.7 percentage points impact on gross margin in 2015). In addition, shifts in product and sales channel mix had a negative impact on gross margin in 2015.

Puls. EBIT for the year ended 31 December 2015 was EUR 3.7 million, a decrease of EUR 0.1 million compared to EUR 3.8 million in the year ended 31 December 2014. Adjusted EBITA in Puls for the year ended 31 December 2015 was EUR 3.8 million, a decrease of EUR 0.1 million compared to EUR 3.9 million in the year ended 31 December 2014. The gross margin increased from 31.2 percent in the year ended 31 December 2014 to 31.6 percent in the year ended 31 December 2015. This was principally driven by shifts in the product mix (increased sales of higher margin products). The Adjusted EBITA margin increased from 8.5 percent in the year ended 31 December 2014 to 8.7 percent in the year ended 31 December 2015 as a result of the improved gross margin.

Group-wide functions comprise unallocated Group costs. These costs decreased from EUR 7.5 million in the year ended 31 December 2014 to EUR 5.8 million in the year ended 31 December 2015. Group costs were reduced as part of the divestment of Mobility division in 2015. In addition, certain allocation principles were changed such that certain costs were charged directly to the business areas in 2015 as opposed to Group (as was the case in 2014).

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company's principal sources of liquidity have been cash flows from operating activities and borrowings under its existing credit facilities and shareholder loans. Following the Offering, the Company expects to rely primarily on cash flows from operating activities and drawdowns on the revolving credit facility under the New Credit Facilities to provide funds required for operations, see "*—Indebtedness—New Credit Facilities*".

Liquidity management is critical for the Group. Handicare therefore monitors its liquidity daily and its cash-position is evaluated monthly. Handicare seeks to maintain sufficient liquidity through a focus on operational performance, active working capital management, targeted investment activities and drawings under its credit facilities from time to time. The aim of Handicare's financing policy is to secure sufficient liquid reserves at all times to satisfy the operating and strategic financial needs of Group companies.

As of 30 June 2017, the Group had EUR 6.2 million in liquid funds. Additionally, the Group had unutilised bank overdraft facilities (revolving credit facility) of EUR 7.8 million. Handicare seeks to maintain access to adequate cash funds and short-term funding through agreed credit facilities to manage liquidity risk.

Capital expenditures

The Group's capital expenditures are comprised of investments in tangible and intangible assets. Tangible capital expenditures primarily relate to investments in machinery and equipment, leasehold improvements and office equipment. Intangible capital expenditures primarily include R&D and IT (e.g., the ERP system). During the periods under review, the Group's tangible capital expenditures have increased due to Handicare's growth and its ongoing efforts to expand and improve its production footprint and equipment. For example, the Company has invested significantly in production automation in the Group's Accessibility manufacturing facilities in the Netherlands and the United Kingdom.

The table below sets forth details on the Group's capital expenditures for the periods indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
MEUR	*(unaudited)*		*(unaudited)*		
Fixed assets	1.5	1.0	3.8	3.2	2.9
R&D	0.8	1.1	2.4	2.0	2.1
IT software	1.1	1.5	5.1	2.4	2.2
Other	0.1	0.0	0.1	0.3	(0.3)
Total capital expenditures (excluding Mobility1))	**3.5**	**3.6**	**11.4**	**7.9**	**6.9**
Capital expenditures relating to Mobility1)	**–**	**–**	**–**	**1.7**	**2.1**

1) The Mobility division was divested in 2015.

In the six months ended 30 June 2017, the Group invested EUR 1.5 million in machinery and equipment, primarily in the manufacturing facilities in the Netherlands, the United Kingdom and the United States. The investments primarily related to ordinary course maintenance capital expenditures. In the three years ended 31 December 2016, 2015 and 2014, the Group's tangible capital expenditures have mainly related to machinery and equipment, as well as improvements in the Group's leased facilities. Capital expenditure for the year ended 31 December 2016 includes capital expenditures of EUR 1.0 million (of which EUR 0.8 million related to investments in fixed assets) relating to Prism Medical.

Fixed assets capital expenditures include investments in production automation and other investments to increase productivity or capacity classified as expansion capital expenditures. Expansion capital expenditure is a non-IFRS measure and refers to investment to enhance production capacity and the new ERP system. Maintenance capital expenditure in fixed assets relates to ordinary replacement capital expenditures to maintain the current functionality and efficiency of e.g. machinery and equipment.

R&D capital expenditures include capitalised costs as well as investments in certain equipment used for product development purposes. Total R&D capital expenditures have been relatively stable during the periods under review. R&D capital expenditures in the six months ended 2017 were in line with the R&D capital expenditures in the six months ended 30 June 2016, and amounted to EUR 2.4 million, EUR 2.0 million and EUR 2.1 million in the years ended 31 December 2016, 2015 and 2014, respectively.

IT software capital expenditures in the six months ended 30 June 2017 was primarily related to investments in the new ERP system (in aggregate EUR 0.8 million). IT software capital expenditures increased from EUR 2.2 million in the year ended 31 December 2014 to EUR 2.4 million in the year ended 31 December 2015 and further to EUR 5.1 million in the year ended 31 December 2016. IT maintenance capital expenditures have been limited during the years ended 31 December 2016, 2015 and 2014, mainly explained by the fact that principally all hardware is leased. IT capital expenditures in the years ended 31 December 2016, 2015 and 2014 are primarily related to investments in the new ERP system (such capital expenditure are classified as expansion capital expenditures).

Total capital expenditure in the years ended 31 December 2014 and 2015 include capital expenditures related to the Mobility division, which was divested in 2015. Capital expenditure relating to the Mobility division was EUR 2.1 million in the year ended 31 December 2014 and EUR 1.7 million in the year ended 31 December 2015.

The Company has committed investments that will, or have already, commenced in the year ending 31 December 2017, including investments relating to implementation of the new ERP system (implementation in Prism Medical and parts of the operations in the United Kingdom remains to be made and is expected to be completed by end of 2018). The total investments are estimated at EUR 2.0-3.0 million during 2017 and 2018 (as of 30 June 2017, the Group had incurred EUR 0.8 million). The investments are intended to be financed through Handicare's cash flow from operating activities. The Company expects that its capital expenditures, as a percentage of Group revenue, for the year ending 31 December 2017 will decrease as compared to the capital expenditures for the years ended 31 December 2016, 2015 and 2014 as the Company's manufacturing facilities benefit from the investments in production automation made in recent years. In addition, the capital expenditures related to the ERP system will decrease compared to the year ending 31 December 2017. Over the medium term, the Company believes that its maintenance capital expenditure will be approximately two percent of Group revenue. Maintenance capital expenditure is a non-IFRS measure and relates to maintenance of operating activities.[1)]

The information in this section regarding Handicare's maintenance capital expenditure as a percentage of revenue in the medium term described above constitutes forward-looking statements. These forward-looking statements are not guarantees of future financial performance or development, and the actual outcome could differ materially from what is expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Important information—Cautionary note regarding forward-looking statements" and "Risk factors". Investors are urged not to place undue reliance on any of the statements set forth above.

1) Unaudited non-IFRS measure and is not a substitute for any IFRS measure. For further information on these measures, including definitions and rationale for their use, see "*Presentation of financial information—Non-IFRS key operating metrics*".

Cash flows

The following table sets forth the Group's principal components of its consolidated cash flows for the periods indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
MEUR	*(unaudited)*		*(from audited financial statements)*		
Cash flow from operating activities	6.3	4.5	5.7	21.6	7.1
Cash flow from investing activities	(3.4)	(4.4)	(60.6)	34.3	(11.6)
Cash flow from financing activities	(3.9)	(8.6)	43.4	(60.7)	(6.4)
Cash flow for the period	**(1.0)**	**(8.5)**	**(11.5)**	**(4.8)**	**(10.9)**
Cash and cash equivalents at end of period	**6.2**	**9.9**	**6.7**	**18.9**	**23.7**

Cash flow from operating activities

The Group's cash inflow from operating activities increased by EUR 1.8 million from EUR 4.5 million in the six months ended 30 June 2016 to EUR 6.3 million in the six months ended 30 June 2017. This increase was primarily due to increased operating profits, partly offset by an increased net working capital balance. The working capital balance as of 30 June 2017 included Prism Medical (which was not the case for the six months ended 30 June 2016).

The Group's cash inflow from operating activities decreased by EUR 15.9 million from EUR 21.6 million in the year ended 31 December 2015 to EUR 5.7 million in the year ended 31 December 2016. This decrease was primarily due to decreased operating profit resulting from increased other specified items. In addition, changes in working capital were less favourable in 2016 (a positive EUR 5.6 million) compared to 2015 (a positive EUR 21.6 million). The working capital balance as of 31 December 2016 included Prism Medical and Rep-Tek (which was not the case as of 31 December 2015).

The Group's cash outflow from operating activities increased by EUR 14.5 million from EUR 7.1 million in the year ended 31 December 2014 to EUR 21.6 million in the year ended 31 December 2015. This increase was driven by increased operating profit and reduced working capital. The decrease in working capital was partly a result of the divestment of the Mobility division. The working capital balance as of 31 December 2014 of EUR 38.9 million includes the Mobility division (which was not the case at year-end 2015).

Cash flow from investing activities

The Group's cash outflow from investing activities decreased by EUR 1.0 million from EUR 4.4 million in the six months ended 30 June 2016 to EUR 3.4 million in the six months ended 30 June 2017. This decrease was primarily explained by the acquisition of Rep-Tek in 2016 (entailing a EUR 1.5 million cash payment in the six months ended 2016). No acquisitions were made in the six months ended 30 June 2017.

The Group's cash outflow from investing activities in the year ended 31 December 2016 was negative EUR 60.6 million, a negative change of EUR 94.9 million as compared to positive cash inflow from investing activities of EUR 34.3 million in the year ended 31 December 2015. This change was primarily due to the acquisition of Prism Medical and Rep-Tek as the purchase consideration for both transactions was paid in cash.

The Group's cash inflow from investing activities in the year ended 31 December 2015 was EUR 34.3 million, a positive change of EUR 45.9 million as compared to cash outflow from investing activities of negative EUR 11.6 million in the year ended 31 December 2014. This change was primarily due to the divestment of the Mobility division as the purchase consideration was paid through an interest-bearing vendor note.

Cash flow from financing activities

The Group's cash inflow used in the financing activities decreased by EUR 4.7 million from EUR 8.6 million in the six months ended 30 June 2016 to EUR 3.9 million in the six months ended 30 June 2017. This decreased was primarily due to increased repayments on the Group's revolving credit facility in 2016.

The Group's cash inflow from financing activities in the year ended 31 December 2016 was EUR 43.4 million, a positive change of EUR 104.1 million as compared to cash outflow from financing activities of negative EUR 60.7 million in the year ended 31 December 2015. This change was primarily due to the acquisitions of Prism Medical and Rep-Tek, since the purchase price for both acquisitions were paid in cash.

The Group's cash outflow from financing activities increased by EUR 54.3 million from negative EUR 6.4 million in the year ended 31 December 2014 to negative

EUR 60.7 million in the year ended 31 December 2015. This increase was primarily due to payment of instalments on external loans of EUR 53.3 million in 2014.

Seasonality

The Group's revenue is subject to limited seasonality effects. Typically, revenue generation is split fairly evenly between the first and the second half of the year, as Handicare's Accessibility products are time-critical products that are required by end-users as soon as their mobility is impaired. In addition, the budget year for hospitals, care facilities and governments varies between countries (e.g., the budget year is calendar year in the Nordics, whereas it in the United Kingdom is 1 April – 31 March. As a result, end of budget year spending is spread across the Company's financial year. For selected quarterly data, see "*Selected historical financial information—2014-2017 quarterly data*".

Indebtedness

Concurrently with the Offering, Handicare will replace its existing multicurrency term loan and revolving credit facilities agreement with the New Credit Facilities. Handicare intends to use the net proceeds from the Offering for the purpose of the repayment and refinancing of the Company's existing credit facility, see "*Background and reasons—Use of proceeds*". As described in "*Capitalisation and indebtedness*", outstanding shareholder loans will be refinanced in connection with the Offering through (1) a transfer to the Principal Owner of Handicare's receivable against Sunrise Medical GmbH relating to Handicare's divestment of the Mobility business, and (2) a share issue in-kind to the Principal Owner and other holders of shareholder loans in the Company's subsidiary Handicare Group AS, through which the Company acquires these claims against its subsidiary. As a result, Handicare's financing arrangements after the Offering will consist of the New Credit Facilities.

New Credit Facilities

Concurrently with the Offering, Handicare will refinance certain existing financial indebtedness by replacing its existing credit facilities with a new multicurrency term loan and revolving credit Facilities Agreement provided by Danske Bank A/S, Danmark, Sverige Filial, DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) as original lenders, Danske Bank A/S Investment Banking, Skandinaviska Enskilda Banken AB (publ) and DNB Bank ASA, Sweden Branch as arrangers and DNB Bank ASA, Sweden Branch as agent. The Facilities Agreement will consist of a EUR 100 million non-amortising term loan facility and a EUR 40 million multicurrency revolving credit facility both of which will be available for drawing in optional currencies such as CAD, GBP and NOK subject to certain procedures set out in Facilities Agreement (jointly the "**New Credit Facilities**").

Each of the New Credit Facilities will have a final maturity date falling five years from the settlement date of the Offering. Following completion of the Offering, the Group's debt financing will therefore consist of the New Credit Facilities, which will be unsecured. The New Credit Facilities are subject to the first day of trading of the Company's shares on Nasdaq Stockholm and settlement date of the Offering occurring on or prior to 31 December 2017.

The interest rate payable on a loan under the New Credit Facilities, for each interest period, is the applicable LIBOR rate (with a 0 percent floor on the rate applicable) plus an initial margin rate of (i) 1.75 percent per year on loans under the term loan facility, and (ii) 1.60 percent per year on loans under the multicurrency revolving credit facility. The margin rate under each facility is thereafter subject to adjustments based on the ratio of total net debt of the Group to EBITDA of the Group for the relevant period. The Company is also required to pay a commitment fee, arrangement fee, agency fee and ticking fee pursuant to the Facilities Agreement.

The New Credit Facilities will contain customary representations and warranties made as of the signing date of the Facilities Agreement and, in relation to certain representations and warranties, as of certain subsequent dates. Furthermore, the New Credit Facilities will also contain customary undertakings for the Company and its subsidiaries, such as compliance with laws (including sanctions), restrictions on changes in the Group's business, restrictions on mergers, restrictions on disposals, negative pledge, restrictions on the Group incurring additional financial indebtedness, restrictions on providing loans and guarantees, and meeting certain conditions in connection with acquisitions. Moreover, the New Credit Facilities will include a financial covenant requiring the ratio of total net debt of the Group to EBITDA of the Group (taking into account certain adjustments) not to adversely deviate from certain levels. The Facilities Agreement will not contain any restrictions on dividend payments.

The New Credit Facilities may be subject to mandatory prepayment and cancellation upon the occurrence of certain customary circumstances, including a change of control of the Company or a delisting of the Company's shares from Nasdaq Stockholm. The New Credit Facilities may further be cancelled and repayable in full or in part if

certain events of default occur, including, but not limited to, non-payment, insolvency and cross default. The events of default will be subject to customary carve-outs, qualifications and remedy periods in accordance with the Facilities Agreement.

Working capital statement

Handicare believes that the working capital available to it is sufficient for at least the twelve months following the date of this Offering Memorandum. Working capital refers to a company's ability to access cash and cash equivalents to fulfil its payment obligations as they become due.

Off-balance sheet arrangements and contingent liabilities

The Company is not party to any off-balance sheet arrangements or contingent liabilities apart from the contingent liabilities stated in "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 28 (Contingent liabilities and pledged assets)*". There are no other claims or ongoing legal proceedings than what is described in "*Legal considerations and supplementary information—Legal proceedings*".

PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2016, Handicare's property, plant and equipment amounted to EUR 12.6 million. The assets generally consist of machinery, equipment and tools as well as buildings and land. For information on pledged assets, see "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 28 (Contingent liabilities and pledged assets)*".

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISK MANAGEMENT

Handicare is exposed to various financial risks, both market risks and other financial risks. Market risks include currency risk, interest-rate risk and price risk. Other financial risks are separated into credit risk, liquidity risk and financing risk. The Group's overriding financial activities and management of financial risk are centralised to Handicare's treasury function and are based on the guidelines adopted by the Company's board of directors. The guiding principle is to minimise any negative impact on the Group's earnings and cash flow from short-term movements in the financial markets, as well as to ensure effective control and high quality for risk management.

The Group has the ability to use financial derivatives to hedge financial risk. See further, "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 4 (Financial risk management)*".

Currency risk management

Through its international operations, the Group is exposed to currency risk in several currencies, mainly the NOK, SEK, USD, GBP and DKK. Following the acquisition of Prism Medical, the Company's exposure to USD and CAD increased. The Group limits cash-flow exposure by currency clauses in customer contracts, by optimising internal flows (internal hedging) and by controlling the purchase currency for external purchases. The carrying amounts of the Group's net assets fluctuate in line with changes in exchange rates between EUR and local currencies. The Group's earnings after tax are also impacted by changes in exchange rates, since the results of foreign subsidiaries are translated to EUR at average exchange rates for the period. Currency exposures from the Group's net foreign investments are limited through loans in the relevant currency and the exchange-rate differences are recognised in other comprehensive income.

The following table sets out the Company's subsidiaries' net shareholders' equity by currency together with an overview of the Group's borrowings in the corresponding currencies as of 31 December 2016. The Group also has smaller exposures to the CNY and CAD, for example.

	Net assets in local currencies in 000's	EUR in 000's
NOK	(862,151)	(94,885)
EUR	79,582	79,362
SEK	156,604	16,394
DKK	122,874	16,528
GBP	11,971	13,982
USD	6,333	6,008
CAD	56,627	39,912
Other currencies	–	(615)
TOTAL		**77,916**

	Borrowings by currency in 000's	Borrowings in EUR 000's
NOK	785,941	86,497
GBP	20,825	24,324
CAD	10,000	7,048

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

	Translation exchange rate as of 31 December 2016	–5 percent	5 percent
NOK	9.0863	7.206	(7.206)
GBP	0.8561	(1.287)	1.287
USD	1.0541	(268)	268
SEK	9.5525	(656)	656
DKK	7.4344	(826)	826
CAD	1.4188	(229)	229
EUR	–-	–	–

See also "*Risk factors—Risks related to Handicare's operations and industry—Handicare is exposed to currency risks*".

Price risk management

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

Interest rate risk management

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

The Group's interest rate risk is limited to long-term funding. In 2016, the Group's liabilities increased by EUR 41 million in conjunction with the acquisition of Prism Medical. As of 31 December 2016, the Group had bank borrowings and utilised credit facilities amounting to EUR 153 million.

The following table illustrates the impact on the Group's interest expenses as of 31 December 2016 of a 1 percentage point change in the floating interest rate of the respective currency (based on existing financing arrangements). As of year-end 2016, no positions were held in fixed-income derivatives.

EUR in 000's	Borrowings by currency	Borrowings in EUR	Floating interest rate	+/– 1 percentage point
NOK	785,941	86,497	NIBOR	865
GBP	20,825	24,324	LIBOR	243
EUR	27,359	27,359	EURIBOR	274
CAD	10,000	7,048	CAD LIBOR	70

See also "*Risk factors—Risks related to Handicare's operations and industry—Handicare is exposed to interest rate risks*". Concurrently with the Offering, Handicare will refinance certain existing financial indebtedness by replacing its current credit facilities with the New Credit Facilities, see "*—Liquidity and capital resources—Indebtedness—New Credit Facilities*".

Credit risk management

The risk that a financial counterparty is unable to discharge its obligation to Handicare is limited by conducting all financial transactions with established Nordic banks with high credit ratings. The Group has no financial investments and, accordingly, no issuer risk. As of 31 December 2016, Handicare had bank deposits of EUR 6.7 million, and the credit risk is considered low. Financial credit risk is managed centrally. Historically, losses pertaining to other receivables have been low and are assessed as continuing to remain limited as a result of counterparties mainly comprising public sector entities and insurance companies. New customers are approved before any credit is given. As of 31 December 2016 the Group had EUR 44.3 million in accounts receivable, after provisions for bad debt. Provisions for bad debt amounted to EUR 1.2 million as of 31 December 2016. New customers are approved before they are granted a credit. For detailed information regarding the credit risk of accounts receivable, see also "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 14 (Credit risk exposure)*".

Liquidity risk management

Liquidity risk is managed by the Group holding adequate cash funds and available short-term funding through agreed credit facilities. Almost the entire Group's available liquidity is concentrated to Handicare's group account structure, which thereby ensures efficiency and good control of cash and cash equivalents. The various subsidiaries in the Group prepare short and long-term cash-flow forecasts on an ongoing basis. As of 31 December 2016, cash and cash equivalents totalled EUR 6.7 million and unutilised credit facilities amounted to EUR 10.4 million.

See also "*Risk factors—Risks related to Handicare's operations and industry—Handicare may not be able to obtain financing at favourable terms, or obtain financing at all, or perform payment obligations due to insufficient liquidity*".

Financing risk management

The Group maintains funding flexibility by using credit agreements to ensure the immediate and long-term availability of credit facilities, to control loan maturities and to raise loans with several creditworthy lenders. Concurrently with the Offering, Handicare will refinance certain of Handicare's existing indebtedness with the New Credit Facilities. See "*—Liquidity and capital resources—Indebtedness—New Credit Facilities*".

CHANGES IN ACCOUNTING POLICIES

The Company's financial statements can be impacted by changes in accounting policies that may affect the comparability of results from period to period as well as the Company's statement of financial position. See "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 1 (Accounting policies)*" and "*Risk factors—Risks related to Handicare's operations and industry—Changes in accounting rules may adversely impact Handicare's financial statements*".

CRITICAL ACCOUNTING POLICIES

See "*Historical financial information—Consolidated financial information for the years ended 31 December 2016, 2015 and 2014—Note 1 (Accounting policies)*" and "*—Note 2 (Critical estimates and judgements)*" for a description of Handicare's accounting policies and significant estimates and assessments in preparing the financial statements.

Capitalisation and indebtedness

The tables below set forth the Company's capitalisation and net indebtedness as of 30 June 2017:

- on an actual basis reflecting the carrying amounts on the Company's consolidated balance sheet; and
- on an adjusted basis to reflect:
  (i) conclusion of the New Credit Facilities and the drawdown of approximately EUR 100 million under the New Credit Facilities to repay existing debt;
  (ii) (A) the reduction of the Principal Owner's shareholder loans to Handicare by EUR 11.4 million (NOK 109 million) as payment of the purchase price for the BD Business as described in "*Legal considerations and supplementary information—Acquisitions and divestment—Divestment of the BD Business*"); and (B) the refinancing of the remainder of the outstanding shareholder loans (EUR 70.3 million including accrued interest) through (1) a set-off against the transfer to the Principal Owner by Handicare of its receivable against Sunrise Medical GmbH amounting to EUR 35.3 million and relating to Handicare's divestment of the Mobility business, and (2) a share capital increase of EUR 9,206 through the issuance of 6,681,468 new shares to the Principal Owner and other holders of shareholder loans in the Company's subsidiary Handicare Group AS, through which the Company acquires these claims (amounting to EUR 35.0 million including accrued interest) against its subsidiary (see further "*Shares and share capital—Certain changes to the share capital structure in connection with the Offering*");
  (iii) a share capital increase of EUR 3,232 through the issuance of 2,345,686 new shares for the purposes of the Management Share Swap (as defined and described in "*Shares and share capital—Transfer of Group management's shareholdings*") and the related bonus issue of EUR 232 through the issuance of 168,646 new shares to the Principal Owner;
  (iv) a share capital increase of EUR 15,760 through the issuance of 11,439,000 new shares for the purposes of the Offering; and
  (v) the use of the estimated net proceeds of approximately SEK 550 million (EUR 57.7 million[1)]) (i.e. after deduction of transaction costs of SEK 22 million (EUR 2.3 million[1)]) payable by the Company) to reduce the Company's indebtedness related to existing credit facilities.

For information on the Company's share capital and the number of outstanding shares as well as changes in conjunction with the Offering, see "*Shares and share capital*". See "*Operating and financial review—Indebtedness*" for information on the refinancing. The information presented below should be read in conjunction with "*Operating and financial review*" and the Company's consolidated financial statements and the notes related thereto included in "*Historical financial information*".

1) The EUR amount calculated based on a SEK/EUR exchange rate of 9.53.

	As of 30 June 2017		
	Actual	Adjustments	As adjusted
MEUR	*(unaudited)*		
Current debt:			
Guaranteed[1]	3.0	(3.0)	–
Secured[1]	9.0	(9.0)	–
Unguaranteed/unsecured	0.1	(0.1)	–
Total current debt	**12.2**	**(12.2)**	**–**
Non-current debt:			
Guaranteed[1]	135.5	(35.5)	100.0
Secured	–	–	–
Unguaranteed/unsecured	79.7	(77.7)	2.0
Total non-current debt	**215.2**	**(113.2)**	**102.0**
Total indebtedness	**227.4**	**(125.4)**	**102.0**
Shareholders' equity:			
Share capital	0.0	0.0	0.0
Legal reserve	168.2	–	168.2
Other reserves	(86.5)	57.7	(28.8)
Total shareholders' equity	**81.7**	**57.7**	**139.4**
Total capitalisation	**309.1**	**(67.7)**	**241.4**

1) Primarily pledges in shares of subsidiaries.

		As of 30 June 2017		
		Actual	Adjustments	As adjusted
MEUR				
Net indebtedness:		*(unaudited)*		
A.	**Cash**	**6.2**	**10.0**	**16.3**
B.	Cash equivalents (short-term deposits)	–	–	–
C.	Trading securities	–	–	–
D.	**Total liquidity (A+B+C)**	**6.2**	**10.0**	**16.3**
E.	**Current financial receivables**	**34.5**	**(34.5)**	**–**
F.	Current bank debt[1]	9.0	(9.0)	–
G.	Current portion of non-current debt[1]	3.0	(3.0)	–
H.	Other current financial debt	0.1	(0.1)	–
I.	**Total current financial debt (F+G+H)**	**12.2**	**(12.2)**	**–**
J.	**Net current financial indebtedness (I-E-D)**	**(28.6)**	**12.3**	**(16.3)**
K.	Non-current bank loans[1]	135.5	(35.5)	100.0
L.	Bonds issued	–	–	–
M.	Other non-current loans[1] [2]	79.7	(77.7)	2.0
N.	**Non-current financial indebtedness (K+L+M)**	**215.2**	**(113.1)**	**102.0**
O.	**Net financial indebtedness (J+N)**	**186.6**	**(100.9)**	**85.8**

1) Interest-bearing debt.
2) Including certain non-interest-bearing components, such as pensions.

The information on Handicare's capitalisation and indebtedness on an adjusted basis constitute forward-looking statements which is intended to describe a hypothetical situation and is only provided for illustrative purposes. These forward-looking statements are not guarantees of future financial performance or development, and the actual outcome could differ materially from what is expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Important information—Cautionary note regarding forward-looking statements" and "Risk factors".

Since 30 June 2017, Handicare has (i) drawn down EUR 2.0 million on its existing revolving credit facility, and (ii) resolved on a bonus issue of EUR 47,497.52 through a transfer of unrestricted equity in the share capital, without an issue of shares. The Company has no reason to believe that there has been any material change to the Company's actual capitalisation since 30 June 2017 other than as set out above. For information about recent developments, see "*Operating and financial review—Recent developments and current trends*".

Board of directors, Group management and auditors

BOARD OF DIRECTORS

The following table sets forth certain information on the members of the Company's board of directors as of the date of this Offering Memorandum. As of the date of this Offering Memorandum, the Company's board of directors consists of six ordinary members without any deputies, elected at the 2017 annual general meeting up until the end of the 2018 annual general meeting.

Name	Year of first election	Position	Independent in relation to the Company and the Group management	Independent in relation to the Principal Owner	Share-holding[1)]
Lars Marcher	2014[2)]	Chairman	Yes	No	213,513
Joakim Andreasson	2016	Board member	Yes	No	–
Maria Carell	2016	Board member	Yes	Yes	27,183
Johan Ek	2013[2)]	Board member (vice chairman)	No	No	95,083
Elisabeth Thand Ringqvist	2016	Board member	Yes	Yes	–
Claes Magnus Åkesson	2017	Board member	Yes	Yes	6,956

1) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance after completion of the Offering and implementation of the Management Share Swap.
2) Refers to year of first election in the Group's previous parent company Handicare Group AS.

Lars Marcher
(born 1962)

Position: Board member (since 2014) as well as chairman of the board (since 2017) and chairman of the remuneration committee.

Nationality: Danish.

Education: Master of Science in Business Administration from Aarhus University and Macquarie University of Sydney Australia.

Current engagements: CEO, Ambu A/S, Chairman of the board of Danish Medico Business and Danish Industry IMU as well as deputy Chairman of Danish American Business Forum. Senior Advisor and Operating Chairman to the Nordic Capital Funds.

Previous engagements/Experience: Chairman in various companies within the Ambu A/S group.

Holding in the Company: 213,513 shares after the Offering.

Joakim Andreasson
(born 1982)

Position: Board member (since 2016) and member of the audit committee and remuneration committee.

Nationality: Swedish.

Education: Master of Science in Business Administration from Stockholm School of Economics and Lund University School of Economics and Management.

Current engagements: Director at NC Advisory AB, Advisor to the Nordic Capital Funds and board member of KSG Holding AB.

Previous engagements/Experience: Chairman of the board of Cidron Picture HoldCo AB and Cidron Picture MidCo AB. Board member of BUFAB AB (publ) and deputy board member of Lindorff AB, Lindorff Second Holding AB, Lindorff Coinvest AB, Lindorff Institutional Management AB and Indif AB.

Holding in the Company: –

Maria Carell
(born 1973)

Position: Board member (since 2016) and member of the audit committee.

Nationality: Swedish.

Education: Master of Social Science in International Business/Business Administration from Linköping University.

Current engagements: CEO and President of Revision Skincare and Goodier Cosmetics.

Previous engagements/Experience: Chairman of the board of Pharmalink AB. Board member of Meda AB and Akademikliniken AB. CEO of Exeltis USA and Granda AB. CEO and President of Q-Med. President of Meda U.S. and Executive Vice President of Meda North America & South Pacific.

Holding in the Company: 27,183 shares after the Offering.

Johan Ek
(born 1968)

Position: Board member (since 2013) and vice chairman (since 2017).

Nationality: Swedish and Finnish.

Education: Master of Science in Business Administration from Hanken School of Economics.

Current engagements: Chairman of the board of Aveniro, Saferoad Holding and Sunrise Medical. Board member of Acino. Senior Advisor and Operating Chairman to the Nordic Capital Funds.

Previous engagements/Experience: Chairman of the board of Corob, CPS Color and Handicare Group. Board member of Ramirent. President and CEO of Handicare Group and Relacom Group.

Holding in the Company: 95,083 shares after the Offering.

Elisabeth Thand Ringqvist
(born 1972)

Position: Board member (since 2016) and member of the remuneration committee.

Nationality: Swedish.

Education: Master of Science in Business Administration from Stockholm School of Economics.

Current engagements: CEO and board member of Marsnen AB. Chairman of the board of TicWorks AB, Simplex AB and SVCA, board member of Docu Nordic Group Holding AB, IP Only Holding AB, Finsk-Svenska Handelskammaren, Amcham Sverige, Swedish Fintech Association, Sitftelsen Fritt Näringsliv and Rättvis Skatteprocess.

Previous engagements/Experience: CEO of Företagarna and Företagarna Service AB, as well as board member of Centrala Försvarsmaktsrådet and Kungliga Tekniska Högskolan.

Holding in the Company: –

Claes Magnus Åkesson
(born 1959)

Position: Board member (since 2017) and chairman of the audit committee.

Nationality: Swedish.

Education: Master of Science in Business Administration and Economics from Stockholm School of Economics.

Current engagements: CFO of JM AB. Board member of Concentric AB, JM Norge AS (Norway), JM Construction S.A. (Belgium) and JM@home AB.

Previous engagements/Experience: Board member of IF Brommapojkarna with subsidiary Brommapojkarna Fotbollshall AB and Smedslättens Lawn Tennisklubb with subsidiary Smedslättens Tennisbanor AB.

Holding in the Company: 6,956 shares after the Offering.

GROUP MANAGEMENT

The following table sets forth certain information on the members of Handicare's Group management as of the date of this Offering Memorandum:

Name	Year of employment[1)]	Year of appointment	Position	Share-holding[2)]	Holding of warrants[3)]
Asbjørn Eskild	2011	2011	President and CEO	174,973	185,472
Stephan Révay	2016	2016	CFO	148,298	61,824
Boel Sundvall	–	2016	IR Manager	–	–
Helena Skarle	2015	2016	Group Vice President, IT and Strategy	–	–
Peter Lindquist	2014	2014	Executive Commercial Director	164,737	30,912
Charles Wallace	2006	2016	President, North America	222,531	247,296
Francois Roblin	2014	2015	Group Vice President, Purchasing and Product Development	–	30,912
Peter Slack	2013	2017	Vice President, Operations Europe	–	–

1) Refers to first year of employment within the Group.
2) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance after completion of the Offering and implementation of the Management Share Swap.
3) Refers to own holding and holding of closely related natural or legal persons and holdings in a capital insurance after the Offering.

Asbjørn Eskild
(born 1964)

Position: President and CEO.

Nationality: Norwegian.

Education: Bachelor degree in Mechanical Engineering from Horten Ingeniørhøgskole and Marketing Management at Oslo School of Business.

Current engagements: –

Previous engagements/Experience: Managing Director of Hamax AS. Board member of Alfa Skofabrikk AS and Medtek Norge.

Holding in the Company: 174,973 shares and 185,472 warrants after the Offering.

Stephan Révay
(born 1976)

Position: CFO.

Nationality: Swedish.

Education: Master of Science in Business Administration and Economics from Stockholm School of Economics.

Current engagements: Chairman of Kurtirion 8 AB.

Previous engagements/Experience: Managing Partner at PwC Transaction Services (Sweden), Director at PwC Transaction Services (Australia) and Manager at PwC Transaction Services (Canada).

Holding in the Company: 148,298 shares and 61,824 warrants after the Offering.

Boel Sundvall
(born 1959)

Position: IR Manager.

Nationality: Swedish.

Education: Master of Science in Business Administration and Economics from Stockholm School of Economics.

Current engagements: IR Manager at MIPS AB (publ).

Previous engagements/Experience: IR and Communication Director at BUFAB AB (publ), IR Manager at Troax Group AB (publ) and SVP, Communications and IR at Husqvarna Group AB (publ). Founder of EBS Invest AB.

Holding in the Company: –

Helena Skarle
(born 1985)

Position: Group Vice President, IT and Strategy.

Nationality: Swedish.

Education: Master of Science in Business Administration and Economics from Stockholm School of Economics and Erasmus University Rotterdam.

Current engagements: Deputy board member of Hansa Energi & Logistik AB, Peter Johansson AB and Hansa Energi AB.

Previous engagements/Experience: Management consultant at Ernst & Young Sweden AB.

Holding in the Company: –

Peter Lindquist
(born 1961)

Position: Executive Commercial Director.

Nationality: Swedish.

Education: Bachelor Degree in Finance from Schiller University, London.

Current engagements: –

Previous engagements/Experience: CEO of AxIndustries AB and Managing Director of Human Care AB.

Holding in the Company: 164,737 shares and 30,912 warrants after the Offering.

Charles Wallace
(born 1963)

Position: President North America.

Nationality: American.

Education: Bachelor of Science in Business Administration from St. Lawrence University, Master of Science in Business Administration from Olin School of Business, Washington University.

Current engagements: –

Previous engagements/Experience: President U.S., Prism Medical Ltd.

Holding in the Company: 222,531 shares and 247,296 warrants after the Offering.

François Roblin
(born 1965)

Position: Group Vice President, Purchasing and Product Development.

Nationality: French.

Education: Graduated Engineer in Physics (Grande Ecole d'Ingénieurs) from CUST-Polytech Clermont.

Current engagements: –

Previous engagements/Experience: Managing Director, SXP Sourcing eXPerts SARL, Group Vice President Supply Chain Management, ABB.

Holding in the Company: 30,912 warrants after the Offering.

Peter Slack
(born 1974)

Position: Vice President, Operations Europe.

Nationality: British.

Education: Master of Science in Business Administration from University of Liverpool.

Current engagements: Vice chairman of the board of Wem Rural Parish Council, Group Treasurer of 1st Wem Scouts and governor and chairman of the Finance Committee of Newhampton Federation of CofE Schools.

Previous engagements/Experience: Operations Director at Prinovis U.K. Ltd as well as chairman, vice chairman regional advisory board member of NW advisory board of Engineering Employers' Federation, U.K.

Holding in the Company: –

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

The business address of the members of the board of directors and the Group management of the Company is Torshamnsgatan 35, SE-164 40 Kista, Sweden.

There are no identified conflicts of interest or potential conflicts of interest between the duties of the members of the board of directors and Group management toward the Company and their private interests and/or other duties (however, some members of the board of directors and Group management have certain financial interests in the Company as a consequence of their holding of shares in the Company).

There are no family ties between members of the board of directors and/or the Group management.

No members of the board of directors or Group management has been convicted of fraudulent conduct during the last five years or been subject to any public incrimination or sanctions by statutory or regulatory authorities and none of the members of the board of directors or Group management has ever been disqualified by a court from acting as a member of administrative, management or supervisory bodies of a company or from acting in the board of directors or management or otherwise from conducting the affairs of a company during the past five years. None of the members of the board of directors or Group management has neither during the last five years been involved in any bankruptcies, receiverships or liquidations in a capacity as members of or deputy members of the board of directors of a company or as members of such a company's management.

AUDITORS

The Company's auditors are Ernst & Young AB. At the 2017 annual general meeting, Ernst & Young AB were re-elected for a period until the end of the 2018 annual general meeting, with Stefan Andersson Berglund as the auditor in charge.

Stefan Andersson Berglund (born 1964) is an authorised public accountant and member of the Swedish Institute of Authorised Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*) ("**FAR**"). In addition to the Company, Stefan Andersson Berglund is responsible for the audits of, among others, Philips Aktiebolag, Canon Svenska Aktiebolag, Menigo Foodservice AB and Omega Pharma Nordic AB.

The address of the office of Ernst & Young AB is Jakobsbergsgatan 24, 103 99 Stockholm, Sweden.

Corporate governance

The corporate governance of the Company is based upon Swedish law, mainly the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). As a company listed on Nasdaq Stockholm, the Company must also comply with Nasdaq Stockholm's Rulebook for Issuers and the Swedish Code of Corporate Governance (the "**Code**") (Sw. *Svensk kod för bolagsstyrning*) as well as statements by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) regarding good stock market practice on the Swedish securities market.

Companies are not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefor are explained in the corporate governance report (the so-called "comply or explain principle").

Handicare expects to comply with all rules in the Code from the date of the listing of the shares on Nasdaq Stockholm, with the exception of rule 9.7 of the Code. Handicare will deviate from rule 9.7 of the Code with respect to the upcoming warrant programme described in "*Share and share capital—Convertibles, warrants, etc.*" in that the Participants pursuant to the terms of one of the two warrant series may exercise such warrants to subscribe for shares after a two-year period and hence after a shorter period of time than the minimum time of three years prescribed by the Code. The other warrant series entitles the Participants to exercise the warrants to subscribe for shares after a three-year period. The offering of warrants with terms of exercise after two and three years, respectively, is considered to be in line with Handicare's long-term business plan, strategy and financial targets. Implementing two series of warrants in this way also puts Handicare in a position more similar to other already listed companies which have rolling three-year programmes outstanding. Once listed on Nasdaq Stockholm, Handicare intends to only implement three-year programmes. Deviations from the Code will be reported in the Company's annual corporate governance reports.

GENERAL MEETINGS

Pursuant to the Companies Act, the general meeting is the Company's supreme decision-making body and shareholders exercise their voting rights at such meetings.

The annual general meeting must be held within six months of the end of each preceding financial year to consider, among other things, statutory accounts and reports, disposition of profit or loss and discharging the board of directors from liability. The Company's articles of association stipulate that notices convening the annual general meeting shall be published in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and be made available on the Company's website. That such notice has been made, shall be published in the Swedish daily newspaper Svenska Dagbladet. The notice convening the annual general meeting shall be published no earlier than six weeks and no later than four weeks prior to the meeting.

Extraordinary general meetings are held when the board of directors considers such meetings appropriate or when either the auditor or shareholders representing at least one-tenth of all issued shares request such meeting in writing for a specified purpose. A notice convening an extraordinary general meeting will be announced in the same manner as the notice to the annual general meeting described above. Pursuant to the Swedish Companies Act, a notice convening an extraordinary general meeting must be made no earlier than six weeks and no later than four weeks prior to the date of the extraordinary general meeting if the general meeting will decide on a proposed amendment of the articles of association. To any other extraordinary general meeting the notice convening the meeting must be announced no earlier than six weeks and no later than three weeks prior to the date of the meeting.

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

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the share register maintained by Euroclear Sweden AB ("**Euroclear Sweden**") as of five workdays prior to the meeting, and notify the Company of their participation no later than the date stipulated in the notice convening the meeting.

Shareholders may attend a general meeting in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the general meeting.

A shareholder may vote for all shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the Board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the general meeting.

NOMINATION COMMITTEE

Pursuant to the Code, the Company must have a nomination committee. The purpose of the nomination committee is to make proposals in respect of the chairman at general meetings, board member candidates, including the position of chairman, fees and other remuneration for each member of the board of directors as well as remuneration for committee work, and election of and remuneration for the external auditor.

At the extraordinary general meeting held on 30 August 2017, it was resolved that the nomination committee, ahead of the 2018 annual general meeting, will be composed of representatives of the four largest shareholders of the Company (in terms of votes) according to Euroclear Sweden on 31 October 2017 and the chairman of the board of directors. The member representing the largest shareholder will be appointed chairman of the nomination committee. If a change in the Company's ownership structure occurs after 31 October 2017, but before the date which occurs three months ahead of the 2018 annual general meeting, and if a shareholder that after this change has become one of the four largest shareholders in terms of votes, who are registered in the share register of the Company, makes a request to the chairman of the nomination committee to be part of the nomination committee, the shareholder shall have the right, in the discretion of the nomination committee, either to appoint an additional member of the nomination committee or to appoint a member who has been appointed by the shareholder who, after the change in the ownership structure, is no longer among the four largest shareholders in the Company in terms of votes. Should a member resign from the nomination committee before its work is completed and the nomination committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder or, if the shareholder is no longer one of the four largest shareholders, the largest shareholder in turn. Changes to the composition of the nomination committee shall be announced as soon as they occur.

The composition of the nomination committee will be announced not later than six months prior to the annual general meeting. No remuneration is payable to the members of the nomination committee. The nomination committee has the right to charge the Company for reasonable expenses that are required for the nomination committee to complete its assignment. The mandate period of the nomination committee will extend until such time as a new nomination committee is announced.

THE BOARD OF DIRECTORS

Pursuant to the Swedish Companies Act, the board of directors is responsible for the organisation of the company and the management of the Company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of established targets, continuously assessing the financial position and profits, and evaluating the operating management. According to the Company's articles of association, the board of directors shall consist of no less than three ordinary members and no more than ten ordinary members, each of whom is elected at the annual general meeting until the end of the next annual general meeting. The chairman of the board of directors shall, pursuant to the Code, be appointed by the annual general meeting and has particular responsibility for the management of the work of the board of directors and ensuring that such work is well organised and conducted effectively. The chairman of the board of directors does not participate in the operating management of the Company.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, its functions and the division of work

between the members of the board of directors and the CEO. At the inaugural board meeting the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

As of the date of this Offering Memorandum, the Company's board of directors consists of six ordinary members without any deputies, elected at the 2017 annual general meeting up until the end of the 2018 annual general meeting. For a description of the members of the Company's board of directors, see "*Board of directors, Group management and auditors*".

BOARD COMMITTEES

To streamline and increase the efficiency of the board of directors on remuneration and audit matters, the board of directors annually appoints a remuneration committee and an audit committee. The committees are appointed for a maximum of one year, and are appointed among the members of the board of directors itself. The primary objective of the committees is to provide preparatory and administrative support to the board of directors.

Remuneration committee

As of the date of this Offering Memorandum, the Company has a remuneration committee consisting of three members: Lars Marcher (chairman), Joakim Andreasson and Elisabeth Thand Ringqvist. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the CEO and the Group management. The remuneration committee's tasks are governed by the Company's instructions for the remuneration committee. The committee is also tasked with following up and evaluating the Company's remuneration policy, remuneration programmes and remuneration structure.

Audit committee

The audit committee shall, without affecting the other responsibilities and duties of the board of directors, monitor the Company's financial reporting and make recommendations and proposals to ensure the reliability of the reporting in relation to the financial reporting, monitor the efficiency of the Company's internal controls and risk management, keep itself informed about the audit of the annual report and Group accounts and about the conclusions of the quality controls performed by the Swedish Supervisory Authority of Public Accountants (Sw. *Revisorsinspektionen*), inform the board of directors about the result of the audit and the way the audit contributed to the reliability of the financial reporting, and also about the function of the audit committee, review and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides the Company with services other than auditing services, and assist in preparing draft resolutions for election of auditors to be passed at a general meeting.

As of the date of this Offering Memorandum, Claes Magnus Åkesson (chairman), Joakim Andreasson and Maria Carell are members of the audit committee.

CEO AND GROUP MANAGEMENT

The CEO is subordinated to the board of directors and primarily has responsibility for the day-to-day management of the Company's affairs and the daily operations. The division of work between the board of directors and CEO is set forth in the Company's rules of procedure for the board of directors and the instructions for the CEO. The CEO is also responsible for preparing reports and management information ahead of board meetings and is the reporting person of the materials at the board meetings.

Pursuant to the instructions for the CEO, the CEO is responsible for the financial reporting in the Company and shall accordingly ensure that the board of directors receives sufficient information for the board to be able to continuously evaluate the Company's financial position. The CEO shall continuously keep the board of directors informed about the performance of the Company's operations, results of operations and financial position, as well as any other event or circumstance or condition that cannot be assumed to be irrelevant to the Company's shareholders.

REMUNERATION AND TERMS OF ENGAGEMENT

The board of directors

The amount of remuneration granted to the board of directors, including the chairman, is determined by resolution at the annual general meeting. At the annual general meeting of the Company on 28 April 2017, it was resolved that the remuneration to the chairman of the board of directors shall be SEK 450,000 and that the remuneration to each of the other ordinary members of the board of directors shall be SEK 180,000.

Furthermore, it was resolved that the remuneration for committee work in the audit committee shall be SEK 100,000 for the chairman and SEK 50,000 to the members of the committee. It was also resolved that the remuneration for committee work in the remuneration committee shall be SEK 50,000 for the chairman and SEK 25,000 to the members of the committee The members of

the board of directors are not entitled to any benefits upon ceasing to serve as a member of the board of directors.

The following table sets forth the remuneration paid to the board of directors of the Company during 2016 (amounts in SEK):

Name	Remuneration
Lars Marcher	130,000
Joakim Andreasson	–
Fredrik Näslund[1)]	–
Johan Ek	260,000
Nathanael Weitzberg[1)]	–
Total	**390,000**

1) No longer a member of the Company's board of directors.

The CEO and Group management

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

Notice of termination and severance payment

For the CEO, a notice period of six months applies if his employment agreement is terminated by the Company or the CEO. Five other members of the Group management also have notice periods of six months, if the Company or the senior executive terminates the agreement. There is no notice period for Charley Wallace if his employment agreement is terminated by Handicare, whereas the notice period is 90 days if the agreement is terminated by Charley Wallace. The employment agreement for Francois Roblin, including termination provisions, is subject to French law.

Further, the Company has entered into a consultancy agreement with EBS Invest AB, pursuant to which Boel Sundvall is appointed as IR Manager through 30 September 2018. The agreement may, at any time during the period, be terminated by the Company or EBS Invest AB, with a mutual notice period of 60 days.

The CEO is entitled to a severance payment amounting to six months' base salary, if his employment agreement is terminated by the Company. Charley Wallace is entitled to a severance payment of twelve months base salary, if his employment agreement is terminated by himself or Prism Medical.

Other than the payments stated in the foregoing, no member of the Group management is entitled to any payments following a termination of employment.

Remuneration

The following table sets forth the remuneration paid to the members of the Group management during 2016 (amounts in EUR):

Name	Salary and other remunerations	Pension[1)]	Severance pay	Share-based remuneration	Total
Asbjørn Eskild, CEO	205,000	4,000	–	–	209,000
Other members of Group management (7 individuals)	1,687,000	193,000	–	–	1,880,000
Total	**1,892,000**	**197,000**	**–**	**–**	**2,089,000**

1) As of 31 December 2016, the Company had pension liabilities amounting to EUR 0.8 million recorded on its statement of financial position. There are no other amounts set aside or accrued to provide pension, retirement or similar benefits to the current Group managementn.

AUDITING

The Company's statutory auditor is appointed at the general meeting. The auditor shall review the Company's accounts and consolidated accounts, applied accounting principles as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the shareholders at the annual general meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors, and not more than two deputy auditors. For information on the Company's auditors, see "*Board of directors, Group management and auditors*."

In 2016, the total remuneration to the Company's auditor amounted to EUR 0.7 million.

INTERNAL CONTROL

Internal control

The board of directors' responsibility for the internal control is governed primarily by the Companies Act, the Swedish Annual Reports Act and the Code. Information regarding the most important aspects of the Company's system for internal control and risk management in connection with financial reporting must each year be included in the Company's corporate governance report.

Internal control and management is an integrated part of the Company's operations and is broadly defined as a process, put in place by the Company's board of directors, Group management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives described in the following. The procedures for internal control, risk assessment, control activities, and monitoring with respect to the financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with EU-IFRS, applicable laws and regulations as well as other requirements, which may apply to companies listed on Nasdaq Stockholm. This work involves the board of directors, Handicare's Group management and other personnel. The procedures for internal control also aim at promoting Handicare's development and profitability, securing the Company's assets and preventing and detecting any fraud or error.

The responsibility and liability of the board of directors for the internal control within the Company cannot be assigned to any other party.

Handicare does not have an independent internal audit function. The board of directors has, among other things, appointed a project manager responsible for coordinating, monitoring and reporting the internal control activities (see "*—Control environment*").

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

Control environment

Control environment factors include, amongst others, the integrity, ethical values and competence of the Group's employees, the Group management's way of operating and organising the business and assigning authority and responsibility, as well as the instructions provided by the board of directors.

The board of directors holds the ultimate responsibility for the internal control within the Group, and is annually adopting a number of steering documents designed to provide support for the board and the Group management in acting in a way that promotes proper and thorough internal control and risk management within the Group. Central steering documents include the Board's rules of procedures, instructions for the CEO, instructions for committees, and remuneration guidelines. Key policies include the treasury policy, aiming at managing the financial exposure, the authorisation policy, the information and communication policy, the insider policy, and the Handicare code of conduct. In addition, the Group's finance manual, for which the CFO is responsible, provides guidance for financial reporting, accounting principles, and significant processes such as financial statement close process and impairment testing. The Group's Finance Manual, which is approved by the audit committee, also contains Handicare's internal control manual.

A number of procedures are in place to ensure that necessary actions are taken to address risks to the achievement of the Group's objectives. Control activities occur throughout the organisation, at all levels and in all functions, and the responsibility for controlling compliance and monitoring the activities are allocated between different functions within the Group. For example, the CEO is responsible for implementing internal control guidelines and ensuring overall monitoring of the internal control. The CFO is delegated operational responsibility for the financial reporting and internal control including overall risk assessment. The members of Group management are responsible for the internal control work within each area of responsibility, including the coordination of the self-assessment and process for internal control performed each year. The project manager appointed by the board of directors is responsible for coordinating, monitoring and reporting the internal control activities across the Group.

Handicare has a yearly recurring process for internal control with activities during the year. This work, including the self-assessment, is reported to the audit committee on a yearly basis. An internal control action plan is also included in the report and progress is followed up on at audit committee meetings throughout the year.

In the fourth quarter of each year, there Handicare is subject to an external audit of internal control. The result of this audit is reported by the auditors to the audit committee in October or November. Based on the results of the process for internal control (including the self-assessment) and the external audit, the project manager

appointed by the board of directors provides an internal audit action plan with specific actions for each business area within the Group.

Implementation of the internal control activities is performed during the first and second quarters of each year. Reassessments and ad hoc audits are also performed by the internal control function based on needs and in discussions with CFO and CEO.

Risks, risk assessment and control activities

Risk is defined as the uncertainty of whether an event will occur and its effect on a unit's ability to achieve its business objectives in a given period of time (one to three years). Risk management is an important part of the internal control. The board of directors is ultimately responsible for risk management in the Group. It is Group management's responsibility to identify, evaluate and manage risks and to report to the board of directors.

The main risks facing the Group are divided into the following categories: strategic risks, compliance and legal risks, operational risks and financial risks.

- Strategic risks include for example risks of the Group failing to achieve its business objectives, risks associated with developing and marketing products and services, economic risks affecting product/services sales and costs, as well as risks arising from changes in the technological environment which have impact on sales and production.
- Compliance and legal risks include risks for penalties and material financial loss as a result of the Group's non-compliance with laws and regulations.
- Operational risks include risks connected with internal resources, systems, processes and employees. For example, if production is being disrupted by machine failure, key employees are leaving the Group due to dissatisfaction or sales are being lost due to poor product quality.
- Financial risks include risks of financial loss due to the Group's exposure to, for example, currency risk, inter-est rate risk and liquidity risk. For further information on the Group's handling of these risks, see "*Operating and Financial Review—Quantitative and qualitative disclosures about financial risk management*". Financial risks also include risks in relation to Handicare's internal accounting and reporting processes.

Handicare continuously evaluates the risks associated with its operations, both financial and operational, and controls and supervises factors that may affect Handicare's operating profit or loss. The risk assessment is also a key aspect of the annual strategy process, where specific risks in relation to the Company's ability to achieve the strategic targets and ambitions are evaluated. The Company's board of directors is ultimately responsible for risk management in Handicare. Group management is responsible for identifying, evaluating and managing risks and reporting to the board of directors. This risk assessment includes the following steps: (i) risks are identified through a workshop with the Group management team, (ii) any identified risk is assessed on a scale to determine its seriousness, (iii) mitigation plans are designed in order to reduce, eliminate or export any unwanted risk exposure and (iv) the results of the Group management's risk assessment are reported to the audit committee, which in turn reports to the board of directors. When required, incidents are reported ad-hoc. The risk prioritisation referred to in (ii) above is based on evaluating two parameters, impact and likelihood in a scale of 1–5, where the product of the two parameters constitutes the total risk value. The total risk value is then included in a risk map which includes the risks for all of the four risk categories. All identified risks are addressed in a mitigation plan. Designated members of Group management are responsible for presenting action plans for the identified risks. Statuses of identified risks are reported to the Company's board of directors via the audit committee.

Control activities include the policies and procedures designed to ensure that Group management's directives are carried out and that the necessary actions are taken to address the relevant risks. Control activities occur throughout Handicare's organisation, at various levels and in various functions. These activities are preventive or detective in nature and include a range of manual and automated activities, such as approvals, authorisations, verifications, reconciliations, reviews of operating performance and segregation of duties. Key processes have been mapped and control matrices are documented. The internal control activities relating to financial reporting is based upon the following key components: (i) well-defined business processes, (ii) segregation of duties and appropriate delegation of authority, (iii) manual and automated controls and verifications and cross-checks, (iv) the documentation of financial processes and policies found in the Group's finance manual, as well as

the Internal Control Manual, (v) the processes in which persons on different levels in the organisation analyses the financial results before external reporting and (vi) the audit committee's assignment to monitor the financial reporting and the internal control.

Information and communication

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

Monitoring, evaluation and reporting

Monitoring is accomplished through ongoing monitoring activities and separate evaluations in the course of the operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. The scope and frequency of separate evaluations depends primarily on an assessment of risks in question and the effectiveness of ongoing monitoring procedures.

The Company's board of directors has the final responsibility for all decisions regarding compliance within Handicare. Internal control deficiencies are reported to a higher level within the Group, and serious matters are reported to the Group management and the board of directors.

In accordance with the routines regarding risk assessment and risk management that the Company has implemented during 2017, the Group management reports the activities for the monitoring of risks together with overall risk assessment and actions to the board of directors on a half-yearly basis.

Each year, the board of directors reviews and approves policies regarding internal control. If required, such review and approval takes place more frequently.

INSIDER AND INFORMATION POLICY

The Company has prepared a policy document for the purpose of informing employees and others concerned within the Company regarding the rules and regulations applicable to the dissemination of information by the Company and the special requirements imposed on persons who are active in a listed company with regard, for example, to inside information. In this context, the Company has established routines for handling the dissemination of information which has not been made public (commonly referred to as an insider list).

Ownership structure

OWNERSHIP STRUCTURE

The table below sets forth Handicare's direct and indirect ownership structure immediately before the Offering and directly after completion of the Offering. The table is based on the assumption that the Company has implemented the changes to the Company's share capital structure described in "*Shares and share capital—Certain changes to the share capital structure in connection with the Offering*".

	Shareholding before the Offering		After the Offering (if the Overallotment Option is not exercised)		After the Offering (if the Overallotment Option is exercised in full)[1]	
Shareholder	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Principal Owner						
Cidron Liberty Systems S.à r.l.[2]	45,131,734	95.0%	39,612,747	67.2%	37,048,900	62.9%
Shareholding members of the board of directors, Group Management and other employees, as well as other shareholders[3]						
Charley Wallace	222,531	0.5%	222,531	0.4%	222,531	0.4%
Lars Marcher	213,080	0.4%	493,080	0.8%	493,080	0.8%
Asbjørn Eskild	186,973	0.4%	174,973	0.3%	174,973	0.3%
Stephan Revay	154,477	0.3%	148,298	0.3%	148,298	0.3%
Peter Lindquist	167,385	0.4%	164,737	0.3%	164,737	0.3%
Steve Clark	128,195	0.3%	79,103	0.1%	79,103	0.1%
Johan Ek	93,626	0.2%	293,626	0.5%	293,626	0.5%
Tony Øvrevik	85,760	0.2%	85,760	0.1%	85,760	0.1%
Maria Carell	48,205	0.1%	31,333	0.1%	31,333	0.1%
Claes Magnus Åkesson	6,910	0.0%	25,000	0.0%	25,000	0.0%
Other shareholders	1,061,124	2.2%	1,013,592	1.7%	1,013,592	1.7%
Total	**47,500,000**	**100.0%**	**42,344,780**	**71.8%**	**39,780,933**	**67.5%**
New shareholders[4]	–	–	16,594,220	28.2%	19,158,067	32.5%
Total	**47,500,000**	**100.0%**	**58,939,000**	**100.0%**	**58,939,000**	**100.0%**

1) The maximum number of shares that may be sold under the Over-allotment Option equals 2,563,847.
2) Business address: 7 rue Lou Hemmer, L-1748 Luxembourg.
3) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance after completion of the Offering. In connection with the Offering, Lars Marcher (chairman of the board of directors), Johan Ek (vice chairman and member of board of directors) and Claes Magnus Åkesson (member of the board of directors) have committed to acquire shares in the Company from the Principal Owner, to a value of SEK 14 million, SEK 10 million and SEK 0.9 million, respectively.
4) Refers to persons who receive shares as a result of allotment in the Offering, including the Cornerstone Investors The Fourth Swedish National Pension Fund (5.09 percent), Danica Pension (4.19 percent) and Holta Life Sciences AS (3.39 percent) (see "*Legal considerations and supplementary information—Commitments from Cornerstone Investors and certain board members*").

After the Offering the Principal Owner will beneficially own in aggregate 67.2 percent of the Company's shares assuming that the Over-allotment Option is not exercised, and 62.9 percent assuming that the Over-allotment Option is exercised in full. Consequently, the Principal Owner will continue to have significant influence over the Company after the Offering. As a listed company, the Company will be subject to a comprehensive framework of laws and regulations aimed at, among other things, preventing abuse by a controlling shareholder. These laws and regulations include, but are not limited to, provisions protecting minority shareholders in the Swedish Companies Act, Nasdaq Stockholm's Rulebook for Issuers and the Code.

SHAREHOLDERS' AGREEMENT

Following the completion of the Offering, to the knowledge of the board of directors, none of the Company's shareholders will be parties to any shareholders agreements or similar agreements relating to the Company's shares. In addition, the board of directors is not aware of any agreements or similar arrangements that may lead to a change of control of the Company.

LOCK-UP ARRANGEMENTS

See "*Legal considerations and supplementary information—Underwriting agreement*".

Shares and share capital

Set forth below is a summary of certain information concerning the Company's shares and certain provisions of the articles of association, as well as Swedish law in effect on the date of this Offering Memorandum. This summary contains substantially all material information regarding the shares. However, the summary does not purport to be complete and is qualified in its entirety by reference to the articles of association and applicable Swedish laws.

GENERAL

According to the Company's articles of association, the share capital shall be not less than EUR 50,000 and not more than EUR 200,000, and the number of shares shall be not less than 30,000,000 and not more than 120,000,000. As of the date of this Offering Memorandum, the Company's share capital amounts to EUR 52,775 divided into a total of 38,304,200 shares. The shares are denominated in EUR, and each share has a quota value of EUR 0.001378. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid up and are freely transferable.

There has been no public market for the Company's shares prior to the Offering. It is expected that trading in the Company's shares will commence on or about 10 October 2017. The shares comprised by the Offering are not subject to a mandatory offering, redemption rights, or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

CERTAIN CHANGES TO THE SHARE CAPITAL STRUCTURE IN CONNECTION WITH THE OFFERING

In connection with the listing of the shares on Nasdaq Stockholm, the Company will pass the following resolutions relating to the Company's share capital structure.

(i) A bonus issue through the issuance of new shares to the Principal Owner. In total, the bonus issue comprise of 168,646 shares. The bonus issue will be resolved upon at an extraordinary general meeting to be held prior to first day of trading in the Company's shares on Nasdaq Stockholm. The bonus issue is expected to be registered with the Swedish Companies Registration Office on or around 12 October 2017.

(ii) A share issue in-kind to the Principal Owner and other holders of shareholder loans in the Company's subsidiary Handicare Group AS, through which the Company acquires these claims against its subsidiary. The aggregate value of the shareholder loans including accrued interest thereon will amount to EUR 70.3 million as of 12 October 2017. In total, the issue in-kind comprises an issuance of 6,681,468 shares. The issue in-kind will be resolved upon at an extraordinary general meeting to be held prior to first day of trading in the Company's share on Nasdaq Stockholm. The issue in-kind is expected to be registered with the Swedish Companies Registration Office on or around 12 October 2017.

(iii) A share issue in-kind for the purpose of implementing the Management Share Swap (as defined and described below, see "*—Transfer of Group management's shareholdings*"). The Management Share Swap comprises an issuance of 2,345,686 shares. The Management Share Swap will be resolved upon at the extraordinary general meeting to be held prior to first day of trading in the Company's share on Nasdaq Stockholm. The issue in-kind is expected to be registered with the Swedish Companies Registration Office on or around 12 October 2017.

Following the implementation of the above-mentioned changes to the Company's share capital, the number of shares in the Company will be 47,500,000 shares. Accordingly, for existing shareholders, a dilution of 9,195,800 new shares will in such case arise, corresponding to 15.6 percent of the total number of shares in the Company after the Offering.

ISSUE OF NEW SHARES IN CONNECTION WITH THE OFFERING

The Company's board of directors intends to, by power of authorisation from an extraordinary general meeting held on 30 August 2017, resolve on the final terms of the new issue of shares for the purpose of completing the Offering. The subscription price will be determined at the Offer Price. The right to subscribe for new shares shall, with deviation from shareholders' preferential rights, be given to the general public in Sweden, institutional investors in Sweden and institutional investors in certain other jurisdictions. The number of new shares issued in the Offering will amount to 11,439,000, which will result in an increase in the number of shares in the Company from 47,500,000 (following implementation of the changes to the share capital described in "*—Certain changes to the share capital structure in connection with the Offering*") to 58,939,000 shares, corresponding to an increase of 24.1 percent. Accordingly, for existing shareholders, a dilution of 11,439,000 new shares will arise, corresponding to 19.4 percent of the total number of shares in the Company after the Offering. The new share issue is expected to be registered with the Swedish Companies Registration Office on or about 12 October 2017.

TRANSFER OF GROUP MANAGEMENT'S SHAREHOLDINGS

As of the date of this Offering Memorandum, certain members of Group management as well as certain other persons own shares (directly or indirectly) in Handicare Group AS, a subsidiary to the Company, corresponding to in aggregate 5 percent of the shares in Handicare Group AS. In connection with the Offering, the Company will acquire all these shares in Handicare Group AS in exchange for newly issued shares in the Company by way of a new share issue in-kind (Sw. *apportemission*) (the "**Management Share Swap**").

The relevant shareholders in Handicare Group AS, including certain members of the board of directors and Group management, will be entitled to sell, through the Principal Owner, shares in the Offering to cover tax arising as a result of the Management Share Swap and to finance the acquisition of warrants purchased under the incentive programme described below.

Following the implementation of the Management Share Swap, the relevant shareholders in Handicare Group AS, including certain members of Group management, will hold shares directly in the Company. In total, the Management Share Swap comprises an issuance of 2,345,686 shares. See further "*Board of directors, Group management and auditors—Group management" and "Ownership structure—Ownership structure*".

The Company will implement a bonus issue of new shares to the Principal Owner to balance the number of shares issued in the share issue in-kind in order to implement the Management Share Swap. The new shares in this bonus issue will be issued at quota value (EUR 0.001378) by way of a transfer of unrestricted equity in the share capital. The number of bonus issue shares will be 168,646 shares.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The Company has only one class of shares. The shares comprised by the Offering are of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be altered in accordance with the procedures set forth in the Swedish Companies Act.

Voting rights

All shares in the Company entitle the holder thereof to one vote at general meetings, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Right to dividends and liquidation proceeds

All shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation. The Company's shares which are the subject of the Offering will rank *pari passu* in all respects with each other and with all existing shares, and entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the listing of the shares.

Decisions regarding the distribution of profits are taken by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder shall still have a claim to the money owed by the company for the dividend and the claim is subject to a ten-year period of limitations. Upon the expiry of the period of limitations, the dividend shall pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not residing in Sweden for tax purposes must normally pay Swedish withholding tax. See also "*Tax considerations in Sweden*."

Preferential rights to subscribe for new shares

If the Company issues new shares, warrants or convertibles in conjunction with a cash issue or an issue by way of set-off, the shareholders shall have a preference right to subscribe for such securities in proportion to the number of shares held by them prior to the issue. There are no provisions in the Company's articles of association restricting the possibility to issue new shares, warrants or convertibles with a deviation from existing shareholders' preference rights pursuant to the Swedish Companies Act.

CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered with, and the register of shareholders is kept by, the computerised book-entry share registration system administered by Euroclear Sweden (Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been, or will be, issued in respect of the Company's shares. The ISIN number of the Company's shares is SE0010298109.

SHARE CAPITAL DEVELOPMENT

The following table sets forth the changes in the Company's share capital during the years prior to the date of this Offering Memorandum, as well as changes that will occur in connection with the listing of the Company's shares on Nasdaq Stockholm:

Year	Transaction	Change in number of shares	Change in share capital (EUR)	Total share capital (EUR, unless otherwise noted)	Total number of shares
2014	–	–	–	SEK 50,000	50,000
2015	Change in accounting currency	–	–	5,277.27	50,000
2015	New share issue	2	0.21	5,277.48	50,002
1/1 2017				5,277.48	50,002
2017	Bonus issue	–	47,497.52	52,775.0	50,002
2017	Share split	38,254,198	–	52,775.0	38,304,200
2017	Bonus issue[1)]	168,646	232.36	53,007.4	38,472,846
2017	Share issue in-kind[1)]	2,345,686	3,231.85	62,213.0	45,154,314
2017	Share issue in-kind[2)]	6,681,468	9,205.63	65,444.8	47,500,000
2017	New share issue as part of the Offering[3)]	11,439,000	15,760.50	81,205.3	58,939,000

1) See "*—Transfer of Group management's shareholdings*".
2) See "*—Certain changes to the share capital structure in connection with the Offering*".
3) See "*—Issue of new shares in connection with the Offering*".

DIVIDEND HISTORY

As of the date of this Offering Memorandum, no dividend has been paid out in respect of the years ended 31 December 2016, 2015 and 2014.

CONVERTIBLES, WARRANTS, ETC.

Apart from the below, the Company has no outstanding securities convertible into equity, warrants or other share related financial instruments.

Incentive programme

At an extraordinary general meeting to be held prior to first day of trading in the Company's share on Nasdaq Stockholm, the Company will resolve to issue warrants as part of an incentive programme for certain members of the Group management (the "**Participants**"). In total, the incentive programme comprises five people and not more than in aggregate 556,416 warrants. The shares will be issued at the Offer Price. The maximum number of warrants that may be subscribed for by the Participants by exercise of the warrants (assuming full exercise of the warrants) will amount to 556,416 shares, corresponding to approximately 0.94 percent of the Company's share capital following completion of the Offering.

The warrants will be issued in two separate series. Each Participant subscribes for an equal number of warrants of both series. This number of warrants per Participant and series depends on the Participant's position within the Group and the number of shares in the Company held by the Participant at the time of the commencement of the programme.

Series 2017/19 comprises up to 278,208 warrants that may be exercised during the following subscription period; 10 October 2019 –10 January 2020, with the

exception of the thirty-day period preceding (a) the day of the announcement of the Company's interim report for the third quarter of 2019 and (b) the day of the announcement of the Company's interim report for the fourth quarter of 2019.

Series 2017/20 comprises up to 278,208 warrants that may be exercised during the following subscription period; 10 October 2020 –10 January 2021, with the exception of the thirty-day period preceding (a) the day of the announcement of the Company's interim report for the third quarter of 2020 and (b) the day of the announcement of the Company's interim report for the fourth quarter of 2020.

The Participants have undertaken to subscribe for such number of warrants as listed in connection with each Participant in "*Board of directors, Group management and auditors—Group management*".

The exercise price for Series 2017/19 will correspond to 118.91 percent of the Offer Price, but may not be lower than the quota value of the Company's share. Furthermore, if at the time of exercise of the warrants, the last paid price for the Company's shares on the closing of the stock exchange on the trading day preceding the subscription of new shares exceeds 138.95 percent of the determined exercise price, the exercise price shall be increased by an amount corresponding to the amount of said price which exceeds 138.95 percent of the exercise price.

The exercise price for Series 2017/20 will correspond to 128.42 percent of the Offer Price, but may not be lower than the quota value of the Company's share. Furthermore, if at the time of subscription, the last paid price for the Company's shares on the closing of the stock exchange on the trading day preceding the subscription of new shares exceeds 160.82 percent of the determined exercise price, the exercise price shall be increased by an amount corresponding to the amount of said price which exceeds 160.82 percent of the exercise price.

The terms of both warrant series include customary recalculation provisions, including for dividend payments made prior to the exercise of the warrants.

The Company has reserved the right to repurchase warrants for example if the Participant's employment with the Company is terminated. The Company's total costs for the programme during its term are expected to be limited and mainly relate to social security contributions for Participants in jurisdictions where participation in the incentive programme is taxed as earned income.

LISTING APPLICATION

The Company's board of directors has applied for the Company's shares to be admitted for trading on Nasdaq Stockholm. On 6 September 2017, Nasdaq Stockholm's listing committee resolved to admit the Company's shares for trading on Nasdaq Stockholm, subject to customary conditions, including that Nasdaq Stockholm's dispersion requirement in respect of the shares is fulfilled. The trading symbol of the Company's shares on Nasdaq Stockholm will be HANDI.

Articles of association

Set forth below is an English-language translation of the articles of association of the Company, adopted at the extraordinary general meeting on 26 September 2017.

§ 1 COMPANY NAME
The company name is Handicare Group AB. The company is a public company (publ).

§ 2 REGISTERED OFFICE
The registered office of the company is in the municipality of Stockholm, Stockholm County.

§ 3 OBJECTS OF THE COMPANY
The object of the company shall be to operate and invest in businesses within the health and rehabilitation sector, own and manage real and personal property and conduct any business compatible therewith.

§ 4 ACCOUNTING CURRENCY
The company shall have Euro as accounting currency and the share capital shall be determined in Euro.

§ 5 SHARE CAPITAL
The share capital shall be not less than EUR 50,000 and not more than EUR 200,000.

§ 6 NUMBER OF SHARES
The number of shares shall be not less than 30,000,000 and not more than 120,000,000.

§ 7 BOARD OF DIRECTORS AND AUDITORS
The board of directors shall consist of no less than three (3) and not more than ten (10) members, with no deputy members.

The company shall have one (1) or two (2) auditors in charge with not more than two (2) deputy auditors. A registered public accounting firm shall be elected as auditor.

§ 8 NOTICE TO SHAREHOLDERS' MEETING
Notice convening a general meeting shall be published in the Swedish Official Gazette and on the company's website. It shall be published in Svenska Dagbladet that notice convening a general meeting has been made. Shareholders that wishes to participate in a general meeting shall be recorded in a transcript or other representation of the entire share register as of the date falling five weekdays prior to the meeting and notify the company of their intention to participate by the date specified in the notice convening the meeting. The last-mentioned day must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the meeting.

At a general meeting, shareholders may be accompanied by not more than two assistants, however only if the shareholder has notified the company of the number of assistants in the manner stated in the previous paragraph.

§ 9 ANNUAL GENERAL MEETING
The annual general meeting shall be held annually within six months after the end of the financial year.

The following matters shall be addressed at the annual general meeting:

1) Election of chairman at the meeting;
2) Drawing up and approval of the voting list;
3) Approval of the agenda;
4) Election of one or two persons to certify the minutes;
5) Determination as to whether the meeting has been duly convened;
6) Presentation of the submitted annual report and auditors' report and, where applicable, the consolidated annual report and auditors' report for the group;

7) Resolutions
   a) regarding the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and balance sheet;
   b) regarding allocation of profit or loss in accordance with the adopted balance sheet; and
   c) regarding the discharge from liability of the board members and of the managing director
8) Determination of remuneration to the board and to the auditors;
9) Election of board members and auditors as well as possible deputy auditors; and
10) Other matters which rest upon the meeting according to the Swedish Companies Act or the articles of association.

§ 10 FINANCIAL YEAR

The company's financial year shall be the calendar year.

§ 11 CSD COMPANY

The company's shares shall be registered in a securities register in accordance with Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

Legal considerations and supplementary information

GENERAL CORPORATE AND OTHER LEGAL INFORMATION

The legal and the commercial name of the Company is Handicare Group AB (publ). The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) incorporated on 4 September 2014 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 11 September 2014. The registered office is situated in the municipality of Stockholm and the Company's corporate identity number is 556982-7115. Pursuant to the articles of association, the object of the Company's business shall be to operate and invest in businesses within the health and rehabilitation sector, own and manage real and personal property and conduct any business compatible therewith. The business is conducted in accordance with the Swedish Companies Act.

The Company is the parent company of the Group, which as of the date of this Offering Memorandum, comprise the 27 subsidiaries listed below, across 10 different countries.

Subsidiary	Location	Shares and voting rights
Handicare Group AS	Moss, Norway	95%[1)]
Magsum B.V.	Heerhugowaard, the Netherlands	100%
Crystal Amethyst B.V.	Heerhugowaard, the Netherlands	100%
Handicare Bathroom Safety B.V.	Pijnacker, the Netherlands	100%
Handicare Accessibility B.V.	Heerhugowaard, the Netherlands	100%
Handicare Stairlifts B.V.	Heerhugowaard, the Netherlands	100%
Handicare Treppenlifte GmbH	Kleve, Germany	100%
Handicare Monte-escaliers	Saint Genevieve les Bois, France	100%
Handicare AS	Moss, Norway	100%
Puls AS	Oslo, Norway	100%
Handicare A/S	Brøndby, Denmark	100%
Handicare Auto AS	Herning, Denmark	100%
Handicare AB	Kista, Sweden	100%
Alemedic Care AB	Kista, Sweden	100%
Handicare Sverige AB	Kista, Sweden	100%
Handicare Holding Ltd.	Kingswinford, the United Kingdom	100%
Minivator Group Ltd.	Kingswinford, the United Kingdom	100%
Companion Stairlifts Ltd.	Leeds, the United Kingdom	100%
Handicare Accessibility Ltd.	Kingswinford, the United Kingdom	100%
YouQ B.V.	Helmond, the Netherlands	100%
Handicare Accessibility (Xiamen) Co. LTD	Xiamen, China	100%
Handicare Accessibility GmbH	Minden, Germany	100%
Handicare Patient Handling AS	Moss, Norway	100%
Puls Homecare A/S (DK)	Herning, Denmark	100%
Prism Medical Ltd	Toronto, Ontario, Canada	100%
Mid-AtlanticCare South (dormant)	Pennsylvania, the United States	100%
Ergosafe Products LLC	Delaware, the United States	100%

1) The remaining five percent of the shares and votes in Handicare Group AS are held by members of Group management and certain other persons. The shares will be acquired by the Company as part of the Management Share Swap. See "*Shares and share capital—Transfer of Group management's shareholdings*".

MATERIAL AGREEMENTS

The following are the only agreements (excluding agreements entered into in Handicare's ordinary course of business) which the Company has entered into and which are, or may have been, material for the three years preceding the date of this Offering Memorandum, or which have been entered into by the Company and contain any provision under which any member of Handicare's Group management has any obligation or entitlement which are, or may be, material to the Group taken as a whole as of the date of this Offering Memorandum.

Credit facility agreement

See "*Operating and financial review—Liquidity and capital resources—New Credit Facilities*."

ACQUISITIONS AND DIVESTMENTS

Divestment of the BD Business

On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The transfer was completed on 1 August 2017. The purchase price for the BD Business was EUR 11.4 million (NOK 109 million), equal to the fair market value of the business, and was paid by way of reduction of the Principal Owner's shareholder loan to Handicare. Handicare has prepared pro forma income statements for the periods from 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 in order to show the hypothetical effects that Handicare's sale of its BD Business would have had on Handicare's profit/loss for 2016 and the six months ended 30 June 2017 if this sale had been completed on 1 January 2016 and 1 January 2017, respectively. The pro forma financial information also show the hypothetical effect that the sale of the BD Business would have had on Handicare's balance sheet as of 30 June 2017 if the sale had been completed on 30 June 2017. See "*Pro forma*".

The divestment was preceded by discussions with Becton Dickinson, who already conducts business in Norway, and was driven by, among other things, that the BD Business was in material respects an independent business within Puls that was not considered to fit strategically with the rest of Handicare's operations. The intention with the divestment to Cidron Liberty Systems Limited was to prepare for a sale of the BD Business to a third-party buyer.

The share transfer agreement for the sale of the BD Business includes customary fundamental warranties and covenants.

Acquisition of Prism Medical

On 27 June 2016, Handicare AB entered into an arrangement agreement regarding the acquisition of Prism Medical, an Ontario-based provider of patient handling products listed on the TSX Venture Exchange. Prism Medical offers an extensive line of products to solve mobility and accessibility challenges including ceiling lifts, floor lifts, slings, bathing products and transfer and repositioning aids, and the acquisition supports Handicare's strategy to grow Patient Handling in the United States.

The transaction was carried out by way of a court approved plan of arrangement under the Business Corporations Act (Ontario). Pursuant to the arrangement agreement, as amended on 4 August 2016, entered into between Handicare Holding Ltd. and Prism Medical, Handicare acquired all of the outstanding common shares in Prism Medical for a cash payment of EUR 9.5 (CAD 14.0) per share, as well as each outstanding stock option in exchange for a cash payment equal to the difference between the consideration per Prism Medical share payable pursuant to the arrangement and the exercise price of such option. The total equity purchase price was EUR 48.0 million (CAD 70.5 million) on a fully diluted basis. Handicare's acquisition of Prism Medical was completed on 1 September 2016.

The acquisition was financed by way of a utilisation of an increase of an existing loan facility combined with shareholder loans from the Principal Owner. The shareholder loans, taking into account the reduction described in "*—Divestment of the BD Business*" above, will be refinanced in connection with the Offering through the issuance of 6,681,468 new shares to the Principal Owner and other holders of shareholder loans, see "*Shares and share capital—Certain changes to the share capital structure in connection with the Offering*".

Prism Medical contributed revenue of EUR 15.6 million in the four months ended 31 December 2016. Prism Medical is included in the Patient Handling reporting segment. The Company has prepared pro forma income statement as of and for the year ended 31 December 2016 as well as pro forma statement of

financial position as of 31 December 2016 to show the hypothetical effect that the acquisition of Prism Medical could have had on the Company's results and financial position if such acquisition had been carried out on 1 January 2016. See "*Pro forma*".

Acquisition of Rep-Tek

On 23 December 2015, Handicare AS entered into a share transfer agreement regarding all of the shares in Rep-Tek. Rep-Tek operates in the car conversion business in Norway, and the acquisition supports Handicare's growth strategy for the vehicle accessibility product segment. The adjusted initial purchase price amounted to EUR 0.6 million (NOK 6.2 million). Based on the financial performance of Rep-Tek, Handicare paid an additional purchase price of EUR 0.8 million (NOK 7.5 million) in 2016. A limited amount may be payable to the seller as a performance-based earn-out during the second half of 2017. At the time of the acquisition, Rep-Tek had approximately 40 employees with head-quarters in Solbergelva in Drammen (Norway) and local offices in Tønsberg, Stavanger, Bergen, Førde and Trondheim. The acquisition of Rep-Tek was completed on 4 January 2016. Rep-Tek is included in the Accessibility reporting segment. The acquisition was financed by way of utilisation of an increase of an existing loan facility.

Divestment of the Mobility division

On 7 July 2015, Handicare AS, Handicare Accessibility Ltd., Handicare AB and Handicare A/S entered into a share and business sale and purchase agreement regarding the Handicare's divestment of the Mobility division to Sunrise Medical GmbH. Mobility designed, manufactured and marketed mobility products such as wheelchairs, scooters and rollators. The purchase price was EUR 80 million, with EUR 50 million paid in cash and EUR 30 million paid through a vender note. The divest-ment of the Mobility division was completed on 30 September 2015.

The financial impact from the divestment of the Mobility division has been accounted for in Handicare's profit from discontinued operations in the years ended 31 December 2014 and 2015. However, the divestment of the Mobility division has not been reflected in the balance sheet for the year ended 31 December 2014 or in the case of the cash flow statement for the years ended 31 December 2015 and 2014, in accordance with IFRS.

UNDERWRITING AGREEMENT

The Company, the Principal Owner and the Managers intend to enter into an agreement regarding the placing of shares in the Offering on or about 9 October 2017 (the "**Underwriting Agreement**"). The Offering is conditioned upon receiving interest in the Offering that, in the Manager's view, is sufficient to enable trading in the shares, the Underwriting Agreement being entered into, the fulfilment of certain conditions of the agreement and that the Underwriting Agreement is not terminated. In the Underwriting Agreement, the Managers will undertake to procure purchasers to or, if the Managers fail to do so, to purchase themselves the shares included in the Offering at the Offer Price.

According to the Underwriting Agreement the undertakings of the Managers to procure purchasers for or, if the Managers fail to do so, to purchase themselves the shares included in the Offering are subject to the conditions that, among other things, the representations and warranties provided by the Company are true and accurate, that no events occur which have such a material adverse effect on the Company as well as certain other conditions. The Managers may terminate the Underwriting Agreement up to and including the settle-ment date, 12 October 2017, if any material adverse events were to occur, if the representations and warran-ties provided by the Company to the Managers would not be true and accurate or if any of the other conditions resulting from the Underwriting Agreement are not fulfilled. If the abovementioned conditions are not fulfilled and if the Managers terminate the Underwriting Agree-ment, the Offering may be withdrawn. In such event, neither allotment of nor payment for the shares will occur under the Offering. In accordance with the Underwriting Agreement, the Company will undertake to indemnify the Managers for certain claims under certain conditions.

The Principal Owner, board members and members of Group management who own shares and/or warrants in the Company, as well as certain employees and former employees of Handicare, will undertake, with certain exemptions, not to sell their holdings during a lock-up period ("**Lock-up period**"), respectively. The Lock-up period for the Principal Owner will be 180 days from the date of the Underwriting Agreement, while the Lock-up period for the other persons, will be 360 days from the date of the Underwriting Agreement. At the end of each respective Lock-up period, the securities may be offered for sale, which may affect the market price of the Compa-ny's shares. The Joint Global Coordinators may waive the undertakings. Pursuant to the Underwriting Agreement, the Company will undertake, *inter alia*, with certain

exceptions, for a period of 180 days from the date of the Underwriting Agreement, not to, without a written consent from the Joint Global Coordinators, (i) offer, pledge, allot, issue, sell, undertake to sell or otherwise transfer or divest, either directly or indirectly, any shares in the Company or other securities which may be converted into or are possible to exercise or exchange for such shares, or (ii) enter into swap agreements or other arrangements which, fully or partly, transfer the economic risk adjacent to the ownership of the shares in the Company.

The Cornerstone Investors will not be subject to a lock-up in respect of their allocations.

COMMITMENTS FROM CORNERSTONE INVESTORS AND CERTAIN BOARD MEMBERS

The Cornerstone Investors have committed to, in aggregate, acquire up to 12.7 percent of the shares following completion of the Offering. The Fourth Swedish National Pension Fund, Danica Pension and Holta Life Sciences AS have agreed to acquire, at the Offer Price, shares in the Offering corresponding to 5.09 percent, 4.19 percent and 3.39 percent, respectively, of the total number of outstanding shares following the completion of the Offering, subject to, among other things: (i) the first day of trading in the shares occurring no later than on 10 October 2017; (ii) such Cornerstone Investor being allocated in full the shares in the Offering relating to its commitment; (iii) the total equity value of the Company upon settlement of the Offering not exceeding SEK 3.0 billion; and (iv) that there are no changes to the information contained in the Offering Memorandum that would require the registration of a supplement prospectus. Based on the Offer Price, the implied total equity value of the Company following completion of the Offering is just below SEK 3.0 billion. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering.

The Cornerstone Investors will not receive any compensation for their respective undertakings and the Cornerstone Investors' investments are to be made at the Offer Price. These undertakings are, however, not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement.

Cornerstone Investors	Commitment (%) of the total number of shares following completion of the Offering	Number of shares
The Fourth Swedish National Pension Fund	5.09%	2,999,995
Danica Pension	4.19%	2,469,544
Holta Life Sciences AS	3.39%	1,998,032
Total	**12.7%**	**7,467,571**

In addition to Danica Pension's commitment to acquire shares in the Offering corresponding to approximately 4.19 percent of the outstanding shares in the Company after completion of the Offering, the Principal Owner has granted Danica Pension an option to acquire from the Principal Owner up to an additional 0.80 percent of the total number of outstanding shares in the Company immediately following completion of the Offering at a price that corresponds to the Offer Price. This option may be exercised within 180 days from the completion of the Offering.

Description of Cornerstone Investors

Fjärde AP-fonden

Fjärde AP-fonden (the Fourth Swedish National Pension Fund) is a Swedish government authority with the mission of contribution to the stability of the retirement pension system through the management of the fund capital to the highest possible return with low risk. The fund is focused on creating long-term returns through active management and at 30 June 2017, the fund had SEK 348 billion under management.

Danica Pension

Danica Pension is one of the largest pension companies in Denmark. Danica Pension specializes in pensions, life insurance and health insurance and manages a total of DKK 380 billion in pension funds. The company was founded in 1842 as Denmark's first Insurance company. Danica Pension is a wholly-owned subsidiary of the Danske Bank Group and has subsidiaries in Norway and Sweden.

Holta Life Science

Holta Life Sciences is a Scandinavian specialist investor in the life sciences sector. The company was established in 2014 as a subsidiary of Holta Invest AS. Holta Invest is a privately held investment company with roots back to the 1890s. It is fully owned by Kjetil Holta.

Holta Life Sciences currently manages a global healthcare portfolio of approximately NOK 400 million, while Holta Invest has equity of more than NOK 3 billion and no debt. The Holta Invest Group had revenues of NOK 7.3 billion in 2016.

Holta Life Sciences seek to provide companies with

more than capital as the team has significant experience in the life sciences sector and an extensive network.

In connection with the Offering, Lars Marcher (chairman of the board of directors), Johan Ek (vice chairman and member of board of directors) and Claes Magnus Åkesson (member of the board of directors) have committed to acquire shares in the Company from the Principal Owner, for a value of SEK 14 million, SEK 10 million and SEK 0.9 million, respectively. The commitments of Lars Marcher, Johan Ek and Claes Magnus Åkesson are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares for Lars Marcher, Johan Ek and Claes Magnus Åkesson may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering.

STABILISATION

In connection with the Offering, the Stabilising Manager, may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the markets price of the Company's shares, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq Stockholm. The Stabilising Manager may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken it shall be disclosed that stabilisation transactions have been undertaken in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range of the Offering within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Managers nor the Stabilising Manager will disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

LEGAL PROCEEDINGS

At any given time the Company and its subsidiaries may be a party to litigation or subject to non-litigated claims arising out of the normal operations of Handicare's business, such as ordinary warranty claims, claims related to products destroyed in transport, other product claims (such as claims that Handicare has provided products that do not meet specifications), and claims from employees related to work injury or wrongful dismissal. Handicare does not expect any liability arising from any of these legal proceedings to have a material impact on Handicare's results of operations, liquidity, capital resources or financial position.

Handicare Stairlifts B.V. (a subsidiary to the Company) is currently involved in legal proceedings with one of the Group's suppliers, Eriks B.V., a company incorporated in the Netherlands, relating to a product recall of a seat levelling motor that Eriks B.V. have supplied Handicare with. In October 2016, Handicare Stairlifts B.V. discovered defects in the gearbox of a seat levelling motor used in the production of certain curved stairlifts. As a result, Handicare initiated a product recall of such stairlifts, which uses the applicable seat levelling motor, in close cooperation with relevant national authorities on product safety. Moreover, in December 2016, Handicare claimed compensation from Eriks B.V. for damages as a result of the discovered defects in the relevant seat levelling motor. Eriks B.V. dispute this claim and also suspended delivery of the replacement seat levelling motors in May 2017, due to alleged product safety issues related to Handicare's design of the stairlift. Handicare initiated injunction proceedings against Eriks B.V. regarding the suspension, and in the end of May 2017, the District Court of Alkmaar, the Netherlands, found such claim to be unfounded and ordered Eriks B.V. to resume deliveries. As of the date of this Offering Memorandum, a majority of the defect seat levelling motors have been replaced. Handicare is currently making efforts to ensure that all seat levelling motors are replaced by its dealers. Arbitration proceedings relating to the product recall is expected to be initiated in the fourth quarter of 2017. Handicare estimates that the total costs relating to this product recall amount to EUR 1.5-3.5 million. For the year ended 31 December 2016, the Company incurred expenses of EUR 0.3 million and made a provision of EUR 2.4 million relating to this product recall.

Except for what is stated above, Handicare is not, and has not been, party to any legal or arbitral proceedings (including pending proceedings and potential proceedings which the Company is aware of) during the last twelve months which may have, or have had, significant effects on Handicare's financial condition or results of operations.

INTELLECTUAL PROPERTY

Handicare owns or has rights to certain trademarks, trade names, service marks and patents that it uses in connection with the operation of its business. Handicare asserts, to the fullest extent under applicable law, its rights to its trademarks, trade names, service marks and patents. For further information on risks associated with Handicare's intellectual property rights, see "*Risk factors—Risks relating to Handicare's business and industry—Handicare is exposed to risks relating to intellectual property rights*".

Each trademark, trade name, service mark or patent of any other company appearing in this Offering Memorandum belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum are listed without the ™, ® and © symbols.

INSURANCE

The Company holds insurance policies covering property and business interruption, general liability and product liability, directors' and officers' liability and liability related to cargo. The insurance policies have been taken out Group-wide by the Company as policyholder and provide coverage for all subsidiaries, provided that additional requirements, mainly for local insurance to be obtained by some entities, are met.

The Company's insurance policies have certain coverage limits that vary depending on the type of liability involved and the policies are subject to customary limitations imposed by the relevant insurance companies. The Company's insurance policies are designed to protect the Company from material losses associated with, for example, damage on the Group's manufacturing facilities and property, business interruption and damage on third parties' property. The Company believes that its insurance coverage conforms to market practice for similar entities. There can be no assurance, however, that the Company will not incur losses or suffer claims beyond the limits or outside of the relevant coverage of its insurance policies. For further information on risks associated with Handicare's insurance protection, see "*Risk factors—Risks relating to Handicare's business and industry—Handicare's insurance coverage, including with respect to product liability, may not provide sufficient funds to protect Handicare from all liabilities that could result from its operations*".

RELATED PARTY TRANSACTIONS

On 1 August 2017, Handicare AS, a subsidiary to the Company, entered into a share transfer agreement relating to the divestment of the BD Business (which was a business within Puls and a distributor of medical equipment from the supplier Becton Dickinson) to Cidron Liberty Systems Limited (controlled by Nordic Capital Fund VII, Handicare's principal owner). The transfer was completed on 1 August 2017. The purchase price for the BD Business was EUR 11.4 million (NOK 109 million), equal to the fair market value of the business, and was paid by way of reduction of the Principal Owner's shareholder loan to Handicare. See "*Legal considerations and supplementary information – Acquisitions and divestments—Divestment of the BD Business*".

In addition to the related party transactions described in the foregoing and the notes to Handicare's consolidated financial statements (included elsewhere in this Offering Memorandum), Handicare has not been party to any related party transactions during the period covered by the financial information in this Offering Memorandum up to and including the date of this Offering Memorandum.

For information on remuneration to the members of the board of directors and Group management, see "*Corporate governance—the board of directors*" and "*Corporate governance—CEO and Group management*".

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (except for the annual reports of subsidiaries) can be downloaded on the Company's website, www.handicare.com. Copies of all documents can also be obtained at the Company's registered office (Torshamnsgatan 35, SE-164 40 Kista, Sweden) on weekdays during regular office hours:

1) the Company's articles of association;
2) the Company's consolidated unaudited interim report for the six months ended 30 June 2017 prepared in accordance with IFRS;
3) the Company's consolidated audited financial statements for the financial years ended 31 December 2016, 2015 and 2014 prepared in accordance with IFRS; and
4) annual reports of the Company's subsidiaries for the years ended 31 December 2016 and 2015.

ADVISERS AND MANAGERS

BofAML and Carnegie are Joint Global Coordinators in connection to the Offering and DNB is joint bookrunner in connection to the Offering for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offering.

From time to time, the Managers have provided, and may provide in the future, services in their day-to-day operations to the Principal Owner and to parties related to them, for which they have received, and may receive in the future, compensation.

Further, DNB Bank ASA, Sweden Branch is one of the lenders and DNB Sweden AB is one of the arrangers and the agent under the New Credit Facilities described under "*Operational and financial review—Liquidity and capital resources—Indebtedness—New Credit Facilities*".

White & Case LLP provides legal advice to Handicare and the Principal Owner in connection with the Offering.

COSTS ASSOCIATED WITH THE OFFERING AND LISTING

The Principal Owner and the Company will pay a commission to the Managers based on the gross proceeds of the Company's shares sold in the Offering. In addition, the Principal Owner and the Company may choose to pay a discretionary fee to the Managers, also calculated against the gross proceeds of the Company's shares sold in the Offering. The total commission and discretionary fees will not exceed EUR 3.5 million assuming an Offering of 17,092,310 shares. The Company will pay certain costs related to the Offering and the listing on Nasdaq Stockholm. Such costs primarily relate to costs for auditors, attorneys, printing of prospectuses, costs for management presentations, etc. The transaction costs carried by the Company are expected to amount to approximately SEK 22 million (EUR 2.3 million), of which approximately SEK 4–6 million (EUR 0.4–0.6 million) is expected to be charged during the second half of 2017.

Selling restrictions and transfer restrictions

SELLING RESTRICTIONS

United States

The shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

The shares in the Offering may only be resold: (i) in the United States only to QIBs in reliance on Rule 144A, and (ii) outside the United States in offshore transactions in compliance with Regulation S and in accordance with applicable law. Any offer or sale of shares in the Offering in the United States will be made by broker-dealers who are registered as such under the United States Securities Exchange Act of 1934, as amended. The terms used above have the meanings given to them by Regulation S and Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Principal Owner or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Any offer or sale of the shares in the Offering may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances that do not require publication by the Company of a prospectus pursuant to section 85(1) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**").

Any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with persons who: (i) are outside the United Kingdom; (ii) are investment professionals falling within Article 19(5); or (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the Order or other persons to whom such investment or investment activity may lawfully be made available (all such persons together being referred to as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this Offering Memorandum and should not act or rely on it.

DIFC

This Offering Memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This Offering Memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Offering Memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The shares to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this Offering Memorandum you should consult an authorised financial advisor.

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Company's shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Issuer, the Company's shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Company's shares.

Canada

The shares in the Offering may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company, the Principal Owner and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company, the Principal Owner or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

TRANSFER RESTRICTIONS

No action has been or will be taken in any country or jurisdiction other than Sweden by it that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company, the Principal Owner and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each purchaser of the shares in the Offering within the United States purchasing pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

a) the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;

b) the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

c) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (iii) is acquiring such shares in the Offering for its own account or for the account of a QIB;

d) the purchaser is aware that the shares in the Offering are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

e) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, such shares in the Offering may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in an offshore transaction in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction;

f) the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any shares in the Offering;

g) the purchaser will not deposit or cause to be deposited any shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3);

h) if it is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

i) the Company and Principal Owner will not recognise any offer, sale pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and

j) the purchaser acknowledges that the Company and the Principal Owner, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the Offering in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

a) the purchaser acknowledges that the shares of the Company have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and, subject to certain exceptions, may not be offered or sold within the United States;

b) the purchaser, and the person, if any, for whose account or benefit the purchaser acquired the shares in the Offering, was located outside the United States at the time the buy order for the shares in the Offering was originated;

c) the purchaser is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in this Offering Memorandum;

d) the shares in the Offering have not been offered to it by means of any "directed selling efforts" as defined under Regulation S and the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined under Regulation S in the United States with respect to the shares in the Offering;

e) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, such shares in the Offering may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in an offshore transaction in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction; and

f) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions.

Tax considerations in the United States

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes certain United States federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the shares. This summary applies only to U.S. Holders that acquire the shares in exchange for cash in the Offering, hold the shares as capital assets within the meaning of Section 1221 of the IRC (as defined below) and have the United States dollar as their functional currency.

This discussion is based on the tax laws of the United States as in effect on the date of this Offering Memorandum, including the Internal Revenue Code of 1986, as amended (the "**IRC**"), and United States Treasury regulations in effect or, in some cases, proposed, as of the date of this Offering Memorandum, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the United States federal income tax consequences described below. The statements in this Offering Memorandum are not binding on the United States Internal Revenue Service (the "**IRS**") or any court, and thus Handicare can provide no assurance that the United States federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-United States tax consequences or any other tax consequences other than United States federal income tax consequences.

The following discussion does not describe all the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- individual retirement accounts or other tax-deferred accounts;
- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- United States expatriates;
- persons holding the shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons that actually or constructively own 10 percent or more of the Company's voting stock;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired the shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding the shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-UNITED STATES TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SHARES.

As used herein, the term "**U.S. Holder**" means a beneficial owner of the shares that, for United States federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and one or more United States persons has the authority to control all of the substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for United States federal income tax purposes that hold the shares generally will depend on such partner's status and the activities of the partnership. A U.S. Holder that is a partner in such partnership should consult its tax advisor.

DIVIDENDS AND OTHER DISTRIBUTIONS ON THE SHARES

Subject to the passive foreign investment company rules discussed below, the gross amount of distribution made by the Company with respect to the shares (including the amount of any Swedish taxes withheld therefrom, if any) generally will be includible as dividend income in a U.S. Holder's gross income on the date on which the dividends are actually or constructively received, to the extent such distributions are paid out of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Because the company does not maintain calculations of its earnings and profits under United States federal income tax principles, a U.S. Holder should expect all cash distributions to be reported as dividends for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to United States corporations with respect to dividends received from other United States corporations. Dividends received by non-corporate U.S. Holders may be "qualified dividend income", which is taxed at the lower applicable capital gains rate, provided that (1) the Company is eligible for the benefits of the Treaty, (2) the Company is not a passive foreign investment company (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, and (3) certain other requirements are met. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to the shares.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is included in income, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any further gain or loss on a subsequent conversion or other disposition of the currency for a different U.S. dollar amount will be United States source ordinary income or loss.

Dividends on the shares generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, Swedish taxes withheld on any distributions on the shares may be eligible for credit against U.S. Holder's federal income tax liability. If a refund of the tax withheld is available under the laws of Sweden or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's United States federal income tax liability (and will not be eligible for the deduction against United States federal taxable income). If the dividends constitute qualified dividend income as discussed above, the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will generally be limited to the gross amount of the dividend, multiplied by the reduced rate applicable to the qualified dividend income, divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to the shares will generally constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income". The rules relating to the determination of the United States foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemised deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

SALE OR OTHER TAXABLE DISPOSITION OF THE SHARES

Subject to the passive foreign investment company rules discussed below, upon a sale or other taxable disposition of the shares, a U.S. Holder will recognise capital gain or loss in an amount equal to the difference between the amount realised and the U.S. Holder's adjusted tax basis in such shares. Any such gain or loss generally will be treated as long term capital gain or loss if the U.S. Holder's holding period in the shares exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to United States federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, realised by a U.S. Holder on the sale or other disposition of the shares generally will be treated as United States source gain or loss for United States foreign tax credit limitation purposes.

If the consideration received upon the sale or other disposition of the shares is paid in foreign currency, the amount realised will be the United States dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. A U.S. Holder may realise additional gain or loss upon the subsequent sale or disposition of such currency, which

will generally be treated as United States source ordinary income or loss. If the shares are treated as traded on an established securities market, a cash basis U.S. Holder and an accrual basis U.S. Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the United States dollar value of the amount realised in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognise exchange gain or loss to the extent attributable to the difference between the exchange rates on the trade date and the settlement date, and such gain or loss generally will constitute United States source ordinary income or loss.

A U.S. Holder's initial tax basis in the shares generally will equal the cost of such shares. If a U.S. Holder used foreign currency to purchase the shares, the cost of the shares will be the United States dollar value of the foreign currency purchase price on the date of purchase. If the shares are treated as traded on an "established securities market," a cash basis U.S. Holder, or, if it elects, an accrual basis U.S. Holder, will determine the dollar value of the cost of such shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The conversion of U.S. dollars to foreign currency and the immediate use of that currency to purchase shares generally will not result in taxable gain or loss for a U.S. Holder.

PASSIVE FOREIGN INVESTMENT COMPANY RULES

The Company will be a passive foreign investment company (a "**PFIC**") for any taxable year if either: (a) at least 75 percent of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50 percent of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. For this purpose, the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25 percent or more (by value) of the stock.

Under the PFIC rules, if the Company were a PFIC at any time that a U.S. Holder holds the shares, the Company would continue to be treated as a PFIC with respect to such U.S. Holder unless (i) the Company ceases to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

The Company does not believe that it was a PFIC for the taxable year ended 31 December 2016. Based upon its estimated gross income, the average value of its gross assets (including goodwill), and the nature of its business, the Company does not expect to be a PFIC for the taxable year ending 31 December 2017, or in the foreseeable future. The determination of PFIC status is a factual annual determination that can be only after the close of each taxable year that will depend on, among other things, the composition of the income and assets, and the market value of the assets of the Company and its subsidiaries (which value could be determined by reference to the value of the Company's shares). Therefore there can be no assurance that the Company will not be a PFIC for any particular taxable year.

If the Company is a PFIC at any time that a U.S. Holder holds the shares, any gain recognised by the U.S. Holder on a sale or other disposition of the shares (including, under certain circumstances, a pledge), as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated rateably over the U.S. Holder's holding period for the shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on the shares exceeds 125 percent of the average of the annual distributions on the shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the shares if the Company is a PFIC.

If the Company is a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the shares.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Dividend payments with respect to the shares and proceeds from the sale, exchange or redemption of the shares may be subject to information reporting to the IRS and United States backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's United States federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS

Certain U.S Holders who are individuals (and certain entities closely held by individiuals) that hold an interest in "specified foreign financial assets" (which may include the shares) are required to report information relating to such assets, subject to certain exceptions (including an exception for the shares held in accounts maintained by U.S. financial institutions). Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm's main market for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission for trading on Nasdaq Stockholm. The summary does not cover: situations where shares are held as current assets in business operations; situations where shares are held by a limited partnership or a partnership; situations where shares are held in an investment savings account (Sw. investeringssparkonto) and subject to taxation on a standardised basis; the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes); the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares; the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag); foreign companies conducting business through a permanent establishment in Sweden; or foreign companies that have been Swedish companies. Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular situations. Each prospective shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm, including the applicability and effect of foreign tax legislation (including regulations) and tax treaties.

PRIVATE INDIVIDUALS

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realised in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

ALLOTMENTS OF SHARES TO EMPLOYEES

Normally, the allotment of shares is not a taxable event. However, for employees allotment of shares may in certain situations give rise to benefits taxation. Benefits taxation should, however, not occur if the employees (including board members and deputy board members and existing shareholders), on the same terms and conditions as others, acquire not more than 20 percent of the total number of shares offered and the employee does not acquire shares for more than SEK 30,000.

LIMITED LIABILITY COMPANIES

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 percent. Capital gains and capital losses are calculated in the same way as described for private individuals above. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

SHAREHOLDERS THAT ARE NOT TAX RESIDENT IN SWEDEN

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The tax rate is, however, generally reduced under an applicable tax treaty. For example, the rate is generally reduced to 15 percent for dividens paid to U.S. Holders that are entitled to the benefits of the Treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

Definitions

In addition to the key performance indicators defined in "*Presentation of financial and other information—Non-IFRS key operating metrics*" set forth below are definitions of certain other terms used in this Offering Memorandum:

"2010 PD Amending Directive" refers to Directive 2010/73/EU of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading.

"BD Business" refers to the part of the Puls business that was divested on 1 July 2017.

"BEPS" refers to OECD's project against base erosion and profit shifting.

"BofAML" refers to Merrill Lynch International.

"CAD" refers to Canadian Dollar.

"Carnegie" refers to Carnegie Investment Bank AB (publ).

"CISA" refers to the Swiss Federal Act on Collective Investment Schemes.

"Code" refers to the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*).

"Company" refers to Handicare Group AB (publ) or Handicare Group AB (publ) and its subsidiaries, as the context requires.

"Cornerstone Investors" refers to The Fourth Swedish National Pension Fund, Danica Pension, Livsforsikrings-aktieselskab and Holta Life Sciences AS.

"D2C" refers to direct to consumer.

"DFSA" refers to the Dubai Financial Services Authority.

"DKK" refers to Danish kroner.

"DNB" refers to DNB Markets, a part of DNB Bank ASA, Sweden branch

"ECB" refers to the European Central Bank.

"ECB Daily Reference Rate" refers to the daily reference rate published by the ECB (as defined herein).

"EMC Directive" refers to Directive 2014/30/EU on the harmonisation of the laws of the member states relating to electromagnetic compatibility.

"ERP" refers to the Group's common enterprise resource planning system.

"EU" refers to the European Union.

"EUR" or **"€"**, **"MEUR"** refers to Euro and million Euro, respectively.

"Euroclear Sweden" refers to Euroclear Sweden AB.

"Facilities Agreement" refers to the new multicurrency term loan and revolving credit facilities agreement provided by Danske Bank A/S, Danmark, Sverige Filial, DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) as original lenders, Danske Bank A/S Investment Banking, Skandinaviska Enskilda Banken AB (publ) and DNB Bank ASA, Sweden Branch as arrangers and DNB Bank ASA, Sweden Branch as agent.

"FCPA" refers to the United States Foreign Corrupt Practices Act.

"FDA" refers to the United States Food and Drug Administration.

"FDCA" refers to United States Federal Food, Drug and Cosmetic Act.

"GBP" refers to the Great Britain Pound sterling.

"GPO" refers to Group Purchasing Organisations.

"Group" refers to Handicare Group AB (publ) and its subsidiaries.

"IFRS" refers to the International Financial Reporting Standards, as adopted by the EU (as defined herein).

"IRC" refers to the United States Internal Revenue Code of 1986.

"IRS" refers to the United States Internal Revenue Service.

"Joint Global Coordinators" refers to BofAML (as defined herein) and Carnegie (as defined herein).

"KPI" refers to Key Performance Indicator.

"Lock-up period" refers to the period of 180 days from the date of the Underwriting Agreement for the Principal Owner, the period of 360 days from the date of the Underwriting Agreement for the other persons, under which they will undertake, with certain exemptions, not to sell their holdings.

"MDD" refers to Directive 93/42/EEC of 14 June 1993 concerning medical devices.

"MDR" refers to Regulation 2017/745/EU of 5 April 2017 on medical devices.

"Managers" refers to BofAML (as defined herein), Carnegie (as defined herein) and DNB (as defined herein) jointly.

"Management Share Swap" refers to the swap of shares owned by members of Group management and certain other persons in Handicare Group AS in exchange for newly issued shares in the Company by way of a new share issue in-kind (Sw. *apportemission*).

"NAV" refers to the Norwegian Labour and Welfare Administration.

"New Credit Facilities" refers to the EUR 100 million non-amortising term loan facility and a EUR 40 million multicurrency revolving credit facility, which will be available for drawing in optional currencies such as CAD, GBP and NOK subject to certain procedures set out in Facilities Agreement.

"NHS" refers to the National Health Service in the United Kingdom.

"Nordic Capital Fund VII" refers to Nordic Capital VII Limited acting in its capacity as general partner to Nordic Capital VII Alpha, L.P. and Nordic Capital VII Beta, L.P., together with any associated co-investment vehicles.

"Nordic Capital Funds" refers to Nordic Capital Fund VII and all or any predecessor and successor funds, as appropriate.

"OECD" refers to the Organisation for Economic Co-operation and Development.

"Offering" refers to the initial public offering of the Company's shares and listing on Nasdaq Stockholm of all shares in Handicare Group AB (publ).

"Offering Memorandum" refers to this offering memorandum.

"Offer Price" refers to the price per share in the Offering (as defined herein).

"Order" refers to the 2005 financial promotion order under the United Kingdom Financial Services and Markets Act 2000.

"Over-allotment Option" refers to the option issued by the Principal Owner to the Joint Global Coordinators, on behalf of the Managers, which can be utilised in whole or in part for 30 days from the first date of trading in the Company's shares on Nasdaq Stockholm, to acquire additional existing shares from the Principal Owner, equal to 15 percent of the total number of shares in Offering, at the Offer Price, to cover any over-allotment in connection with the Offering.

"Participants" refers to certain members of the Group management participating in an incentive programme will be adopted at an extraordinary general meeting to be held on or about 10 October.

"PFIC" refers to a passive foreign investment company.

"Principal Owner" refers to Cidron Liberty Systems S.à r.l.

"Prospectus Directive" refers to Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State (as defined herein)) and includes any relevant implementing measure in each Relevant Member State.

"QIBs" refers to qualified institutional buyers, as defined in and in reliance on Rule 144A under the United States Securities Act of 1933, as amended.

"QSR" refers to the United States Quality System Regulation.

"R&D" refers to research and development.

"Regulation S" refers to Regulation S under the Securities Act (as defined herein).

"Relevant Member State" refers to a member state of the European Economic Area which has implemented the Prospectus Directive (as defined herein).

"Relevant Person" refers to persons who: (i) are outside the United Kingdom; (ii) are investment professionals falling within Article 19(5); or (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the Order (as defined herein) or other persons to whom such investment or investment activity may lawfully be made available.

"RFR" refers to the Swedish Financial Reporting Board's (Sw. *Rådet för finansiell rapportering*) recommendation RFR 2.

”RoHS Directive” refers to Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

“RoW” refers to the Group’s markets in the rest of the world.

“Rule 144A” refers to Rule 144A under the Securities Act (as defined herein).

“SBU” refers to the Company’s Strategic Business Units.

“Securities Act” refers to the United States Securities Act of 1933, as amended.

“SEK” refers to Swedish kronor.

“SFSA” refers to the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

“SIX” refers to the SIX Swiss Exchange.

“Stabilising Manager” refers to Carnegie acting as stabilising manager in connection with the Offering.

“Trading Act” refers to Lag (1991:980) om handel med finansiella instrument.

“Treaty” refers to the Convention between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

“U.S. Holder” refers to a beneficial owner of the shares that, for United States federal income tax purposes, is or is treated as: an individual who is a citizen or resident of the United States; a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia; an estate whose income is subject to United States federal income taxation regardless of its source; or a trust that (1) is subject to the primary supervision of a court within the United States and one or more United States persons has the authority to control all of the substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

“USD” refers to United States Dollar.

“VAT” refers to value added tax.

Historical financial information

Historical Financial information for the period January to June 2017 and 2016

Auditors' review report

Consolidated financial information for the years ended 31 December 2016, 2015 and 2014

The auditors' report on historical financial statements

Historical financial information for the period January to June 2017 and 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

Group	April–June		January–June		FY
MEUR	2017	2016	2017	2016	2016
Revenue	75.7	61.9	153.9	122.3	261.0
Cost of material	–35.8	–31.0	–73.3	–60.5	–129.7
Employee benefits expenses	–19.4	–15.0	–38.6	–30.2	–63.7
Other operating cost	–12.2	–10.0	–25.6	–20.5	–45.3
Depreciation and amortisation	–2.0	–1.5	–4.3	–3.0	–7.0
Other specified items	–1.2	–2.2	–2.0	–3.9	–18.4
Operating profit/loss (EBIT)	**5.1**	**2.1**	**10.2**	**4.1**	**–3.2**
Financial income	4.6	2.4	7.2	2.9	57.2
Financial expense	–8.5	–6.4	–14.9	–12.4	–73.3
Profit/loss before tax	**1.2**	**–1.9**	**2.5**	**–5.4**	**–19.3**
Tax	0.0	–0.7	0.1	–1.3	0.0
Profit/loss after tax from continuing operations for the period	**1.2**	**–2.5**	**2.6**	**–6.7**	**–19.3**
Profit/loss from discontinued operations	0.0	0.0	0.0	0.0	0.0
Net profit/loss for the period	**1.2**	**–2.5**	**2.6**	**–6.7**	**–19.3**
Attributable to ordinary shareholders of the Parent Company's shareholders	1.1	–2.4	2.4	–6.3	–18.9
Attributable to non-controlling interest	0.1	–0.1	0.1	–0.4	–0.4
Earnings per share (EUR) before and after dilution	21.9	–47.8	48.4	–125.4	–377.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group	April–June		January–June		FY
MEUR	2017	2016	2017	2016	2016
Net profit/loss for the period	1.2	–2.5	2.6	–6.7	–19.3
Gains/losses pertaining to defined benefit pension plans (cannot be reversed)	0.0	0.0	0.0	0.0	–0.1
Translation differences (can be reversed)	1.5	–6.1	2.4	–4.3	–6.2
Cash-flow hedges (can be reversed)	–1.2	–0.5	–1.5	0.0	1.9
Income tax attributable to components in other comprehensive income (can be reversed)	0.3	–0.1	0.4	–0.2	–0.2
Total comprehensive income/loss for the period	**1.7**	**–9.2**	**3.9**	**–11.1**	**–23.9**
Comprehensive income/loss attributable to Parent Company's shareholders	1.6	–8.7	3.6	–10.5	–23.7
Comprehensive income/loss attributable to non-controlling interests	0.1	–0.6	0.2	–0.7	–0.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Group MEUR	30 Jun 2017	30 Jun 2016	30 Dec 2016
Intangible assets	52.2	44.0	54.1
Goodwill	173.3	137.9	177.5
Deferred tax assets	6.6	5.1	8.4
Tangible fixed assets	11.9	8.0	12.6
Financial receivables	34.8	32.5	33.7
Total non-current assets	**278.8**	**227.4**	**286.3**
Inventory	36.1	27.6	36.5
Accounts receivables	41.6	29.0	44.3
Current tax assets	1.7	1.7	1.7
Other receivables	4.1	6.1	3.4
Cash and cash equivalents	6.2	9.9	6.7
Total current assets	**89.8**	**74.3**	**92.7**
Total assets	**368.5**	**301.7**	**379.0**
Shareholders equity attributable to the Parent Company's shareholders	**77.3**	**63.3**	**73.9**
Non-controlling interest	4.5	3.2	4.0
Total Shareholders' equity	**81.8**	**66.5**	**77.9**
Provisions for pensions	0.7	1.1	0.8
Deferred tax liabilities	8.8	9.7	11.3
Advance payments	2.2	2.4	2.4
Interest-bearing loans	212.8	170.6	218.3
Other liabilities	2.3	1.9	3.2
Total long-term liabilities	**226.9**	**185.6**	**236.0**
Interest-bearing loans	9.1	8.2	8.2
Accounts payable	26.7	23.3	29.6
Other liabilities	2.0	0.7	0.8
Accrued expenses and deferred income	22.1	17.4	26.5
Total current liabilities	**59.9**	**49.6**	**65.0**
Total shareholders equity and liabilities	**368.5**	**301.7**	**379.0**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group MEUR	Share capital	Other contributed capital	Reserves	Other capital	Total	Non-controlling interests	Total equity
Opening balance January 1, 2016	**0.0**	**145.0**	**23.7**	**–94.7**	**74.0**	**3.7**	**77.7**
Capital injection from shareholders							
Profit for the year				–6.3	–6.3	–0.4	–6.7
Other comprehensive income				–4.4	–4.4	–0.1	–4.5
Transaction with NCI owners							
Closing balance June 30, 2016	**0.0**	**145.0**	**23.7**	**–105.4**	**63.3**	**3.2**	**66.5**
Opening balance January 1, 2017	**0.0**	**168.2**	**19.4**	**–113.7**	**73.9**	**4.0**	**77.9**
Capital injection from shareholders							
Profit for the year				2.3	2.3	0.3	2.6
Other comprehensive income				1.1	1.1	0.2	1.3
Transaction with NCI owners							
Closing balance June 30, 2017	**0.0**	**168.2**	**19.4**	**–110.4**	**77.3**	**4.5**	**81.8**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Group	April–June		January–June		FY
MEUR	2017	2016	2017	2016	2016
Profit/loss before tax	1.2	–1.9	2.5	–5.4	–19.3
Depreciation, amortization and impairment	2.0	1.5	4.3	3.0	7.0
Capital gains/losses	0.0	0.0	0.0	0.0	0.1
Reversal of interest paid	4.3	3.7	9.0	7.4	15.9
Reversal of interest received	–0.4	–0.8	–1.3	–1.5	–3.0
Other non-cash items	–0.5	–0.7	–0.5	2.2	0.1
Taxes paid	–0.4	–1.0	–0.5	–1.0	–0.7
Cash flow before changes in working capital	**6.1**	**1.0**	**13.5**	**4.8**	**0.0**
Inventory	–0.5	0.3	–1.1	1.6	1.2
Current receivables	4.1	–2.8	1.0	–2.2	–8.5
Current liabilities	0.0	2.4	–2.1	–1.5	3.1
Other current receivables/liabilities	–5.2	2.9	–5.0	1.7	9.8
Cash flow from operating activities	**4.7**	**3.8**	**6.3**	**4.5**	**5.7**
Acquired / divested operations	0.0	0.0	0.0	–1.0	–49.4
Acquired / divested fixed assets	–0.9	–0.4	–1.4	–0.8	–11.1
Acquired / divested intangible assets	–0.9	–1.6	–2.0	–2.6	0.0
Cash flow from investing activities	**–1.7**	**–2.0**	**–3.4**	**–4.4**	**–60.6**
Changes in interest-bearing loans	–2.2	–1.6	–0.3	–5.7	26.0
Interest, net	–1.4	–1.4	–3.6	–2.8	–6.8
Dividend paid/capital injection	0.0	0.0	0.0	0.0	24.1
Cash flow from financing activities	**–3.5**	**–3.1**	**–3.9**	**–8.6**	**43.4**
Cash flow for the period	**–0.6**	**–1.3**	**–1.0**	**–8.5**	**–11.5**
Cash and cash equivalents at the beginning of the period	6.4	11.3	6.7	18.9	18.9
Cash flow for the period	–0.6	–1.3	–1.0	–8.5	–11.5
Translation differences	0.5	–0.1	0.6	–0.5	–0.7
Cash and cash equivalents at end of period	**6.2**	**9.9**	**6.2**	**9.9**	**6.7**

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 application of the accounting policies is consistent with those contained in the 2016 Annual Report and are to be read together with said policies. This report has been reviewed by the Company's auditors.

Handicare holds financial instruments in the form of, e.g. loans, accounts payable, accounts receivable and cash and bank balances. During the year, the Group did not hold any interest-rate or currency derivatives.

At 30 June 2017, the recognised value of all financial instruments on the balance sheet essentially corresponded to the fair value.

The Group's operating segments are Accessibility, Patient Handling and Puls. The segments are consolidated according to the same principles as the Group as a whole and Group-wide functions are reported separately.

Below is a list of new and amended standards and interpretations that has been issued and could affect Handicare, but which are effective for periods after January 1, 2017.

IFRS 9—Financial instruments. IFRS 9 Financial Instruments will come into force for the financial year beginning January 1, 2018, replacing IAS 39 Financial Instruments: Accounting and Valuation. IFRS 9 introduces new rules, including amongst other, the classification and valuation of financial instruments, impairment of financial instruments and hedge accounting. The standard is approved by the EU. The Group has initiated the work to evaluate the effects of the introduction of the standard. An overview has been made of the Group's significant financial instruments, which relates *inter alia* to trade receivables, trade payables and loans.

In terms of classification and valuation, these new rules are not expected to affect the reported values in the financial statements. All of the company's material items mentioned above are reported at amortised cost value and will be reported according to this assumption also in accordance with IFRS 9.

The preliminary assessment regarding impairment is that the reservation for expected future customer losses will change, but it has not yet been quantified. Considering that the Group's customers have high creditworthiness and that historical losses have been historically limited, the assessment is that the rules for impairment will not have any significant impact on the Group's financial position.

Hedge accounting is not applied at present and will therefore not affect the Group's financial position.

The Group is also working on analysing the additional information that may be required to comply with disclosure requirements in IFRS 7.

IFRS 15—Revenue from Contracts with Customers. IFRS 15 entails new requirements for revenue recognition and replaces IAS 18 Revenue, IAS 11 Construction contracts and several revenue-related interpretations. The new standard introduces a control-based accounting model for revenue and provides more detailed guidance in many areas that previously did not appear in current IFRS, including how to report agreements with multiple performance commitments, variable pricing, customer return rights, etc. The standard has been adopted by the EU.

IFRS 15 shall be applied for fiscal years beginning on or after January 1, 2018. The Group intends to apply the standard retrospectively and possible effects of the application as an adjustment of the opening equity at the beginning of the 2017.

In 2017, several of the Group's material customer agreements, in all business areas (operating segments), were analysed to identify the performance commitments under the agreements and allocation of transaction price. Handicare provides products, but agreements can also include installation that includes more or less specific customisation. In addition, there are also rebuilding facilities for the disability adaptation of cars and buses.

The analysis has shown that the Group already allocates the performance obligations according to IFRS 15 today. Installation and rebuilding are reported as services are performed according to the current principle and will also be reported over time according to IFRS 15. Furthermore, assessments have been made as to whether the allocations of prices on the various performance obligations correspond to independent selling prices. The initial assessment is that there are no significant differences compared to the guidance on the allocation of prices in IFRS 15.

Product sales, like the current principles, will be reported when the risk and reward under the contract is transferred, which according to the analysis also complies with the criteria for transfer of control in IFRS 15.

The Group has also analysed the handling of returns and discounts to customers and has found that the current application is consistent with IFRS 15.

The preliminary assessment is that the introduction of IFRS 15 will not have any material impact on the Group's financial position.

IFRS 15 will introduce new disclosure requirements and the Group has initiated work to identify the information that needs to be collected from companies in the Group.

IFRS 16—Leases. . IFRS 16 Leases will come into force for the fiscal year beginning January 1, 2019. The standard has not yet been approved by the EU. The change compared to the current IAS 17 Lease Agreement is that all leases where the Group is a lessee, with the exception of short-term contracts or agreements with respect to low value assets, shall be reported in the balance sheet as asset and liability. This means that most of the Group's current operating leases will be reported in the balance sheet as from 2019.

Handicare has begun work on analysing the impact of IFRS 16 on the Group's financial reports. The Group will conduct a complete review of all agreements to assess whether there are additional agreements that now become leases in accordance with IFRS 16's new definition and to verify the lease periods. This will then be quantified and reported in the Company's balance sheet. As of December 31, 2016, the Group had future payment commitments as leasing company operating leases of approximately EUR 18.4 million.

The Group has not decided which transitional provision to apply; full retroactive application or partial retroactive application (which means comparison figures need not be recalculated).

Furthermore, the Group evaluates the additional information that will be required and what impact it will have on the required information gathering.

Impact on agreements where the Group is a lessor will not be affected as IFRS 16 does not change the guidance for the lessor in any material matter for the Group.

NOTE 2—Segment overview

Segments are reported on the same basis as the internal reports that are provided to Chief Operating Decision Maker (CODM). CODM is a function that is responsible for allocation of resources and to evaluate the performance of the segments. In Handicare Group AB the CEO has been identified as the CODM. Handicare operate in three segments, Accessibility, Patient Handling and Puls. Accessibility is a supplier of straight and curved Stairlifts. The segment also offers a complementary range of products for vehicles adapted for ease of use by disabled people. Patient Handling offers a wide range of efficient and safe devices for patient transfer and lifting in hospital settings, group housing and home care. The segment also manufactures devices for bathroom safety. Puls is a leading distributor of medical devices and consumables in Norway and Denmark.

The segment profit or loss is evaluated and analysed by CODM on adjusted EBITA, i.e. Operating profit or loss (EBIT) and adding back Other specified items and amortisation/ impairment of intangible assets.

Group	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Accessibility	44.9	44.0	2.0%	89.9	86.8	3.6%	174.2
Patient Handling	21.5	9.0	140.3%	44.7	17.5	154.7%	50.5
Puls	9.3	8.8	5.2%	19.3	17.9	8.1%	36.1
Group-wide functions	0.0	0.1	–81.5%	0.0	0.1	–81.5%	0.2
Revenue—Group	**75.7**	**61.9**	**22.3%**	**153.9**	**122.3**	**25.9%**	**261.0**

Group	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Accessibility	5.4	4.8	12.3%	10.8	8.9	22.0%	18.4
Patient Handling	3.3	1.0	241.0%	6.4	1.5	330.7%	4.0
Puls	0.9	0.6	37.4%	1.8	1.6	9.4%	2.8
Group-wide functions	–2.2	–1.5	49.9%	–4.3	–2.7	58.5%	–6.3
Adj. EBITA Group	**7.4**	**5.0**	**48.6%**	**14.7**	**9.3**	**58.3%**	**18.8**

Reconciliation of segment results and profit/loss before tax (EBT)

Group	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Adj. EBITA - Group	7.4	5.0	48.6%	14.7	9.3	58.3%	18.8
Other specified items	–1.2	–2.2	–48.1%	–2.0	–3.9	–49.6%	–18.4
Depreciation of intangible assets	–1.1	–0.6	79.6%	–2.5	–1.3	99.1%	–3.5
Financial income	4.6	2.4	86.7%	7.2	2.9	149.6%	57.2
Financial expenses	–8.5	–6.4	31.8%	–14.9	–12.4	20.5%	–73.3
EBT—Group	**1.2**	**–1.9**	**n.a**	**2.5**	**–5.4**	**n.a**	**–19.3**

The above segment revenue relate to revenues from external customers as there are no intersegment revenues. Assets and liabilities are not allocated to different segments as the chief operating decision maker (CODM) does not follow the business from this perspective and therefore is not included. Below tables include information per segment.

Accessibility	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	44.9	44.0	2.0%	89.9	86.8	3.6%	174.2
Acquisitions/divestments							
Revenue excl. acquisitions/divestments	**44.9**	**44.0**	**2.0%**	**89.9**	**86.8**	**3.6%**	**174.2**
Currency effects		–1.3			–2.6		–3.8
Revenue excl acquisitions/divestments and EF*	**44.9**	**42.7**	**5.1%**	**89.9**	**84.2**	**6.8%**	**170.4**

*EF = adjusted for exchange rates effects (only translation, not transaction effects)

Accessibility	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	44.9	44.0	2.0%	89.9	86.8	3.6%	174.2
Operating costs	–38.9	–38.4	1.2%	–78.0	–76.4	2.0%	–153.4
Adjusted EBITDA*	**6.0**	**5.6**	**7.2%**	**11.9**	**10.3**	**15.6%**	**20.8**
Depreciation of tangible fixed assets	–0.5	–0.7	–25.8%	–1.1	–1.4	–23.7%	–2.4
Adjusted EBITA*	**5.4**	**4.8**	**12.3%**	**10.8**	**8.9**	**22.0%**	**18.4**
Other specified items	–0.6	–0.6	2.5%	–0.6	–1.3	–52.9%	–6.7
EBITA	**4.8**	**4.3**	**13.6%**	**10.2**	**7.6**	**34.3%**	**11.7**

Patient handling	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	21.5	9.0	140.3%	44.7	17.5	154.7%	50.5
Acquisitions/divestments	–13.1			–26.8			–15.6
Revenue excl. acquisitions/divestments	**8.5**	**9.0**	**–5.7%**	**17.9**	**17.5**	**1.9%**	**35.0**
Currency effects		–0.2			–0.3		–0.6
Revenue excl acquisitions/divestments and EF*	**8.5**	**8.8**	**–3.7%**	**17.9**	**17.2**	**3.7%**	**34.4**

*EF = adjusted for exchange rates effects (only translation, not transaction effects)

Patient handling	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	21.5	9.0	140.3%	44.7	17.5	154.7%	50.5
Operating cost	–18.0	–7.8	129.1%	–37.7	–15.8	138.9%	–45.6
Adjusted EBITDA*	**3.6**	**1.1**	**218.9%**	**7.0**	**1.8**	**296.7%**	**5.0**
Depreciation of tangible fixed assets	–0.3	–0.2	88.1%	–0.6	–0.3	121.6%	–1.0
Adjusted EBITA*	**3.3**	**1.0**	**241.0%**	**6.4**	**1.5**	**330.7%**	**4.0**
Other specified items	0.0	–0.3	n/a	–0.3	–0.9	–65.3%	–7.8
EBITA	**3.3**	**0.7**	**397.2%**	**6.1**	**0.6**	**907.4%**	**–3.8**

Puls	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	9.3	8.8	5.2%	19.3	17.9	8.1%	36.1
Acquisitions/divestments							
Revenue excl. acquisitions/divestments	**9.3**	**8.8**	**5.2%**	**19.3**	**17.9**	**8.1%**	**36.1**
Currency effects		0.0			0.5		–0.2
Revenue excl acquisitions/divestments and EF*	**9.3**	**8.8**	**5.7%**	**19.3**	**18.4**	**5.3%**	**35.9**

*EF = adjusted for exchange rates effects (only translation, not transaction effects)

Puls	April–June			January–June			FY
MEUR	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**	**2016**
Revenue	9.3	8.8	5.2%	19.3	17.9	8.1%	36.1
Operating cost	–8.4	–8.2	2.6%	–17.5	–16.2	8.0%	–33.3
Adjusted EBITDA*	**0.9**	**0.7**	**37.1%**	**1.8**	**1.7**	**9.2%**	**2.8**
Depreciation of tangible fixed assets	0.0	0.0	11.9%	0.0	0.0	–7.7%	–0.1
Adjusted EBITA*	**0.9**	**0.6**	**37.4%**	**1.8**	**1.6**	**9.4%**	**2.8**
Other specified items	0.0	–0.1	–100.0%	0.0	–0.1	–100.0%	–0.6
EBITA	**0.9**	**0.6**	**61.5%**	**1.8**	**1.5**	**17.0%**	**2.2**

NOTE 3—Acquisitions

No acquisitions were made during the first six months of 2017. Prism Medical was acquired in 2016 and has been included in consolidated earnings since September 2016.

NOTE 4—Divestments

A discontinued operation is a component of an entity that represents either a separate major line of business or a geographical area of operations. Classification as a discontinued operation occurs upon divestment or at an earlier point in time when the operation qualifies for held-for-sale classification. No divestments were made during the first six months of 2017. Refer also to Note 7, Events after the end of the reporting period.

NOTE 5—Other specified items

In the first six months of 2017, Other specified items amounted to EUR 2.0 million. Restructuring costs in the six months ended June 30 2017 amounted to EUR 1.6 million. The significant majority of these costs are related to (i) outsourcing of IT functions; and (ii) the reorganisation of the Group management in March 2017. Restructuring costs in the six months ended 30 June 2016 amounted to EUR 1.8 million. The main portions of these costs were related to (i) outsourcing of IT functions; (ii) implementation of a finance shared service centre; (iii) outsourcing of certain assembly in Patient Handling; and (iv) outsourcing of certain logistics arrangements. Integration costs in the six months ended 30 June 2017 amounted to EUR 0.3 million and were mainly related to the integration of Prism Medical. Integration costs in the six months ended 30 June 2016 amounted to EUR 0.8 million and were mainly related to the acquisition of Rep-Tek.

Group	April–June		January–June		FY
MEUR	**2017**	**2016**	**2017**	**2016**	**2016**
Restructuring costs	1.1	0.6	1.6	1.8	5.4
Transaction costs	0.0	0.1	0.1	0.1	4.0
Integration costs	0.0	0.5	0.3	0.8	3.6
Recall costs	0.0	0.0	0.0	0.0	3.1
IPO costs	0.0	0.8	0.0	0.8	1.2
Mobility costs	0.0	0.1	0.0	0.0	0.3
Other efficiency projects	0.0	0.1	0.0	0.2	0.9
Other specified items	**1.2**	**2.2**	**2.0**	**3.9**	**18.4**

NOTE 6—Net debt

Group MEUR	30 Jun 2017	30 Jun 2016	30 Dec 2016
Shareholder loans	77.7	72.6	77.9
Interest-bearing long-term loans	138.5	104.3	145.2
Interest-bearing current loans	9.0	8.0	8.0
Other interest-bearing debt	2.2	1.4	2.2
Deduct: Vendor loan note	–34.5	–31.9	–33.2
Deduct: cash and cash equivalents	–6.2	–9.9	–6.7
Interest-bearing net debt	**186.6**	**144.6**	**193.5**

NOTE 7—Events after the end of the reporting period

After the balance sheet date, negotiations and preparations have taken place to divest parts of the Puls business (BD) to Cidron Liberty Systems Limited (owned by Nordic Capital Fund VII).

The BD Business has been sold to Cidron Liberty Systems Limited (controlled by Nordic Capital, Handicare's principal owner) with a transfer date of 1 August 2017. The purchase price amounted to NOK 109 million (EUR 11.4 million based on the NOK/EUR exchange rate on 30 June 2017). There is no earn-out agreement. The purchase price will be paid by remission of Cidron Liberty Systems Limited's shareholder loan to Handicare by an amount equivalent to the purchase price. Based on a purchase price of EUR 11.4 million / 12.1 million (NOK 109 million converted to NOK using the NOK/EUR rate at January 2016 and January 2017, respectively) for the BD Business and consolidated value on shareholders' equity in the divested business of EUR 11.0 million / EUR 11.7 million, capital loss before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million and EUR 9.6 million, respectively, as group goodwill is not tax-deductible. After a deduction of 25 percent / 24 percent for tax (corporate income tax in Norway in 2016 and 2017, respectively), the capital gain after tax has been estimated at EUR 1.9 million. In the six months ended 30 June 2017 the BD Business contributed revenue of EUR 9.2 million and profit/loss after tax of EUR 1.1 million.

NOTE 8—Seasonal variation

Handicare experiences limited seasonal variation and typically generates about half of its sales and earnings in the first and second half-year, respectively. There may be some seasonal variation between quarters due to for example the timing of holidays.

NOTE 9—Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 10—Cash flow and financial position

During the quarter, cash flow from operating activities was MEUR 4.7 (3.8). Cash flow was adversely impacted by Other specified items of MEUR 1.5.

Net investments totalled a negative MEUR 1.7 (neg: 2.0), of which MEUR 0.0 (0.0) pertained to acquisitions. Investments in the ERP system accounted for MEUR 0.6.

Consolidated cash and cash equivalents at the end of the period amounted to MEUR 6.2 (9.9). At the end of the period, interest-bearing net debt was MEUR 186.6 (144.6), of which shareholder loans accounted for MEUR 77.7 (72.6). The increase was attributable to acquisition financing for Prism Medical.

For the interim period, cash flow from operating activities was MEUR 6.3 (4.5). Cash flow was adversely impacted by Other specified items of MEUR 2.5. Net investments totalled a negative MEUR 3.4 (neg: 4.4), of which MEUR 0.0 (neg: 1.0) pertained to acquisitions. Investments in the ERP system accounted for MEUR 0.8.

NOTE 11—Related-party transactions

Other than what is described in note 7, there were no transactions between Handicare and its related parties that could have a material impact on the Group's position or earnings.

NOTE 12—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 2016 Annual Report. No deviations from the risks described in the annual report has occurred during the first half year 2017.

Alternative performance measures

Handicare uses certain key performance measures which are not defined in the financial reporting rules. The purpose of these key performance measures is to create a better understanding of how the business develops. It shall, in particular, be emphasised that these alternative performance measures, as defined, cannot be fully compared with other companie's alternative performance measures.

Non-IFRS measure	Definition	Reason for use of the measure
Adjusted EBITA	EBITA excluding Other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	Handicare believes that Adjusted EBITA is a useful measure for showing the Company's results generated by the operating activities and monitors Adjusted EBITA as the main profit and loss measure for the Company.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	Handicare believes that Adjusted EBITA margin is a useful measure for showing the Company's results generated by the operating activities.
Adjusted EBITDA	EBITDA excluding other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	Handicare believes that Adjusted EBITDA is a useful measure for showing the Company's results generated by the operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Handicare believes that Adjusted EBITDA margin is a useful measure for showing the Company's results generated by the operating activities.
Adjusted operating cash flow	Cash flow from operations (including changes in net working capital) excluding other specified items and less capital expenditures, but including proceeds from divesting of fixed assets. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	Adjusted operating cash flow is used to monitor the cash flow of the business disregarding the financing structure.
Adjusted operating cash flow/Adjusted EBITDA	Adjusted operating cash flow as a percentage of Adjusted EBITDA.	Adjusted operating cash flow/Adjusted EBITDA is used to understand the yield (return) on working capital and capital expenditures.
Capital expenditure	Investments in fixed assets; tangible as well as intangible assets, excluding financial assets.	Handicare uses Capital expenditure as a figure for providing the total investments in operating assets.
Constant currency	Translation of the preceding period at the average exchange rates for the current period.	Improves comparability of revenue between periods.
EBIT margin	Operating profit (EBIT) as a percentage of revenue.	Handicare believes that EBIT margin is a useful measure together with revenue growth to monitor value creation.
EBITA	Earnings before interest, tax and amortisation.	Handicare believes EBITA shows the profit generated by the operating activities.
EBITA margin	EBITA as a percentage of revenue.	Handicare believes that EBITA margin is a useful measure together with revenue growth to monitor value creation.
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Handicare believes EBITDA provides an understanding of operating earnings generated by the business disregarding the funding of the business.
EBITDA margin	EBITDA as a percentage of revenue.	Handicare believes that EBITDA margin is a useful measure together with revenue growth to monitor value creation.
Equity/assets ratio	Equity in relation to total assets.	Handicare believes this is a good measure to measure show which proportion of the total assets that is financed by equity and is used by the Group management to monitor the Company's long-term financial condition.

Non-IFRS measure	Definition	Reason for use of the measure
Expansion capex	Investments (capital expenditure) in tangible and intangible assets related to automation of production and the new ERP system.	Expansion capital expenditure provides a picture of discretionary growth investments that are not expected to occur on an annual basis in subsequent years.
Gross margin	Gross profit as a percentage of revenue.	This measure is used by the Group management to monitor the return on direct manufacturing costs.
Gross profit	Revenue less direct costs (direct material, direct labour and freight costs) to manufacture and sell products.	This measure is used by Group management to monitor the contribution to cover indirect costs.
Maintenance capex	Investments (capital expenditures) in tangible and intangible assets required to maintain the functionality and efficiency of such assets.	Maintenance capital expenditure provides a picture of the ongoing requirement for investments to continue the current operations.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure showing the Company's total indebtedness.
Net debt/Adjusted EBITDA	Interest-bearing net debt in relation to Adjusted EBITDA.	Handicare believes that this measure helps to show the financial risk and is a useful measure for the Group management on monitoring the level of the Company's indebtedness.
Net working capital	Inventory, accounts receivables, current tax assets and other receivables less accounts payable, current tax liabilities, other current liabilities as well as accrued expenses and deferred revenue.	The reason for the use of this measure is to show the Company's short-term financial health as it indicates whether the Company has sufficient short-term assets to cover short-term debt.
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. Average organic growth is calculated as the sum of organic growth during the relevant periods divided by the number of periods measured. The components of organic growth are calculated as follows: ***Acquisitions and divestments*** Represents how acquisitions and divestments completed during the relevant period have affected reported revenue. To estimate the impact of acquisitions on the actual change in revenue, revenue contributions from acquired entities for the current period are subtracted from total revenue for the current period. For example, the effect of a business that was acquired on 30 September in a particular year represents the contributions to revenue in the fourth quarter of that year from the acquired business. For Rep-Tek, the estimated revenue contribution in 2016 has been derived from Handicare's financial and operating systems based on the aggregated revenue derived as part of the Rep-Tek transaction. To estimate the impact of divestments on the actual change in revenue, the revenue of the divested entities in the relevant period and in the comparative (prior) period, respectively, is subtracted from total revenue for the relevant period and for the comparative (prior) period, respectively. ***Currency exchange rate fluctuations*** Represents how the reported revenue has been affected by the conversion of revenue generated in currencies other than EUR (which is the Group's reporting currency) between the relevant period and in the comparative (prior) period. Revenues in different currencies other than EUR for the comparative (prior) period are converted using the applicable exchange rate of the relevant period to eliminate the effect of exchange rate fluctuation.	Organic growth is used by Handicare to monitor the underlying development of revenue between different periods at constant currency and excluding the impact of any acquisitions and/or divestments.

Group	April–June		January–June		FY
MEUR	**2017**	**2016**	**2017**	**2016**	**2016**
Revenue	**75.7**	**61.8**	**153.9**	**122.2**	**260.8**
Direct material	–34.9	–30.6	–71.2	–59.6	–127.0
Direct labour	–6.4	–5.0	–12.8	–10.3	–21.5
Freight (inbound / outbound)	–2.4	–1.1	–5.1	–2.6	–7.1
Gross profit	**32.0**	**25.2**	**64.8**	**49.7**	**105.3**

Group	April–June		January–June		FY
MEUR	**2017**	**2016**	**2017**	**2016**	**2016**
Operating profit/loss (EBIT)	**5.1**	**2.1**	**10.2**	**4.1**	**–3.2**
Amortisation / write-down of intangible assets	1.1	0.6	2.6	1.3	3.5
Other specified items	1.2	2.2	2.0	3.9	18.4
Adjusted EBITA	**7.4**	**5.0**	**14.8**	**9.3**	**18.8**
Depreciation of tangible fixed assets	0.9	0.9	1.8	1.8	3.5
Adjusted EBITDA	**8.2**	**5.9**	**16.5**	**11.0**	**22.3**

Group	April–June		January–June		FY
MEUR	**2017**	**2016**	**2017**	**2016**	**2016**
Cash flow before changes in working capital	**6.1**	**1.0**	**13.5**	**4.8**	**0.0**
Cash income tax	0.4	1.0	0.5	1.0	0.7
Cash interest and cost	–3.9	–3.0	–7.7	–5.9	–12.9
Net financial cost profit and loss	3.9	4.0	7.7	9.5	16.1
Other non cash flow items	0.5	0.7	0.5	–2.2	–0.1
Other specified items	1.2	2.2	2.0	3.9	18.4
Adjusted EBITDA	**8.2**	**5.9**	**16.5**	**11.0**	**22.3**
Change in net working capital	–1.5	2.8	–7.2	–0.3	5.6
Capital expenditures	–0.9	–0.4	–1.4	–0.8	–11.1
Divestments of fixed assets	–0.9	–1.6	–2.0	–2.6	0.0
Adjusted operating cash flow	**5.0**	**6.7**	**5.8**	**7.3**	**16.8**

Group	April–June		January–June		FY
MEUR	**2017**	**2016**	**2017**	**2016**	**2016**
Restructuring costs	1.1	0.6	1.6	1.8	5.4
Transaction costs	0.0	0.1	0.1	0.1	4.0
Integration costs	0.0	0.5	0.3	0.8	3.6
Recall costs	0.0	0.0	0.0	0.0	3.1
IPO costs	0.0	0.8	0.0	0.8	1.2
Mobility costs	0.0	0.1	0.0	0.0	0.3
Other efficiency projects	0.0	0.1	0.0	0.2	0.9
Other specified items	**1.2**	**2.2**	**2.0**	**3.9**	**18.4**

Auditors' review report

Handicare Group AB, corporate identity number 556982-7115.

Introduction

We have reviewed the condensed consolidated interim financial statements on pages F-2 to F-12 of Handicare Group AB as at 30 June 2017 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 of interim financial information 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Stockholm, 27 September 2017

Ernst & Young AB
Stefan Andersson Berglund
Authorised Public Accountant

Financial information for the years ended 31 December 2016, 2015 and 2014

CONSOLIDATED INCOME STATEMENT

(kEUR)	Note	2016	2015	2014
Operating revenue				
Revenue	3, 5, 6	260,997	245,302	231,781
		260,997	**245,302**	**231,781**
Operating expenses				
Cost of material	15	–129,682	–121,582	–112,562
Personnel expenses	20, 21	–63,720	–64,140	–63,686
Depreciation, amortisation and impairment	8, 9, 10	–7,036	–29,837	–5,369
Other external expenses	11, 19	–45,296	–42,662	–41,916
Other specified items	12	–18,428	–9,857	–8,308
Operating profit/loss (EBIT)		**–3,165**	**–22,776**	**–60**
Financial items				
Financial income	17	57,217	21,617	12,905
Financial expense	17	–73,322	–38,305	–39,270
Profit before tax		**–19,270**	**–39,464**	**–26,425**
Tax	22	3	–68	–2,935
Current year result from continuing operations		**–19,267**	**–39,532**	**–29,360**
Profit/loss from discontinued operations	6	**–**	**17,061**	**4,966**
Current year result		**–19,267**	**–22,471**	**–24,394**
Result attributable to:				
Parent Company's shareholders		–18,859	–22,221	–24,394
Non-controlling interests		–408	–250	0
		–19,267	**–22,471**	**–24,394**
Earnings per share[1)]	27			
Basic earnings per share, EUR		–377.2	–444.4	n/a*
Diluted earnings per share, EUR		–377.2	–444.4	n/a*

1) Earnings per share, before and after dilution, is based on each year result attributable to the parent company shareholders.

*New parent company 1 January 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(kEUR)	2016	2015	2014
Current year result	**–19,267**	**–22,471**	**–24,394**
Other comprehensive income			
Items that could later be reclassified to the income statement			
Effect pertaining to cash-flow hedges before tax	7,268	–1,599	1,349
Hedges of net investment before tax	–5,335	3,659	–6,544
Translation differences	–6,213	5,821	15,959
Tax effect of hedges	–235	–469	1,423
Items that will not be reclassified to income statement			
Revaluation of net pension obligations	–103	142	–955
Other comprehensive income for the year, after tax	**–4,619**	**7,554**	**11,232**
Total comprehensive income for the year	**–23,886**	**–14,917**	**–13,162**
Total comprehensive income for the year attributable to:			
Parent Company's shareholders	–23,692	–15,243	13,162
Non-controlling interests	–193	326	–
	–23,886	**–14,917**	**13,162**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(kEUR)	Note	2016	2015	2014
Assets				
Non-current assets	13			
Intangible assets	9	54,104	44,369	59,296
Goodwill	9, 10	177,461	142,556	198,206
Deferred tax assets	22	8,434	3,570	7,752
Tangible assets	8	12,607	8,606	9,136
Other non-current assets		33,675	31,128	757
Total non-current asset		**286,281**	**230,229**	**275,147**
Current assets	13			
Inventory	15	36,484	30,089	45,566
Accounts receivables	14	44,343	27,497	38,786
Current tax		1,744	0	0
Other receivables		3,403	5,753	3,886
		85,974	**63,339**	**88,238**
Cash and cash equivalents	13, 16	**6,697**	**18,888**	**23,694**
Total current assets		**92,671**	**82,227**	**111,932**
TOTAL ASSETS		**378,952**	**312,456**	**387,079**
EQUITY AND LIABILITIES	24			
Shareholders equity				
Share capital		5	5	2,310
Other contributed capital		168,218	145,000	99,320
Reserves		56,481	30,380	19,810
Retained earnings		–131,928	–79,890	–3,638
Current year result		–18,859	–22,221	–25,810
Shareholders equity attributable to the Parent Company's shareholders		**73,917**	**73,274**	**91,992**
Non-controlling interests		3,999	4,382	–
Total shareholders equity		**77,916**	**77,656**	**91,992**
LIABILITIES				
Non-current liabilities	13			
Provision for post-employment benefits		784	1,007	2,620
Deferred tax liabilities	22	11,336	7,590	12,124
Deferred revenue	18	2,410	2,748	2,618
Accured expenses	18	3,186	1,365	2,132
Other long-term liabilities	4	218,298	166,016	212,827
Financial derivatives		–	–	664
		236,014	**178,726**	**232,986**
Current liabilities	13			
Borrowings	4	8,174	13,063	12,739
Accounts payables	4	29,604	25,891	30,709
Other current liabilities		768	1,399	3,594
Accrued expenses and deferred revenue	23	26,476	15,721	15,059
		65,022	**56,074**	**62,101**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**378,952**	**312,456**	**387,079**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Other contributed capital	Translation reserve	Hedging reserves	Other capital	Total	Non-controlling interests	Total shareholders' equity
Shareholders' equity at Jan 1, 2014	**701**	**19,402**	**3,330**	**–928**	**812**	**23,317**		**23,317**
Sharecapital increase	1,660	81,322				82,982		82,982
Recalculated equity NOK/EUR	–51	–1,404	1,648	67		260		260
Result for the year					–25,810	–25,810		–25,810
Other comprehensive income			11,749	438	–944	11,243		11,243
Comprehensive income for the year	**0**	**0**	**11,749**	**438**	**–26,754**	**–14,567**	**0**	**–14,567**
Shareholders' equity at Dec 31, 2014	**2,310**	**99,320**	**16,727**	**–423**	**–25,942**	**91,992**		**91,992**
Change due to new parent company	–2,305	45,680			–46,715	–3,340	3,345	5
Shareholders' equity at Jan 1, 2015	**5**	**145,000**	**16,727**	**–423**	**–72,657**	**88,652**	**3,345**	**91,997**
Result for the year					–22,221	–22,221	–250	–22,471
Other comprehensive income			8,492	–1,080	142	7,554	576	8,130
Comprehensive income for the year			**8,492**	**–1,080**	**–22,079**	**–14,667**	**326**	**–14,341**
Shareholders' equity at Dec 31, 2015	**5**	**145,000**	**25,219**	**–1,503**	**–94,736**	**73,985**	**3,671**	**77,656**
Shareholders' equity at Jan 1, 2016	**5**	**145,000**	**25,219**	**–1,503**	**–94,736**	**73,985**	**3,671**	**77,656**
Result for the year					–18,859	–18,859	–408	–19,267
Other comprehensive income			–9,773	5,451	–103	–4,426	–193	–4,619
Comprehensive income for the year	**–**	**–**	**–9,773**	**5,451**	**–18,962**	**–23,285**	**–601**	**–23,885**
Transactions with owners								
Contributed capital	0	23,218				23,218		23,218
Transactions with non-controlling interests						–	927	927
Shareholders' equity at Dec 31, 2016	**5**	**168,218**	**15,446**	**3,948**	**–113,698**	**73,918**	**3,997**	**77,916**

CONSOLIDATED STATEMENT OF CASH FLOWS

(kEUR)	2016-01-01 2016-12-31	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Operating activities			
Result before tax	–19,270	–22,403	–21,393
Adjustments for non-cash items:			
Depreciation, amortization and impairment	7,036	30,729	6,346
Capital gain	52	11	–7
Reversal of interest expense	15,925	19,319	23,149
Reversal of interest income	–3,034	–1,509	–1,131
Other non-cash items*	55	–13,508	931
Income tax paid	–715	–37	–1067
Cash flow from operating activities before changes in working capital	**49**	**12,602**	**6,828**
Cash flow from changes in working capital			
Change in inventory	1,227	4,563	–1,535
Change in accounts receivable	–8,515	6,388	–1,972
Change in accounts payable	3,101	2,889	3,994
Change in other current liabilities/receivables	9,793	–4,851	–198
Cash flow from operating activities	**5,655**	**21,591**	**7,117**
Investing activities			
Business combinations	–49,439	–	–3014
Divestment of subsidiaries	–	42,988	–
Acquisition of tangible and intangible assets	–11,427	–9,614	–8,979
Proceeds from sale of tangible fixed assets	298	964	405
Cash flow from investing activities	**–60,568**	**34,338**	**–11,588**
Financing activities			
Proceeds from borrowings	40,343	2,339	6,804
Finance leases	13	–58	–262
Loan repayments	–14,311	–53,281	–2,607
Reduction of shareholders' equity	–	–89	–15
Additional contributed capital	24,145	–	–
Interest received	489	1,509	1,131
Interest paid	–7,299	–11,125	–11,451
Cash flow from financing activities	**43,380**	**–60,705**	**–6,400**
Cash flow for the year	**–11,533**	**–4,776**	**–10,871**
Opening cash and cash equivalents	**18,888**	**23,694**	**33,619**
Exchange gains/losses on cash and cash equivalents	**–658**	**–30**	**945**
Closing cash and cash equivalents	**6,697**	**18,888**	**23,694**

*2015 mainly relates to non-cash results in connection with the divestment of Mobility.

NOTES

NOTE 1—Basis for preparation of the financial statements

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

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

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

In October 2014, Cidron Liberty Systems S.à r.l. acquired a dormant company (Sw. *lagerbolag*), Goldcup 10224 AB. The name of the dormant company was subsequently changed to Handicare Group AB. On 1 January 2015, Handicare Group AB acquired all shares in Handicare Group AS from Cidron Liberty System S.à r.l through a share-for-share exchange, pursuant to which Cidron Liberty Systems S.à r.l contributed all shares in Handicare Group AS in exchange for newly issued shares in Handicare Group AB. The ownership of the minority shareholders in Handicare Group AS was not affected by the share exchange and the establishment of Handicare Group AB as the new parent company.

As of 1 January 2015, the Group completed a reorganisation as a result of which Handicare Group AB was established as the new parent company of the Group. Prior to 1 January 2015, Handicare Group AS (a company incorporated in Norway) was the parent company of the Group and it was owned by Cidron Liberty Systems S.à r.l. Before Handicare Group AB became the parent company of the Group (see below), Handicare Group AS prepared consolidated financial statements in accordance with IFRS.

The following policies have been applied for all years covered by the Annual Report.

Accounting policies

New or amended accounting standards

No new or amended accounting standards have impacted these historical financial reports.

Below is a list of new and amended standards and interpretations that has been issued and could affect Handicare, but which are effective for periods after January 1, 2017

IFRS 9—Financial instruments. Financial Instruments will come into force for the financial year beginning January 1, 2018, replacing IAS 39 Financial Instruments: Accounting and Valuation. IFRS 9 introduces new rules, including amongst other, the classification and valuation of financial instruments, impairment of financial instruments and hedge accounting. The standard is approved by the EU. The Group has initiated the work to evaluate the effects of the introduction of the standard. An overview has been made of the Group's significant financial instruments, which relates *inter alia* to trade receivables, trade payables and loans.

In terms of classification and valuation, these new rules are not expected to affect the reported values in the financial statements. All of the company's material items mentioned above are reported at amortised cost value and will be reported according to this assumption also in accordance with IFRS 9.

The preliminary assessment regarding impairment is that the reservation for expected future customer losses will change, but it has not yet been quantified. Considering that the Group's customers have high creditworthiness and that historical losses have been historically limited, the assessment is that the rules for impairment will not have any significant impact on the Group's financial position.

Hedge accounting is not applied at present and will therefore not affect the Group's financial position.

The Group is also working on analysing the additional information that may be required to comply with disclosure requirements in IFRS 7.

IFRS 15—Revenue from Contracts with Customers. IFRS 15 entails new requirements for revenue recognition and replaces IAS 18 Revenue, IAS 11 Construction contracts and several revenue-related interpretations. The new standard introduces a control-based accounting model for revenue and provides more detailed guidance in many areas that previously did not appear in the current IFRS, including how to report agreements with multiple performance commitments, variable pricing, customer return rights, etc. The standard has been adopted by the EU.

IFRS 15 shall be applied for fiscal years beginning on or after January 1, 2018. The Group intends to apply IFRS 15 retrospectively and possible effects of the application as an adjustment of the opening equity at the beginning of the 2017.

In 2017, several of the Group's material customer agreements, in all business areas (operating segments), were analysed for identifying the performance commitments under the agreements and allocation of transaction price. Handicare provides products, but agreements can also include installation that includes more or less specific customisation. In addition, there are also rebuilding facilities for the disability adaptation of cars and buses.

The analysis has shown that the Group already allocates the performance obligations according to IFRS 15 today. Installation and rebuilding are reported as the services are performed according to the current principle and will also be reported over time according to IFRS 15. Furthermore, assessments have been made as to whether the allocations of prices on the various performance obligations correspond to independent selling prices. The initial assessment is that there are no significant differences compared to the guidance on the allocation of prices in IFRS 15.

Product sales, like the current principles, will be reported when the risk and reward under the contract is transferred, which according to the analysis also complies with the criteria for transfer of control in IFRS 15.

The Group has also analysed the handling of returns and discounts to customers and has found that the current application is consistent with IFRS 15.

The preliminary assessment is that the introduction of IFRS 15 will not have any material impact on the Group's financial position.

IFRS 15 will introduce new disclosure requirements and the Group has initiated a work to identify the information that needs to be collected from companies in the Group.

IFRS 16—Leases. IFRS 16 Leases will come into force for the fiscal year beginning January 1, 2019. The standard has not yet been approved by the EU. The change compared to the current IAS 17 Lease Agreement is that all leases where the Group is a lessee, with the exception of short-term contracts or agreements with respect to low value assets, should be reported in the balance sheet as asset and liability. This means that several of the Group's current operating leases will be reported in the balance sheet in 2019.

Handicare has begun work on analysing the impact of IFRS 16 on the Group's financial reports. The Group will conduct a complete review of all agreements to assess whether there are additional agreements that now become leases in accordance with IFRS 16's new definition and to verify the lease periods. This will then be quantified and reported in the company's balance sheet. As of December 31, 2016, the Group had future payment commitments as leasing company operating leases of approximately EUR 18.4 million. For further information see Note 19.

The Group has not decided which transitional provision to apply; full retroactive application or partial retroactive application (which means comparisons need not be recalculated).

Furthermore, the Group evaluates the additional information that will be required and what impact it will have on the required information gathering.

Impact on agreements where the Group is a lessor will not be affected as IFRS 16 does not change the guidance for the lessor in any material matter for the Group.

The accounting policies deemed significant by the company management for the Group and/or where the IFRSs allow different alternatives is set out below. Otherwise please refer to the IFRS standards.

Consolidated financial statements and acquisitions

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

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

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

Transactions that are eliminated on consolidation

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

Foreign currency translation

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

As a result of the new Parent Company for the Handicare Group, from January 1, 2015, the Group has changed presentation currency from NOK to EUR. The consolidated financial statements are presented in Euro (EUR), which is the Parent Company's functional and presentation currency. All figures are stated in EUR thousands (kEUR) unless otherwise specified. The statement of financial positionof foreign subsidiaries are translated into EUR at year-end closing rates. The income statements have been translated at the average rates as an approximation of the transaction date exchange-rates.

Translation differences thus arising have been recognised in a separate item as a reserve within equity.

Net investment in a foreign operation

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

Revenue recognition

Revenue from the sale of goods is recognised in profit or loss for the year when the significant risks and rewards of ownership have been transferred to the buyer. If the product requires installation, revenue is recognised when the installation is completed at the buyer. Revenue is not recognised if it is unlikely that the financial benefits will accrue to the Group. The timing of the transfer of significant risks and rewards varies and depends on the terms of the respective contracts. If any significant uncertainty exists in terms of payment, associated expenses or the risk of returns, and if Handicare retains a commitment in the ongoing management that is usually associated with ownership, revenue is not recognised. Revenue is recognised at the fair value of the considerations received, or expected to be received, less any rebates provided.

Financial income and expenses

Financial income comprises interest income on invested funds. Interest income from financial instruments is recognised using the effective interest method. Income from the sale of a financial instrument is recognised when the risks and benefits associated with ownership are transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss through application of amortised cost using the effective interest method. Exchange-rate gains and losses are recognised gross.

Taxes

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

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

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

Segment reporting

Segments are reported on the same basis as the internal reports that are provided to Chief Operating Decision Maker (CODM).

CODM is a function that is responsible for allocation of resources and to evaluate the performance of the segments. In Handicare Group AB the CEO has been identified as the CODM. Handicare operate in three segments, Accessibility, Patient Handling and Puls. Accessibility is a supplier of straight and curved Stairlifts. The segment also offers a complementary range of products for vehicles adapted for ease of use by disabled people. Patient Handling offers a wide range of efficient and safe devices for patient transfer and lifting in hospital settings, group housing and home care. The segment also manufactures devices for bathroom safety. Puls is a leading distributor of medical devices and consumables in Norway and Denmark.

The segment profit or loss is evaluated and analysed on adjusted EBITA, i.e. Operating profit or loss (EBIT) and adding back Other specified items and amortisation and impairment of intangible assets.

Financial instruments

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

Non-derivative financial instruments are initially recognised at cost, which corresponds to the instrument's fair value with the addition of transaction costs for all financial instruments, except those that belong to the category of financial assets recognised at fair value through profit or loss, which are recognised at fair value net of transaction costs.

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

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

Loan receivables, accounts receivable and other financial liabilities

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are valued at amortised cost. Amortised cost is determined based on the effective interest rate calculated at the acquisition date. Accounts receivable are recognised in the amounts that are expected to be received after deductions for doubtful receivables.

Borrowings and other financial liabilities, such as accounts payable, are included in this category. These liabilities are valued at amortised cost.

Hedging foreign currency risk in net investments abroad

Investments in foreign subsidiaries (net assets including goodwill) are hedged using currency borrowings or currency derivatives as hedging instruments. The period's exchange-rate differences on currency borrowings and fair-value changes in currency derivatives, after deducting tax effects, are recognised, to the extent that the hedge is effective, in other comprehensive income and accumulated exchange-rate differences and fair-value changes are respectively recognised in a separate component of equity (the translation reserve). The translation differences that arise from operations abroad are thus partly neutralised. Translation differences from internal loans that comprise the so-called net investment in foreign operation form part of the currency-risk hedging in foreign operations.

Cash-flow hedges for interest-rate risk

Interest-rate swaps, whereby the company receives either floating or fixed-rate interest, are used to hedge the risk in extremely likely forecast interest-rate flows on borrowings with floating interest rates. The swaps are measured at fair value in the statement of financial position. The interest coupon on swaps is recognised on an ongoing basis as an interest expense in profit or loss for the year. Unrealised changes in the fair value of interest-rate swaps is recognised in other comprehensive income and is included as part of the hedging reserve until such time as the hedged item impacts profit or loss for the year and as long as the criteria for hedge accounting and hedge effectiveness are met. The gain or loss relating to the ineffective portion of unrealised value changes in interest-rate swaps is recognised in profit or loss for the year. Handicare had no interest-rate swaps outstanding during 2016.

Tangible fixed assets

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

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

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

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

Estimated useful lives:

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

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

Intangible assets

Goodwill

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

Research and development

Expenditure on research is expensed as incurred. Development expenditure to accomplish new or improved products or processes, is recognised as an intangible asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset.

The carrying amount includes the directly attributable expenditure, such as the cost of materials and services, costs of employee benefits and borrowing expenses in accordance with IAS 23. Other development expenditure is recognised as a cost in net profit for the year as it arises. In the statement of financial position, capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses.

Other intangible assets

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

Amortisation principles

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

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

Inventory

Inventory is recognised at the lower of cost and net realisable value. The cost of inventory is calculated using the first-in/first-out principle (FIFO).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provisions for assessed obsolescence are made on an ongoing basis.

Impairment

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

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

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

Employee benefits

Current benefits

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

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

Defined-contribution and defined-benefit pension plans

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

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

Remuneration for termination of employment

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

Provisions

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

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

Discontinued operations

A discontinued operation is a part of a company's operations that represents an independent operating segment or a significant business in a geographic area. Classification as a discontinued operation occurs upon sale or at an earlier point in time when the operation fulfils the criteria of being classified as held for sale.

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

Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 2—Critical estimates and judgements

In the preparation of the consolidated financial statements in conformity with IFRS, the management has made use of assessments and assumptions regarding the recognised amounts of assets and liabilities. Actual results may, using different assumptions and under other circumstances, differ from these assessments. A summary is given below of the accounting policies that in their application require more extensive subjective judgements by the management in terms of estimates and assumptions in matters which, by their nature, are difficult to estimate.

Critical judgements in applying the Group's accounting policies

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

Classification in the income statement

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

Key sources of estimation uncertainty

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

Goodwill impairment

Several assumptions about future circumstances and estimates of parameters have been made in the calculation of cash-generating units' recoverable amounts for the assessment of any goodwill impairment. These are reported in Note 10. As can be read in Note 10, changes in the preconditions for these assumptions and estimates, could have a material impact on goodwill in the cash-generating unit. At December 31 2016, Handicare reported goodwill amounting to MEUR 177.5 (142,6 MEUR 2015; 198,2 MEUR 2014).

Measurement of loss carry-forwards

Deferred tax assets primarily attributable to tax losses and temporary differences are recognised if the tax assets can be expected to be recovered through future taxable profits. Changes in assumptions regarding forecast, future taxable profits as well as changes in tax rates could result in significant differences in the value of deferred taxes. At December 31, 2016, Handicare reported deferred tax liabilities in excess of deferred tax assets in a net amount of MEUR 2.9 (4.0 MEUR 2015; 4.4 MEUR 2014). Unrecognised losses carried forward amounted to MEUR 47.3 of a total of MEUR 68.9 at December 31 2016 (32.0 and 46.7 MEUR 2015; 38.0 and 49.8 MEUR 2014).

Income taxes

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

Accounts receivable

Receivables are recognised net of any provision for doubtful receivables. The net value reflects the amounts that can be expected to be received based on the circumstances known at the balance-sheet date. Changed circumstances, such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations. At year-end 2016, accounts receivable, net of provisions for doubtful receivables, amounted to MEUR 44.3 (27.5 MEUR 2015; 38.8 MEUR 2014). Provisions for doubtful receivables totaled MEUR 1.2 at the 2016 year end (0.5 MEUR 2015; 1.3 MEUR 2014).

Inventories

Estimates of inventory net realisable values are based on assumptions about future selling prices and costs. Future selling prices are dependent on market trends. Since it is difficult to predict future market trends, this entails some uncertainty in terms of future selling prices. At December 31 2016, net reported inventory amounted to MEUR 36.5 (30.1 MEUR 2015; 45.6 MEUR 2014).

Moreover, at the end of each accounting period, the management assesses whether any obsolescence provision needs to be made. This assessment is based on historical experience and the risk that goods cannot be sold as well as how long the goods have been part of the inventory. At December 31 2016, the obsolescence reserve amounted to MEUR 4.9 (2.1 MEUR 2015; 2.7 MEUR 2014).

Capitalised development expenditure

Development expenditure to accomplish new or improved products or processes, is recognised as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset. By their very nature, assessments of future commercialisation and streamlining of processes that lead to positive cash flow are uncertain. Handicare capitalised MEUR 2.3 during the year 2016 (2.2 MEUR 2015; 4.5 MEUR 2014).

NOTE 3—Segment information

(kEUR) 31 December 2016	Accessibility	Patient Handling	Puls	Group-wide functions	Adjustments and Elimination	Consolidated
Revenue						
External customers	174,200	50,543	36,079	175		260,997
Inter-segment						
Total revenue	174,200	50,543	36,079	175		260,997
Income/expenses						
Depreciation	2,432	1,014	52	12		3,509
Segment Profit – Adjusted EBITA	*18,382*	*3,963*	*2,771*	*–6,327*		18,790
Capital expenditure	8,269	2,133	7	1,018		11,427

31 December 2015	Accessibility	Patient Handling	Puls	Group-wide functions	Adjustments and Elimination	Consolidated
Revenue						
External customers	167,673	33,358	43,932	339		245,302
Inter-segment						
Total revenue	167,673	33,358	43,932	339		245,302
Income/expenses						
Depreciation	2,693	565	71	65		3,394
Segment Profit – Adjusted EBITA	*17,022*	*–1,491*	*3,820*	*–5,827*		13,524
Capital expenditure	5,720	846	22	1,285		7,874

31 December 2014	Accessibility	Patient Handling	Puls	Group-wide functions	Adjustments and Elimination	Consolidated
Revenue						
External customers	153,673	31,438	46,548	123		231,781
Inter-segment						
Total revenue	153,673	31,438	46,548	123		231,781
Income/expenses						
Depreciation	2,798	594	138	41		3,571
Segment Profit – Adjusted EBITA	*12,768*	*827*	*3,946*	*–7,495*		10,046
Capital expenditure	5,476	796	23	629		6,924

Handicare does not normally carry out inter-segment transactions, however, if this would occur it is eliminated upon consolidation and reflected in the "adjustments and eliminations" column. Other adjustments and eliminations are part of detailed reconciliations.

Adjustments and eliminations:
Depreciations and amortization are not reported to CODM based on segment level on a monthly basis. On a quarterly basis allocation of depreciation is made to each segment.

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Reconciliation of segment profit or loss and profit or loss before tax (EBT)	2016	2015	2014
Segment Profit – Adjusted EBITA	18,790	13,524	10,046
Other specified items	–18,428	–9,858	–8,308
Impairment and amortisation	–3,527	–26,442	–1,798
Finance income	57,217	21,617	12,905
Finance cost	–73,322	–38,305	–39,270
Profit before tax and discontinued operations	**–19,270**	**–39,464**	**–26,424**

Geographic information

Revenue from external customers	2016	2015	2014
Sweden	3,953	5,374	5,222
Rest of Europe	213,207	211,756	198,846
North America	36,324	20,177	19,626
Rest of the world	7,513	7,995	8,087
Total	**260,997**	**245,302**	**231,781**

The revenue information is based on the locations of the customers.
Handicare Group does not have a single customer that accounts for more than 10% of external revenue.

Non-current assets	2016	2015	2014
Sweden	3,406	3,577	3,407
Rest of Europe	50,696	47,318	42,399
North America	12,457	1,932	2,046
Rest of the world	152	148	–
Total	**66,710**	**52,975**	**47,852**

Non-current assets for this purpose consist of tangible non-current assets and ingtangible assets excl. Goodwill.

Information about products and services (Revenue)	2016	2015	2014
Medical devices	36,079	43,932	46,548
Vehicle adaptation and related products and services	43,955	35,882	37,662
Stairlifts and related products and services	130,281	131,791	116,010
Bathroom Safety products and related services	6,015	6,182	7,845
Patient Handling products and related services	44,528	27,176	23,593
Other	139	339	123
Total	**260,997**	**245,302**	**231,781**

NOTE 4 — Financial risk management

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

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

Currency risk

Currency risk refers to the risk of adverse effects of exchange-rate fluctuations on the Group's profitability or financial position. Handicare's policy aims to reduce this adverse effect on future cash flow and to minimise the volatility in earnings and the balance sheet by, *inter alia*, natural hedges (by attempting to match borrowings to the currencies where we have assets), currency clauses and by controlling the currencies used for making purchases.

Through its international operations, the Group is exposed to currency risk in several currencies, mainly the NOK, SEK, USD, GBP and DKK. The Group limits cash-flow exposure by currency clauses in customer contracts, by optimising internal flows (internal hedging) and by controlling the purchase currency for external purchases.

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

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

Net assets by currency for 2016, 2015 and 2014

	Dec 31, 2016		Dec 31, 2015		Dec 31, 2014	
Currency	**Net assets in local currencies**	**in EUR**	**Net assets in local currencies**	**in EUR**	**Net assets in local currencies**	**in EUR**
NOK	–862,151	–94,885	–505,532	–52,556	–976,739	–108,088
EUR	79,582	79,362	80,015	80,015	150,960	150,960
SEK	156,604	16,394	85,310	9,256	32,209	3,421
DKK	122,874	16,528	116,629	15,630	131,371	17,643
GBP	11,971	13,982	14,610	19,855	17,360	22,229
USD	6,333	6,008	5,641	5,166	7,128	5,863
CAD	56,627	39,912	–	–	–	–
Other	–	615	–	290	–	–36
TOTAL		**77,916**		**77,656**		**91,992**

Borrowings in foreign currencies*

	2016		2015		2014	
Currency	**Borrowings by currency**	**Borrowings in EUR**	**Borrowings by currency**	**Borrowings in EUR**	**Borrowings by currency**	**Borrowings in EUR**
SEK	–	–	–	–	41,885	4,448
NOK	785,941	86,497	481,868	50,095	–	–
GBP	20,825	24,324	20,825	28,301	27,460	35,162
EUR	–	–	–	–	64,436	64,436
CAD	10,000	7,048	–	–	–	–

* The Group changed its reporting currency from NOK to EUR in 2015.

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

Sensitivity analysis currency risk

	Exchange rate			Exchange rate			Exchange rate		
Currency	**31.12.2016**	**–5 %**	**5 %**	**31.12.2015**	**–5 %**	**5 %**	**31.12.2014**	**–5 %**	**5 %**
NOK	9.0863	7,206	–7,206	9.6190	5,133	–5,133	–	–	–
GBP	0.8561	–1,287	1,287	0.7358	–1,706	1,706	0.7810	–1,660	1,660
USD	1.0541	–268	268	1.0920	–308	308	1.2157	–293	293
SEK	9.5525	–656	656	9.1828	–500	500	9.4160	–40	40
DKK	7.4344	–826	826	7.4618	–782	782	7.4460	–882	882
CAD	1.4188	–229	229	–	–	–	–	–	–
EUR	–	–	–	–	–	–	9.0365	–5,148	5148

Price risk

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

Interest-rate risk

Interest-rate risk is defined as the risk of adverse effects of changes in market interest rates on the Group's earnings and cash flow. Handicare's objective is to limit unwanted effects

on the company's earnings and cash flow as a result of unexpected changes in interest rates by using varied fixed-rate periods.

The Group's interest-rate risk is limited to long-term funding. In 2016, the Group's liabilities increased MEUR 41 in conjunction with an acquisition. As per December 31, 2016, the Group had bank borrowings and utilised credit facilities amounting to MEUR 153 (119.2 MEUR 2015; 169.7 MEUR 2014).

The following table illustrates the impact on the Group's interest expenses of a 1 percentage point change in the floating interest rate of the respective currency. At year-end 2016 and 2015, no positions were held in fixed-income derivatives. 33% of positions were hedged at the end of 2014.

Sensitivity analysis interest rate risk

	2016-12-31			
	Borrowings by currency	Borrowings EUR	Floating interest rate	+/– 1% (pp)
NOK	785,941	86,497	NIBOR	865
GBP	20,825	24,324	LIBOR	243
EUR	27,359	27,359	EURIBOR	274
CAD	10,000	7,048	CAD LIBOR	70

	2015-12-31			
	Borrowings by currency	Borrowings EUR	Floating interest rate	+/– 1% (pp)
NOK	481,868	50,095	NIBOR	501
GBP	20,825	28,301	LIBOR	283
EUR	40,837	40,837	EURIBOR	408

	2014-12-31			
	Borrowings by currency	Borrowings EUR	Floating interest rate	+/– 1% (pp)
SEK	41,885	4,448	STIBOR	44
NOK	481,868	59,343	NIBOR	593
GBP	27,460	35,162	LIBOR	352
EUR	64,436	64,436	EURIBOR	644

Credit risk

Financial credit risk is the risk that, due to default, a financial counterparty is unable to discharge its obligation to Handicare, for example in a financial contract. This counterparty risk is limited by conducting all financial transactions with established Nordic banks with high credit ratings. The Group has no financial investments and, accordingly, no issuer risk. The credit risk on bank deposits for 2016 MEUR 6.7(18.9 MEUR 2015; 23.7 MEUR 2014) is extremely low. Financial credit risk is managed centrally. Historically, losses pertaining to other receivables have been low and are assessed as continuing to remain limited as a result of counterparties mainly comprising public sector entities and insurance companies. New customers are approved before any credit is given. Refer also to Note 14.

Liquidity risk

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

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

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

At the end of 2016, cash and cash equivalents totalled MEUR 6.7 (18.9 MEUR 2015; 23.7 MEUR 2014) and unutilised credit facilities amounted to MEUR 10.4 (1.2 MEUR 2015; 10.0 MEUR 2014).

Financing risk

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

The Group entered into supplementary agreements under existing credit agreements to finance an acquisition in 2016. The existing credit agreements include financial covenants linked to key financial ratios, such as net debt/EBITDA and liquidity. Should the contracted financial covenants not be met, the creditors ultimately have the right to cancel the credit agreements. In 2016, 2015 and 2014, all financial ratios met the agreed values.

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

31 December 2016	<1 year 2017	1–2 years 2018–2019	3–5 years 2020–2022	Over 5 years 2023–
Loans	2,843	150,386	–	–
Interest on credit facilities	8,004	14,419	–	–
Other interest	22	–	–	–
Commitments for finance leases	167	–	–	–
Bank overdrafts	99	–	–	–
Shareholder loans	–	103,708	–	–
Derivatives (swaps)	–	–	–	–
Accounts payable and other payables	53,673	–	–	–
TOTAL	**64,808**	**268,513**	**–**	**–**

31 December 2015	<1 year 2016	1–2 years 2017–2018	3–5 years 2019–2021	Over 5 years 2022–
Loans	1,125	2,813	115,221	–
Interests on credit facilities	5,811	5,690	11,243	–
Other interest	24	–	–	–
Commitments for finance leases	155	–	–	–
Bank overdrafts	–	–	–	–
Shareholder loans	–	–	97,939	–
Derivatives (swaps)		–	–	–
Accounts payable and other payables	41,360	–	–	–
TOTAL	**48,475**	**8,503**	**224,403**	**–**

31 December 2014	<1 year 2015	1–2 years 2016–2017	3–5 years 2018–2020	Over 5 years 2021–
Loans	–	–	169,722	–
Interest on credit facilities	8,806	8,469	16,152	–
Other interest	256	–	–	–
Commitements for finance leases	213	–	–	–
Bank overdrafts	271	–	–	–
Shareholder loans		–	104,365	–
Derivatives (swaps)	741	–	–	–
Accounts payable and other payables	47,507	–	–	–
TOTAL	**57,794**	**8,469**	**290,239**	**–**

Presentation of carrying amounts of borrowings, collateral and credit facilities.

Carrying amount	As of 31 December 2016	As of 31 December 2015	As of 31 December 2014
Shareholder loans	77,917	66,894	64,803
Long-term facility	145,229	106,251	157,371
Short-term facility, Revolver	8,002	12,908	12,351
Recognized interest	22	24	256
Recognized expenses	–6,033	–7,128	–9,443
Financial fixed-income derivatives	–	–	664
Finance leases	1,258	155	213
Bank overdraft	98	–	271
TOTAL	**226,493**	**179,104**	**226,486**

Carrying amounts of pledged assets	As of 31 December 2016	As of 31 December 2015	As of 31 December 2014
Other assets	12,607	8,606	9,136
Inventories	36,484	30,089	45,566
Accounts receivable	44,343	27,497	38,786
	93,434	**66,192**	**93,488**

Overview of facilities	2016	Facility	Utilized	Carrying amount in EUR
Facility A NOK		199,168	199,168	21,920
Facility A EUR		7,949	7,949	7,949
Facility B NOK		185,607	185,607	20,427
Facility B EUR		12,183	12,183	12,183
Facility B NOK tr B2		309,224	309,224	34,032
Facility B EUR tr 2		7,227	7,227	7,227
Facility B SEK		–	–	–
Facility B GBP		13,730	13,730	16,037
Facility C NOK		91,943	91,943	10,119
Facility C GBP		7,095	7,095	8,287
Facility CAD		10,000	10,000	7,048
Revolving Facility EUR		22,011	8,000	8,000
TOTAL				**153,229**

Overview of facilities	2015	Facility	Utilized	Carrying amount in EUR
Facility A NOK		204,318	204,318	21,241
Facility A EUR		8,519	8,519	8,519
Facility B NOK		185,607	185,607	19,297
Facility B EUR		19,410	19,410	19,410
Facility B NOK tr B2		–	–	–
Facility B EUR tr 2		–	–	–
Facility B SEK		–	–	–
Facility B GBP		13,730	13,730	18,659
Facility C NOK		91,943	91,943	9,558
Facility C GBP		7,095	7,095	9,642
Facility CAD		–	–	–
Revolving Facility EUR		17,673	8,000	12,908
TOTAL				**119,234**

Overview of facilities	2014	Facility	Utilized	Carrying amount in EUR
Facility A NOK		204,318	204,318	22,610
Facility A EUR		22,630	22,630	22,630
Facility B NOK		185,607	185,607	20,540
Facility B EUR		41,806	41,806	41,806
Facility B NOK tr B2		–	–	–
Facility B EUR tr 2		–	–	–
Facility B SEK		41,885	41,885	4,448
Facility B GBP		13,730	13,730	17,581
Facility C NOK		91,943	91,943	10,175
Facility C GBP		13,731	13,731	17,582
Facility CAD		–	–	–
Revolving Facility NOK		200,000	111,610	12,351
TOTAL				**169,722**

Capital management

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

The Group controls its capital structure and implements necessary changes based on ongoing evaluations of operational prerequisites in the short and medium term. A key principle for the capital structure is that the debt/equity ratio is calculated as total net debt in relation to total assets. The ambition is to reduce the debt/equity ratio to 2.5–3.0 times EBITDA in the medium time in stages over time.

	2016	2015	2014
Interest-bearing liabilities	232,405	186,231	235,929
Accounts payable	29,604	25,891	30,739
Cash and cash equivalents	–6,697	–18,888	–23,694
Net debt	255,312	193,234	242,974
Total shareholders' equity	77,916	76,763	91,992
Total capital	333,228	269,996	334,966
Debt/equity ratio	76.6%	71.6%	72.5%

NOTE 5—Operating revenue

	2016	2015	2014
Sale of goods	235,084	235,586	222,547
Services	25,913	9,716	9,234
Total revenue from continuing operations	**260,997**	**245,302**	**231,781**
Interest income	3,036	1,242	994

Interest income is presented as financial items. During the period, the company has had no significant revenue from royalties and dividends.

NOTE 6—Discontinued operations

At October 1, 2015, the Group sold its entire Mobility operations, which comprised an independent business area. The criteria for presentation as a discontinued operation or as fixed assets held for sale were not met as per December 31, 2014. The comparative figures in this statement of income and other comprehensive income have been restated to present the discontinued operation separately from continuing operations.

The management's plan for divesting the operation was established at the start of 2015. The price amounted to MEUR 80. A gain before tax of MEUR 17.1 was recognised. The income tax attributable to this gain was MEUR 0, which resulted in a gain after tax of MEUR 17.1.

Results from discontinued operations	**2015**	**2014**
Revenue	48,970	60,190
Expenses	–45,556	–56,640
Profit before tax	*3,414*	*3,550*
Income tax	–93	–5
Net profit after tax	*3,321*	*3,545*
Gain from divestment of the discontinued operation	13,740	
Divestment gain before tax	17,061	
Tax attributable to the above capital gain	–	
Gain from the divestment, net of tax	*17,061*	
Net cash flow from discontinued operations		
Cash flow from operating activities	2,214	7,518
Cash flow from investing activities	–2,579	–1,080
Cash flow from financing activities	–5,199	–3,871
Cash flow from discontinued operations	–5,564	2,567

MEUR 3.3 of the earnings from discontinued operations was attributable to the owners of the Parent Company. Of the MEUR –39.5 in earnings from continuing operations, MEUR –39.0 was attributable to the owners of the Parent Company.

The effect of the divestment on the Group's individual assets and liabilities	**2015**
Intangible assets	51,514
Tangible fixed assets	2,385
Financial assets	3,192
Inventory	15,037
Accounts receivable	9,094
Other receivables	207
Cash and cash equivalents	1,082
Provisions	5,467
Accounts payable	8,164
Other liabilities	2,620
Divested assets and liabilities, net	*66,260*
Purchase consideration	80,000
Received in cash	50,000
Less—cash and cash equivalents	–1,082
Repayments of loans	–50,000
Impact on cash and cash equivalents	–1,082

The Group's cash flow attributable to discontinued operations is divided into cash flow from the divestment of subsidiaries and changes in working capital, in those cases when assets and liabilities pertaining to the discontinued operations are sold separately.

NOTE 7—Subsidiaries

In January 2015, Handicare Group AB acquired Handicare Group AS. Apart from Handicare Group AS where there are some minority holdings, all of the subsidiaries of the Handicare Group AB are wholly owned by Handicare Group AB, either directly or indirectly. Through its majority shareholdings, Handicare Group AB has control over all the subsidiaries.

Directly owned subsidiaries:	Typ of operation	Reg. office	2016 Share-holding, %	2015 Share-holding, %	2014 Share-holding, %
Handicare Group AS*	3	Moss, Norway	95	95	–
Indirectly owned subsidiaries:					
Magsum B.V.	3	Heerhugowaard, Nederlands	100	100	100
Crystal Amethyst B.V.	3	Heerhugowaard, Nederlands	100	100	100
Handicare Bathroom Safety B.V.	1	Pijnacker, Nederlands	100	100	100
Handicare Accessibility B.V.	3	Heerhugowaard, Nederlands	100	100	100
Handicare Stairlifts B.V.	1	Heerhugowaard, Nederlands	100	100	100
Handicare Treppenlifte GmbH	2	Kleve, Germany	100	100	100
Freelift Ltd.	2	Kingswinford, England	–	–	100
Handicare Monte-escaliers	2	Saint Genevieve les Bois, France	100	100	100
Handicare Holding B.V.	3	Helmond, Nederlands	–	–	100
Handicare B.V.	1	Helmond, Nederlands	–	–	100
Handicare Inc	2	Toronto, Canada	–	–	100
Handicare Ltd	2	Surrey, England	–	–	100
Handicare AS	1	Moss, Norway	100	100	100
Puls AS	2	Oslo, Norway	100	100	100
Handicare GmbH	2	Minden, Germany	–	–	100
Handicare A/S	2	Brøndby, Denmark	100	100	100
Handicare Auto AS	1	Herning, Denmark	100	100	100
Handicare AB	1	Kista, Sweden	100	100	100
Handicare US Inc (before Romedic Inc)		Pennsylvania, USA	–	100	100
Alemedic Care AB	4	Kista, Sweden	100	100	100
Handicare Sverige AB	4	Kista, Sweden	100	100	100
Handicare Holding Ltd.	3	Kingswinford, England	100	100	100
Minivator Group Ltd.	3	Kingswinford, England	100	100	100
Companion Stairlifts Ltd.	2	Leeds, England	100	100	100
Minivator Deutschland UG	4	Minden, Germany	100	100	100
Minivator Independent Living Products Co. Ltd.		Shanghai, China – in liquidation	–	100	100
Handicare Accessibility Ltd.	1	Kingswinford, England	100	100	100
YouQ B.V.	4	Helmond, Nederlands	100	100	100
Handicare Accessibility (Xiamen) Co. LTD	1	Xiamen, China	100	100	100
Handicare Accessibility GmbH	2	Minden, Germany	100	100	–
Handicare Patient Handling AS	2	Moss, Norway	100	100	–
Puls Homecare A/S (DK)	2	Herning, Denmark	100	100	–
Puls Homecare AS	2	Oslo, Norway	100	100	–
Prism Medical Ltd	1	Toronto, Ontario, Canada	100	–	–
Handicare USA Inc	1	Delaware, USA	100	–	–
Mid-AtlanticCare South (dormant)	4	Pennsylvania USA	100	100	100
Ergosafe Products LLC	2	Delaware, USA	100	–	–

1) Production, development and sales
2) Sales
3) Holding company
4) Dormant

*Before 2015 the parent company was Handicare Group AS

NOTE 8—Fixed assets

2016 Cost	Land and buildings	Machinery, fixtures and fittings, and equipments	Total
January 1, 2016	4,053	16,242	20,294
Acquisitions through business combinations	–	2,733	2,733
Purchases/reclassifications	150	5,087	5,238
Divestments	–155	–734	–888
Exchange-rate fluctuation	–1,623	–6,074	–7,697
December 31, 2016	**2,425**	**17,254**	**19,679**
Depreciation			
January 1, 2016	–2,165	–9,524	–11,689
Depreciation for the year	–235	–3,276	–3,511
Impaiment	–	–	–
Divestments	14	219	232
Exchange-rate fluctuation	1,638	6,258	7,895
December 31, 2016	**–748**	**–6,323**	**–7,072**
Carrying amount at Dec 31, 2016	**1,677**	**10,931**	**12,607**

2015 Cost	Land and buildings	Machinery, fixtures and fittings, and equipments	Total
January 1, 2015	4,615	18,776	23,390
Acquisitions through business combinations	–	–	–
Purchases/reclassifications	707	4,642	5,349
Divestments	–486	–1,361	–1,847
Exchange-rate fluctuation	–783	–5,815	–6,598
December 31, 2015	**4,053**	**16,242**	**20,294**
Depreciation			
January 1, 2015	–2,123	–12,133	–14,256
Depreciation for the year	–346	–2,790	–3,136
Impaiment	–16	–7	–22
Divestments	110	948	1,058
Exchange-rate fluctuation	210	4,458	4,668
December 31, 2015	**–2,165**	**–9,524**	**–11,689**
Carrying amount at Dec 31, 2015	**1,887**	**6,718**	**8,606**
Depreciation plan	10–20 years	3–10 years	

2014 Cost	Land and buildings	Machinery, fixtures and fittings, and equipments	Total
January 1, 2014	4,783	13,997	18,780
Acquisitions through business combinations	–	296	296
Purchases	–440	3,382	2,942
Divestments	–	–612	–612
Exchange-rate fluctuation	272	1,712	1,984
December 31, 2014	**4,615**	**18,776**	**23,390**
Depreciation			
January 1, 2014	–1,492	–7,842	–9,334
Depreciation for the year	–442	–3,628	–4,070
Impaiment	–	–	–
Divestments	–	397	397
Exchange-rate fluctuation	–188	–1,060	–1,248
December 31, 2014	**–2,123**	**–12,133**	**–14,256**
Carrying amount at Dec 31, 2014	**2,491**	**6,643**	**9,134**

NOTE 9—Intangible fixed assets

2016 Cost	Internally generated development expenses	Customer relations	Patents/ Licenses	Brands	Software/ Technology	Goodwill	Total
January 1, 2016	14,171	7,304	313	29,267	10,698	269,444	331,197
Acquisitions through business combinations	–	5,141	–	1,045	1,227	39,243	46,657
Acquisitions /reclassifications	2,443	21	28	–	3,930	–	6,422
Divestments	–	–	–	–	–	–	–
Exchange-rate fluctuation	–2,929	–286	–51	–515	–484	–3,546	–7,811
December 31, 2016	**13,685**	**12,180**	**290**	**29,797**	**15,371**	**305,140**	**376,464**
Amortization							
January 1, 2016	–7,919	–4,085	–148	–277	–4,955	–126,888	–144,272
Amortization for the year	–1,618	–701	–276	–8	–907	–	–3,509
Impaiment	–	–18	–	–	–	–	–18
Divestments	113	–	–	–	–	–	112
Exchange-rate fluctuation	2,230	260	158	44	885	–791	2,787
December 31, 2016	**–7,194**	**–4,543**	**–266**	**–241**	**–4,976**	**–127,679**	**–144,899**
Carrying amount at Dec 31, 2016	**6,492**	**7,637**	**24**	**29,556**	**10,395**	**177,461**	**231,565**

2015 Cost	Internally generated development expenses	Customer relations	Patents/ Licenses	Brands	Software/ Technology	Goodwill	Total
January 1, 2015	13,879	7,036	247	42,589	9,144	303,863	376,759
Acquisitions through business combinations	–	–	–	–	–	–	–
Acquisitions	2,232	–	66	–	1,975	–	4,272
Divestments	–132	–	–	–	–207	–	–339
Exchange-rate fluctuation	–1,807	267	–	–13,322	–213	–34,420	–49,495
December 31, 2015	**14,171**	**7,304**	**313**	**29,267**	**10,698**	**269,444**	**331,197**
Amortization							
January 1, 2015	–5,730	–3,486	–107	–270	–4,006	–105,657	–119,257
Amortization for the year	–1,923	–477	–41	–7	–1,022	–	–3,469
Impaiment	–100	–	–	–	–37	–23,965	–24,102
Divestments	–	–	–	–	153	–	153
Exchange-rate fluctuation	–166	–122	–	–	–42	2,735	2,405
December 31, 2015	**–7,919**	**–4,085**	**–148**	**–277**	**–4,955**	**–126,888**	**–144,272**
Carrying amount at Dec 31, 2015	**6,252**	**3,219**	**165**	**28,989**	**5,743**	**142,556**	**186,925**

2014 Cost	Internally generated development expenses	Customer relations	Patents/ Licenses	Brands	Software/ Technology	Goodwill	Total
January 1, 2014	9,957	6,824	145	42,521	7,457	302,751	369,655
Acquisitions through business combination	70	–	–	–	110	630	810
Acquisitions	4,837	–	98	2	1,466	–	6,404
Divestments	–	–	–	–	–193	17	–176
Exchange-rate fluctuation	–985	212	4	66	304	465	66
December 31, 2014	**13,879**	**7,036**	**247**	**42,589**	**9,144**	**303,863**	**376,759**
Amortization							
January 1, 2014	–4,883	–2,786	–49	–	–2,896	–105,148	–115,760
Amortization for the year	–423	–543	–40	–7	–972	–	–1,984
Impaiment	–	–	–16	–	–	–	–16
Divestments	–	–	–	–	–20	–	–20
Exchange-rate fluctuation	–425	–158	–3	–263	–118	–510	–1,477
December 31, 2014	**–5,730**	**–3,486**	**–107**	**–270**	**–4,006**	**–105,657**	**–119,257**
Carrying amount at Dec 31, 2014	**8,149**	**3,550**	**140**	**42,319**	**5,138**	**198,206**	**257,501**

For 2016, recognised expenses pertaining to development expenditure amounted to kEUR 210 (351 kEUR 2015; 365 kEUR 2014). Recognised development expenditure for 2016 totalled kEUR 2 327 (2 232 kEUR 2015, 4 488 kEUR 2014) and was primarily attributable to the development and implementation of a new ERP system for the Group. Amortisation of the ERP system started in 2016, since several of the large operational companies in the Group had implemented and started using the system. No amortisation of goodwill is performed and impairment is only carried out where needed, refer to Note 10 for more information.

NOTE 10—Impairment testing of intangible assets

The values of intangible assets such as goodwill and intangible assets with indefinite useful life are tested for impairment at least annually in the same period, or when there is indication of impairment as these are not written down on an ongoing basis. It is important for readers of the Annual Report to understand that impairment testing is based on estimates and assumptions about the future. Accordingly, readers must be aware of the underlying circumstances for the valuations.

Significant values are recognised by Handicare in its balance sheet, with regard to goodwill and brands, which are not written down and must therefore be impairment tested. The Handicare Group performs impairment testing in Q4 each year. Impairment testing is based on calculations of future value in use that are, in turn, based on cash-flow estimates, where the first three utilise the budgets for forthcoming years and the strategic plan adopted by the management. Cash flow estimated with a longer horison than the first three years are based on annual growth according to the following table, which corresponds to the average long-term growth rate per segment. The present values of the estimated cash flows have been calculated using a pre-tax discount rate as follows.

Cash-generating units (CGUs)

Handicare identifies its segments as CGUs and therefore presents its CGUs on this level. The information in the 2014 and 2015 annual reports has been aggregated to segment level for comparability. CGUs comprise the lowest level at which it is possible to measure independent cash flows. The following table sets out the segments tested by Handicare together with their associated goodwill and brand value as per December 31, 2016, 2015 and 2014.

CGU	2016		2015		2014	
Business area	**Goodwill**	**Brands**	**Goodwill**	**Brands**	**Goodwill**	**Brands**
Accessibility	95,400	25,597	102,980	26,092	112,941	22,652
Patient Handling	72,848	3,959	30,922	2,897	42,749	2,896
Puls	9,213	–	8,654	–	9,211	–
Mobility	–	–	–	–	33,305	16,771
	177,461	**29,556**	**142,556**	**28,989**	**198,206**	**42,319**

Impairment testing resulted in no need to impair goodwill in 2016 (23 965 kEUR 2015; 0 0 kEUR 2014). The segment Mobility was sold during 2015.

Critical prerequisites and assumptions

Future cash flows are estimated based on the budget adopted by the Board for 2017 (2016, 2015) and overriding strategies until 2019 (2018, 2017). After 2017–2019 (2016–2018, 2015–2017), a future value has been applied. The key prerequisites and assumptions for the model comprise growth and the weighted average cost of capital (WACC), which are shown below.

2016	Growth		WACC	
CGU	**2017–2019**	**Future value**	**Before tax**	**After tax**
Accessibility	5.3%	2.1%	10.7%	8.7%
Patient Handling	10.0%[1)]	2.3%	10.9%	8.3%
Puls	7.1%	1.8%	10.8%	8.5%

1) The growth rate for PH excludes the changes between 2016 and 2017, since 2017 includes Prism Medical for the full year.

2015	Growth		WACC	
CGU	**2016–2018**	**Future value**	**Before tax**	**After tax**
Accessibility	8.3%	1.9%	10.1%	8.0%
Patient Handling	10.7%	2.3%	9.3%	7.6%
Puls	7.8%	2.0%	10.7%	8.2%

2014	Growth		WACC	
CGU	**2015–2017**	**Future value**	**Before tax**	**After tax**
Accessibility	3.3%–6.5%	0.9%–2.1%	5.5%–9.6%	6.7%–7.9%
Patient Handling	4.9%	1.1%	8.5%	6.8%
Puls	4.9%	2.0%	9.7%	7.5%
Mobility	4.9%	0.8%–0.9%	8.5%–10.2%	6.2%–6.6%

The trend through 2016 has remained positive for the Group, which also applies for most of the segments. Handicare has a confident outlook for the forthcoming years, which is used as a base for the growth assumptions and the EBITDA margins that are expected to be generated. Patient Handling's improved EBITDA margin compared with 2015 was mainly attributable to synergies in conjunction with the acquisition of Prism Medical at the end of the third quarter of 2016.The adoption of future values for each market are impacted by the underlying market growth due, *inter alia*, to the increasing proportion of elderly as well as the desire for older and disabled people to be able to stay in their own home, as long as possible, and moreover the requirements to facilitate the work of caregivers. Actual market trends however, are associated with uncertainty, but these assumptions are based on the experience and know-how that the company possesses at the time the annual accounts are prepared.

The discount factor is based on the weighted average capital cost, which is derived through the capital asset pricing model (CAPM). In calculating the company's average cost of capital, the company takes in to consideration the respective proportion of shareholders' equity and liabilities. The calculation of the WACC for each CGU, utilises the ten-year risk-free interest rate on government bonds in the country where the CGU has a significant proportion of its operations as a basis. Moreover, the discount rate takes the beta value into consideration, the market's risk premium, the tax rates in the respective countries, credit spreads and the risk premium for smaller companies. Compared with 2015, the WACC for the underlying calculations changed by between 0.07% and 0.09%. The limited change was the result of different parameters working in opposite directions. Generally, the risk-free interest rate decreased in parallel with market risk increasing slightly.

Sensitivity analysis

Disclosure must be carried out of any reasonable change in a key assumption on which management has based its determination of a CGU's recoverable amount that would entail the CGU's carrying amount exceeding its recoverable amount. The factors that have the greatest impact on the calculation of the recoverable amount are the discount rate and the future value. The following table illustrates how the recoverable amount for the CGU is affected by changes in the future value and WACC when all other factors remain constant.

2016 **CGU**	**Change in future value**	**Change in future value**	**Change in WACC**	**Change in WACC**	**Headroom**
	–1.0%	*–0.5%*	*1.0%*	*0.5%*	
Accessibility	–89,255	–54,304	–26,207	–9,714	85,685
Patient Handling	–87,100	–54,231	–26,701	–10,008	84,242
Puls	–13,294	–7,906	–3,742	–1,373	19,530

2015 **CGU**	**Change in future value**	**Change in future value**	**Change in WACC**	**Change in WACC**	**Headroom**
	–1.0%	*–0.5%*	*1.0%*	*0.5%*	
Accessibility	–104,026	–63,917	–31,105	–11,584	84,184
Patient Handling	–27,071	–17,126	–8,553	–3,233	–12,741
Puls	–10,929	–6,609	–3,172	–1,172	13,685

2014 **CGU**	**Change in future value**	**Change in future value**	**Change in WACC**	**Change in WACC**	**Headroom**
	–1.0%	*–0.5%*	*1.0%*	*0.5%*	
Accessibility	–105,214	–65,562	–32,302	–12,064	74,782
Patient Handling	–27,451	–17,166	–8,483	–3,187	539
Puls	–14,327	–8,891	–4,365	–1,633	18,466
Mobility	–3,319	–1,092	–11,807	–6,497	2,114

The following table illustrates what the respective critical assumptions would need to be for the recoverable amount to correspond to the carrying amount provided that all other assumptions remain constant.

2016 CGU	Terminal EBITDA margin	WACC	Terminal growth
Accessibility	6.3%	15.9%	n/a*
Patient Handling	9.0%	16.9%	n/a*
Puls	3.7%	26.0%	n/a*

*headroom significant, which results in negative terminal growth

2015 CGU	Terminal EBITDA margin	WACC	Terminal growth
Accessibility	5.8%–11.5%	7.8%–23.9%	0.1%–4.9%
Patient Handling	12.0%	8.0%	3.7%
Puls	4.0%	20.0%	n/a*

*headroom significant, which results in negative terminal growth

2014 CGU	Terminal EBITDA margin	WACC	Terminal growth
Accessibility	5.6%–6.8%	9.1%–17.3%	–11.5%–+1.4%
Patient Handling	10.2%	8.5%	1.0%
Puls	n/a*	19.4%	–11.9%
Mobility	10.4%	8.7%	0.8%

*headroom significant, which results in negative terminal growth

NOTE 11—Other external expenses

	2016	2015	2014
Freight expenses	4,375	4,334	6,157
Propery rental related expenses	6,052	6,300	7,198
IT costs, equipment leases, maintenance and other costs	5,899	4,575	4,789
Travel costs	3,849	3,560	3,448
Outsourced services and fees	3,619	4,474	1,859
Marketing and selling costs	11,975	10,822	9,103
Transportation	4,933	4,997	5,502
Insurances, warranties and service	943	875	876
License and patent costs	224	639	489
Other expenses	3,426	2,086	2,495
Total	**45,296**	**42,662**	**41,916**

NOTE 12—Other specified items

	2016	2015	2014
Restructuring costs	5,392	5,970	6,489
Transaction costs	4,023	1,944	808
Integration costs	3,612	1,383	1,011
Recall costs	3,059	–	–
IPO costs	1,212	–	–
Mobility costs	267	559	–
Other efficiency projects	863	2	–
Total	**18,428**	**9,858**	**8,308**

NOTE 13—Classification of financial assets and liabilities

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

Assets at Dec 31, 2016	Cost	Loan receivables and accounts receivable at amortized cost	Total
Shares	20	–	20
Other non-current receivables	–	33,655	33,655
Accounts receivables	–	44,343	44,343
Prepayments	–	2,469	2,469
Other current receivables	–	887	887
Cash and bank balances	–	6,697	6,697
Total	**20**	**88,051**	**88,071**

Assumption at Dec 31, 2016	Derivatives at fair value for hedging	Liabilities measured at amortized cost	Total
Shareholder loans	–	77,917	77,917
Long-term liabilities to credit institutions	–	140,380	140,380
Derivatives	–	–	–
Cash credit	–	99	99
Accounts payable	–	29,604	29,604
Realized interest expense	–	22	22
Total	**0**	**248,022**	**248,022**

Assets at Dec 31, 2015	Cost	Loan receivables and accounts receivable at amortized cost	Total
Shares	19	–	19
Other non-current receivables	–	31,109	31,109
Accounts receivable	–	27,497	27,497
Prepayments	–	4,153	4,153
Other current receivables	–	1,600	1,600
Cash and bank balances	–	18,888	18,888
Total	**19**	**83,246**	**83,265**

Assumption at Dec 31, 2015	Derivatives at fair value for hedging	Liabilities measured at amortized cost	Total
Shareholder loans	–	66,894	66,894
Long-term liabilities to credit institutions	–	99,122	99,122
Derivatives	–	–	–
Cash credit	–	–	–
Accounts payable	–	25,891	25,891
Realized interest expense	–	24	24
Total	**0**	**191,930**	**191,930**

Assets at Dec 31, 2014	Cost	Loan receivables and accounts receivable at amortized cost	Total
Shares	20	–	20
Other non-current receivables	–	737	737
Accounts receivable	–	38,786	38,786
Prepayments	–	2,715	2,715
Other current receivables	–	1,171	1,171
Cash and bank balances	–	23,694	23,694
Total	**20**	**67,103**	**67,123**

Assumption at Dec 31, 2014	Derivatives at fair value for hedging	Liabilities measured at amortized cost	Total
Shareholder loans	–	64,803	64,803
Long-term liabilities to credit institutions	–	148,025	148,025
Derivatives	664	–	664
Cash credit	–	271	271
Accounts payable	–	30,709	30,709
Realized interest expense	–	256	256
Total	**664**	**244,064**	**244,728**

Carrying amounts are assessed as corresponding to the fair values.

NOTE 14—Credit risk exposure

Credit risk attributable to accounts receivable is managed by the respective subsidiaries, which have established procedures in place for credit monitoring and checking of customers. Customers normally receive 30–45 days credit. Over the years, the Group has only had limited customer credit losses. In 2016, the expenses for realised customer credit losses totalled kEUR 10 and for 2015, the expense was kEUR 140 and for 2014 the expense was kEUR 573.

The recognised amounts for financial assets represent the maximum credit exposure. The maximum exposure to credit risk on the balance-sheet date was:

	2016	2015	2014
Assets at cost	20	20	20
Loan receivables	81,354	64,378	43,429
Total	**81,374**	**64,378**	**43,449**

Accounts receivable	**2016**	**2015**	**2014**
Accounts receivable	45,581	28,017	40,059
Provision for doubtful accounts receivable	–1,238	–520	–1,273
Closing balance as of 31.12	**44,343**	**27,497**	**38,786**

Provision for customer credit losses	**2016**	**2015**	**2014**
Provision as of 1.1	–520	–1,273	–1,582
Assumed provision on acquisitions	–354	0	0
Provision during the year	–1,041	–335	–361
Reversed during the period	675	459	702
Exchange-rate fluctuations	2	629	–32
Total provisions	**–1,238**	**–520**	**–1,273**

Reversed provisions were recognized under Other external expenses.

At December 31, the Group had the following accounts receivable outstanding after deduction for provisions.

	Total	Not yet due	<30 days	30–60 days	60–90 days	More than 90 days
2016	**44,343**	26,586	10,507	3,322	1,856	2,073
2015	**27,497**	19,082	5,615	1,419	423	958
2014	**38,786**	24,162	8,648	3,309	812	1,855

NOTE 15—Inventory

	As of 31 December 2016	As of 31 December 2015	As of 31 December 2014
Raw materials and semi-finished goods	8,272	6,111	17,542
Work-in-progress	297	444	1,019
Finished goods	27,915	23,534	27,005
Total	**36,484**	**30,089**	**45,566**

The inventory is valued at the lower of cost and net realisable value less selling costs. At December 31, 2016, the provision for obsolescence was kEUR 4 964 (kEUR 2 047 2015; kEUR 2 687 2014). During 2016, the company's cost of goods sold totaled kEUR 129 682 (kEUR 121 582 2015; kEUR 112 562 2014).

NOTE 16—Bank balances and credit facilities

Handicare has a cash pool that includes the subsidiaries in Sweden, Norway, the Netherlands, the UK, Denmark and the US (but not the Prism units). All subsidiaries bear joint and severable liability for the use of credits. At December 31, 2016, the Group account holder was Crystal Amethyst BV. The Group's bank balances amounted to kEUR 6 697 (kEUR 18 888 2015; kEUR 23 694 2014).

NOTE 17—Financial income and expenses

	2016	2015	2014
Interest income	3,036	1,242	994
Exchange-rate gains	54,101	20,327	11,911
Other financial income	80	48	–
Total financial expenses	**57,217**	**21,617**	**12,905**
Interest expense	16,013	19,094	24,591
Exchange-rate losses	57,309	19,211	13,956
Other finance expenses	–	–	723
Total financial expenses	**73,322**	**38,305**	**39,270**
Net financial items	**–16,105**	**–16,688**	**–26,365**

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

NOTE 18—Provisions

	Deferred revenue	Warranty reserve	Other provisions and obligations	Total
Balance at January 1, 2016	2,748	1,198	167	4,113
Provisions during the year	2,047	3,525	462	6,034
Recognized during the year	–2,172	–1,854	–450	–4,476
Reversal of previous provisions	–	–	35	35
Translation differences	–213	–0	103	–109
Closing balance at Dec 31, 2016	**2,410**	**2,869**	**317**	**5,596**
Balance at January 1, 2015	2,618	1,986	146	4,750
Provisions during the year	1,936	1,123	21	3,080
Recognized during the year	–1,900	–1,912	–	–3,812
Reversal of previous provisions	–	–	–	–
Translation differences	95	1	–0	95
Closing balance at Dec 31, 2015	**2,748**	**1,198**	**167**	**4,113**
Balance at January 1, 2014	2,528	1,331	193	4,052
Provisions during the year	1,316	1,894	2	3,212
Recognized during the year	–1,317	–1,213	–49	–2,579
Reversal of previous provisions	–	–29	–	–29
Translation differences	91	3	–	94
Closing balance at Dec 31, 2014	**2,618**	**1,986**	**146**	**4,750**

Deferred revenue comprises provisions for future service contracts with a normal duration of 3–5 years. This revenue is recognised on a straight-line basis over the duration. Provisions for warranty costs are based on general valuations and special conditions that are expected to generate future warranty and service costs. The calculations are based on actual warranty and service costs in relation to the number of products under warranty. The timing and exact amount might differ from management's best estimate at each period end.

NOTE 19—Future minimum leasing fees for non-cancellable leases

2016	2017	2018	2019	2020	2021	After 2022
Operating leases						
Premises rental expenses	3,188	3,107	2,571	1,818	431	325
Leased machinery and equipment	203	157	155	47	45	0
Leased transportation	1,690	1,408	923	410	0	0
Leased IT systems	617	512	387	268	47	0
Other leases	22	22	22	22	11	0
Total	**5,721**	**5,205**	**4,058**	**2,564**	**534**	**325**
Finance leases						
Leased transportation	30	30	17	–	–	–
Total	**30**	**30**	**17**	**0**	**0**	**0**

Recognized leasing fees for the period amounted to kEUR 5,569.

2015	2016	2017	2018	2019	2020	After 2021
Premises rental expenses	3,037	2,602	2,312	1,718	1,123	95
Leased machinery and equipment	189	142	107	41	42	0
Leased transportation	1,711	1,449	959	295	87	0
Leased IT systems	199	187	175	177	173	0
Other leases	30	21	21	21	21	0
Total	**5,166**	**4,401**	**3,574**	**2,252**	**1,446**	**95**
Finance leases						
Leased transportation	155	115	98	–	–	–
Total	**155**	**115**	**98**	**0**	**0**	**0**

Recognized leasing fees for the period amounted to kEUR 4,334.

2014	2015	2016	2017	2018	2019	After 2020
Premises rental expenses	3,734	3,118	2,638	2,213	1,878	1,163
Leased machinery and equipment	349	322	329	43	35	50
Leased transportation	2,204	1,618	1,080	356	23	0
Leased IT systems	394	395	368	346	339	0
Other leases	56	55	55	55	55	0
Total	**6,737**	**5,508**	**4,470**	**3,013**	**2,330**	**1,213**
Finance leases						
Leased transportation	117	96	–	–	–	–
Total	**117**	**96**	**0**	**0**	**0**	**0**

Recognized leasing fees for the period amounted to kEUR 3,575.

NOTE 20—Employees, personnel expenses, remuneration to the Board and senior executives

Salaries and personnel expenses	2016	2 015	2 014
Salaries and vacation pay	52,334	49,562	50,126
Payroll tax	7,400	6,420	5,957
Pension expenses incl. Payroll tax	1,745	2,109	2,643
Other personnel expenses	2,241	6,049	4,960
Total	**63,720**	**64,140**	**63,686**

At the end of the year, the number of full time equivalents was 1,156 (2015, 917; 2014, 1,150) and the average of the year was 1,036 (2015, 1,151; 2014, 1,202).

Remuneration to senior executives	2016 CEO	2016 Other senior executives	2015 CEO	2015 Other senior executives	2014 CEO	2014 Other senior executives
Salaries and other remuneration	205	1,687	–	1,735	–	1,305
Pension premiums	4	193	–	168	–	92
Severance pay	–	–	–	–	–	156
Share-based remuneration	–	–	–	–	–	238
Total	**209**	**1,880**	**0**	**1,903**	**0**	**1,791**

Asbjörn Eskild was appointed as the new CEO in 2016. The previous CEO was remunerated directly by the Group's largest shareholder.

At the end of 2016, the senior executives (seven) comprised the managers of the respective business areas and Prism, the Global Purchasing Director, Business Development Director and the Group's CFO of the Group.

For 2015 and 2014 the CEO was remunerated directly by the Group's largest shareholder. Other senior executives was the heads of each business unit as well as the HR director and CFO of the Group.

Auditor's fees recognized	2016	2015	2014
Audit assignment	567	482	435
Audit related services	40	–	4
Tax consultancy	47	192	52
Other services	32	103	66
Total	**686**	**778**	**557**

NOTE 21—Pension expenses

Most of the Group's pension plans are defined-contribution plans, whereby the company's obligations are limited to the contributions that the company has undertaken to pay. The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss for the year at the rate at which they are earned by employees performing services for the company during a period. During the year, the expense recognised for defined-contribution plans amounted to kEUR 1,701 (2,325 kEUR 2015; 1,912 kEUR 2014).

The Group only has limited obligations vis-à-vis defined-benefit pension plans in Norway and, from January 1, 2008, all new employees in Norway have defined-contribution plans. The Group's net obligation for defined-benefit plans is calculated separately by actuaries through the assessment of the future benefit earned by the employees through their service in the current and prior periods. This obligation is discounted to a present value. The expense recognised for the year was kEUR 44 (neg: 349 kEUR 2015; 560 kEUR 2014). The carrying amount of the liability in the balance sheet was kEUR 784 (1,007 kEUR 2015; 2,620 kEUR 2014).

NOTE 22—Tax expense and deferred tax

Tax expense	2016	2015	2014
Current tax			
Current tax on net profit/loss for the year	–302	853	1,221
Adjustment in relation to last year	–18	19	–530
Total current tax	**–321**	**872**	**692**
Deferred tax			
Temporary differences	98	–949	2,243
Change in tax rate	225	9	–
Total deferred tax	**324**	**–940**	**2,243**
Tax expense of the year	**3**	**–68**	**2,935**

Deferred tax liabilities and receivables	2016	2015	2014
Intangible assets	–20,048	–26,472	–40,966
Fixed assets	–772	2,610	4,130
Pension obligations, net	711	720	2,569
Unrealized currency effects	–3,982	–9,442	–6,447
Provisions and other non-current items	–5,003	142	–456
Inventory	1,838	1,694	264
Accounts receivable	245	150	188
Provisions and other current items	–2,074	4,974	2,358
Loss carry-forwards	68,943	46,700	49,430
Total	**39,857**	**21,075**	**11,070**
Estimated deferred tax with nominal tax rate	9,904	4,637	6,668
Unrecognized tax loss carry-forwards	–12,807	–9,320	–11,041
Net deferred tax	**–2,902**	**–4,020**	**–4,373**
Deferred tax assets	8,434	3,570	7,752
Deferred tax liabilities	–11,336	–7,590	–12,124

Reconciliation of deferred tax rate	2016	2015	2014
Opening balance	–4,020	–4,372	–3,312
Recognized in profit or loss	324	–940	–1,449
Recognized in OCI	–235	–469	1,423
Recognized in shareholders' equity	15	–1,405	186
Acquisition/Divestment of operations	933	3,997	–
Translation effects	82	–831	–1,221
Total	**–2,902**	**–4,020**	**–4,373**

Reconciliation of effective tax	2016	2015	2014
Loss before tax	**–19,270**	**–22,403**	**–22,874**
Tax based on local tax rates	4,990	7,250	6,776
Impact of changed tax rates	–225	85	–
Non-deductible expenses	–2,693	–13,533	–3,142
Non-taxable income	1,259	1,412	3
Recognition of previously unrecognized loss carry-forwards	677	–	30
Unrecognized tax loss carry-forwards during the year	–3,631	2,116	–3,030
Change in unrecognized temporary differences	–520	–	–
Other items	146	2,602	2,298
Tax expense	**3**	**–68**	**2,935**
Effective tax rate	0.0%	0.3%	–12.8%

Maturity structure for loss carry-forwards	2016	2015	2014
Maturing in 2015			–
Maturing in 2016		–	–
Maturing in 2017	–	–	–
Maturing in 2018	471	471	–
Maturing in 2019 or later	35,020	28,129	11,002
No time limitation	33,452	18,100	38,773
Total loss carry-forwards	*68,943*	*46,700*	*49,775*
Unrecognized loss carry-forwards	–47,288	–32,031	37,973

NOTE 23—Accrued expenses and deferred revenue

Accrued expenses and deferred revenue	2016	2015	2014
Provision for salaries, bonus and vacation pay	7,473	5,951	7,052
Provision for interest	22	24	256
Provision for restructuring costs and other items	4,160	4,703	426
Provision for warranty costs	–	–	14
Other accrued expenses	14,821	5,043	7,311
Total	**26,476**	**15,720**	**15,059**

NOTE 24—Share capital and shareholder information

At the end of December 2016, the company's share capital amounted to kEUR 5 (kEUR 5 2015; kEUR 2,310 2014). On January 1, 2015, the Group was reorganised under a new Parent Company. The total number of shares amounts to 50,002 with a nominal value of EUR 0.1. All shares have equal voting rights.

NOTE 25—Related parties

The company has a shareholder loan from Cidron Liberty Systems S.à .r.l, which totals kEUR 77,804 (kEUR 66,801 2015; kEUR 64,630 2014). The loan carries an annual interest rate of 10%, which accrues to the loan on an ongoing basis. Shareholder loans from other shareholders amount to kEUR 110 (kEUR 93 2015; kEUR 157 2014). No other material transactions with related parties took place. Refer also to Note 20.

NOTE 26—Business combinations

Prism Medical Ltd

On September 1, 2016, the Group acquired 100% of Prism Medical Ltd ("Prism") for MEUR 48.0. Prism manufactures ceiling and mobility lifts, and other aids for hospitals and healthcare facilities. The acquisition captured a significant position in the fast-growing US market, which is an important component of our strategy. Prism is recognised under business area (operating segment) Patient Handling.

The goodwill of MEUR 38.5 arising from the acquisition was attributable to the expected synergy effects from combining the operations of the Group and Prism as well as from increased sales through the respective sales channels. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Prism, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at September 1, 2016—MEUR	
Cash and cash equivalents	48.0
No contingent earn-out exists	
Total consideration paid	48.0

Recognized amounts of identifiable assets acquired and liabilities assumed—MEUR	
Brands	1.0
Customer contracts and customer relations	5.0
Technology	1.2
Tangible fixed assets	2.7
Inventory	7.9
Accounts receivable and other receivables	8.8
Cash and cash equivalents	0.0
Accounts payable and other payables	7.9
Deferred tax liabilities	0.2
Earn-out	1.2
Borrowings	7.8
Total identifiable net assets	**9.5**
Goodwill	**38.5**

Acquisition-related costs of MEUR 3.8 have been charged to other specified items in the consolidated statement of comprehensive income for the 2016 fiscal year.

The fair value of accounts receivable and other receivables is MEUR 8.8 and includes accounts receivable with a fair value of MEUR 8.1. No accounts receivable were assessed as doubtful.

The net sales from Prism that were included in the consolidated income statement from the acquisition date amounted to MEUR 15.6. Prism also contributed an EBIT of MEUR 2.0 over the same period.

Had Prism been consolidated from January 1, 2016, the consolidated income statement would show net sales of MEUR 290.6 and a negative EBIT of MEUR 3.5.

Rep-Tek AS

On January 1, 2016, the Group acquired 100% of Rep-Tek AS ("Rep-Tek") for MEUR 1.5. Rep-Tek converts vehicles for disabled use and operates in the Norwegian market. The acquisition further strengthened our position in the Norwegian market and generated significant synergies. Rep-Tek is an integrated part of the Accessibility segment.

The goodwill of MEUR 1.4 arising from the acquisition was attributable to the expected synergy effects from combining the operations of the Group and Rep-Tek.

The following table summarises the consideration paid for Rep-Tek, and the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration paid at January 1, 2016—MEUR	
Cash and cash equivalents	1.4
Contingent earn-out	0.1
Total consideration paid	1.5
Recognized amounts of identifiable assets acquired and liabilities assumed—MEUR	
Deferred tax assets	0.1
Tangible fixed assets	0.0
Inventory	0.9
Accounts receivable and other receivables	1.1
Cash and cash equivalents	0.1
Accounts payable and other payables	1.4
Tax liabilities	0.3
Borrowings	0.5
Total indetifiable net assets	**0.1**
Goodwill	**1.4**

Acquisition-related costs of MEUR 0.2 are included in Other specified items in the consolidated statement of comprehensive income for the 2016 fiscal year.

The fair value of accounts receivable and other receivables is MEUR 1.1 and includes accounts receivable with a fair value of MEUR 1.0. No accounts receivable were assessed as doubtful.

Rep-Tek was merged with Handicare AS at the start of 2016 and is thus included in the sales and earnings of Handicare AS. Rep-Tek's reported net sales totalled MEUR 7.5 for 2015. Rep-Tek's EBIT for the same period amounted to a loss of MEUR 0.5.

Under the contingent earn-out agreement, the Group is to pay 100% of EBITDA in excess of MNOK 22.2 for the 12-month period until June 30, 2017.

The fair value of the contingent earn-out arrangement, MEUR 0.06, was estimated by applying the income approach. The fair value estimates are based on a discount rate of 2.2% and an assumed probability-adjusted EBITDA for Rep-Tek for the 12-month period until June 30, 2017.

Consideration paid—cash flow for all acquisitions—MEUR	
Cash flows for acquisitions of subsidiary, net of cash and cash equivalents	
Cash consideration paid	49.5
Less acquired cash and cash equivalents	0.2
Net outflow of cash and cash equivalents—investing activities	**49.3**

No acquisitions were made in 2015 and 2014.

NOTE 27—Earnings per share (EPS)

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2016	**2015**	**2014**
Profit attributable to ordinary equity holders of the parent			
Continuing operations	–18,859	–39,282	–29,360
Discontinued operations	–	17,061	4,966
Profit attributable to ordinary equity holders of the parent for basic earnings	**–18,859**	**–22,221**	**–24,394**
Weighted average number of ordinary shares for basic EPS	50,002	50,002	n/a*
Effects of dilution	–	–	n/a*
Weighted average number of ordinary shares adjusted for the effects of dilution	50,002	50,002	n/a*
Basic earnings per share—EUR	**–377.2**	**–444.4**	**n/a***
Diluted earnings per share—EUR	**–377.2**	**–444.4**	**n/a***

*New parent company from 2015.

NOTE 28 — Contingent liabilities and pledged assets

	2016	2015	2014
Pledged assets*	94,597	66,192	93,488
Contingent liabilities	None	None	None

* Refer to Note 4 regarding the allocation of classes of assets

There are no claims or ongoing legal proceedings apart from the dispute with a sub-distributor regarding Handicare's costs for product recall, which are deemed to be caused by the sub-distributor. Handicare's risk exposure is limited to legal costs.

NOTE 29 – Events after the end of the reporting period

After the balance sheet date, negotiations and preparations have taken place to divest parts of the Puls business (BD) to Cidron Liberty Systems Limited (owned by Nordic Capital Fund VII). The BD Business has been sold to Cidron Liberty Systems Limited (controlled by Nordic Capital, Handicare's principal owner) with a transfer date of 1 August 2017. The purchase price amounted to NOK 109 million (EUR 11.4 million based on the NOK/EUR exchange rate on 30 June 2017). There is no earn-out agreement. The purchase price will be paid by remission of Cidron Liberty Systems Limited's shareholder loan to Handicare by an amount equivalent to the purchase price. Based on a purchase price of EUR 11.4 million / 12.1 million (NOK 109 million converted to NOK using the NOK/EUR rate at January 2016 and January 2017, respectively) for the BD Business and consolidated value on shareholders' equity in the divested business of EUR 11.0 million / EUR 11.7 million, capital loss before tax is estimated at EUR 0.4 million. Taxable capital gain amounts to EUR 9.0 million and EUR 9.6 million, respectively, as group goodwill is not tax-deductible. After a deduction of 25 percent / 24 percent for tax (corporate income tax in Norway in 2016 and 2017, respectively), the capital gain after tax has been estimated at EUR 1.9 million. In the six months ended 30 June 2017 the BD Business contributed revenue of EUR 9.2 million and profit/loss after tax of EUR 1.1 million.

Alternative performance measures

Handicare uses alternative performance measures (APMs) to follow up operations.

Non-IFRS measure	Definition	Reason for use of the measure
EBITA	Earnings before interest, tax and amortisation.	Handicare believes that EBITA shows the results generated by the operating activities.
EBITA margin	EBITA as a percentage of revenue.	Handicare believes that EBITA margin is a useful measure together with revenue growth to monitor value creation.
Adjusted EBITA	EBITA excluding other specified items. Other specified items includes transaction costs, integration costs, restructuring costs, IPO costs, recall costs, Mobility costs and other efficiency projects.	Handicare believes that Adjusted EBITA is a useful measure for showing the Company's results generated by the operating activities and monitors Adjusted EBITA as the main profit and loss measure for the Company.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Handicare believes that Adjusted EBITDA margin is a useful measure for showing the Company's results generated by the operating activities.

Group (kEUR)	2016	2015	2014
Revenue	260,997	245,302	231,781
Cost of material	–129,682	–121,582	–112,562
Gross profit	**131,315**	**123,720**	**119,219**
Gross margin	**50.3%**	**50.4%**	**51.4%**

Group (kEUR)	2016	2015	2014
EBIT	–3,165	–22,776	–60
Other specified items	18,428	9,857	8,308
Amortisation and impairment of intangible assets	3,527	26,443	1,798
Adjusted EBITA	**18,790**	**13,524**	**10,046**
Revenue	260,997	245,302	231,781
Adjusted EBITA	18,790	13,524	10,046
Adjusted EBITA margin	**7.2%**	**5.5%**	**4.3%**

The auditor's report on historical financial statements

To the Board of Directors of Handicare Group AB, reg. no 556982-7115.

We have audited the consolidated financial statements for Handicare Group AB on pages F-14 to F-44, which comprise the consolidated statement of financial position as of 31 December 2016, 2015 and 2014 and the consolidated statement of comprehensive income, cash flow statement and statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the consolidated financial statements

The board of directors and the managing director are responsible for the preparation of the consolidated financial statements and for ensuring that these consolidated financial statements provide a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and Annual Accounts Act and applicable supplementary standards. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements in the Commission Regulation 809/2004/EC.

The auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Financial Information in Prospectuses*. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Handicare Group AB (publ) in accordance with professional ethical for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Financial Information in Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the consolidated financial statements. The audit procedures selected are based on our assessment of the risks of material misstatements in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the company's preparation and fair presentation of the consolidated financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional applicable framework of the consolidated financial position of Handicare Group AB (publ) as of 31 December 2016, 2015 and 2014 and its consolidated financial performance, statements of changes in equity and cash flows for these years.

Stockholm, 27 September 2017

Ernst & Young AB
Stefan Andersson Berglund
Authorised Public Accountant

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