

+8.3%

Net sales

5.7%

EBIT margin

The transformation continues with growing services business**April – June 2019**

- Net sales were SEK 459.6 million (424.2), an increase of 8.3 percent.
- Net sales for the category Services were SEK 86.3 million (64.4), an increase of 34.0 percent. Net sales for the category Products were SEK 373.3 million (359.9), an increase of 3.7 percent.
- Gross margin decreased to 34.9 percent (36.5). For Services, the gross margin decreased to 46.0 percent (46.8) and for Products the gross margin decreased to 32.4 percent (34.7).
- Operating profit (EBIT) was SEK 34.9 million (26.1) excluding restructuring costs, which corresponds to an operating margin of 7.6 percent (6.2). Including restructuring costs the operating profit was SEK 26.2 million with operating margin of 5.7 percent.
- Profit after tax for the period was SEK 18.7 million (20.8).
- Earnings per share was SEK 0.79 (0.87).
- Free cash flow before acquisitions was SEK 0.0 million (22.8).

January – June 2019

- Net sales were SEK 925.8 million (843.8), an increase of 9.7 percent.
- Net sales for the category Services were SEK 171.8 million (117.1), an increase of 46.7 percent. Net sales for the category Products were SEK 754.0 million (726.7), an increase of 3.8 percent.
- Gross margin decreased to 33.0 percent (35.2). For Services, the gross margin increased to 46.9 percent (45.6) and for Products the gross margin decreased to 29.9 percent (33.5).
- Operating profit (EBIT) was SEK 56.1 million (51.0) excluding restructuring costs, which corresponds to an operating margin of 6.1 percent (6.0). Including restructuring costs the operating profit was SEK 47.4 million with operating margin of 5.1 percent.
- Profit after tax for the period was SEK 34.1 million (39.4).
- Earnings per share was SEK 1.43 (1.66).
- Free cash flow before acquisitions was SEK 19.2 million (55.0).

THE DORO GROUP (SEK million)	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	459.6	424.2	925.8	843.8	1 906.4
Sales growth. %	8.3	-4.9	9.7	-6.1	-0.9
EBITDA	47.3	44.1	90.9	82.6	194.3
EBITDA margin. %	10.3	10.4	9.8	9.8	10.2
EBITA	29.0	27.7	53.0	53.7	130.8
EBITA margin. %	6.3	6.5	5.7	6.4	6.9
EBIT	26.2	26.1	47.4	51.0	122.3
EBIT margin. %	5.7	6.2	5.1	6.0	6.4
Profit after tax	18.7	20.8	34.1	39.4	91.5
Earnings per share	0.79	0.87	1.43	1.66	3.86
Equity ratio. %	46.5	46.9	46.5	46.9	46.7



Message from the CEO

Since I was appointed new President and CEO, my focus has been to drive Doro's transformation towards becoming a services-based company. We will create and deliver even more attractive technology-oriented care services for seniors and do it better than our competitors. Doro shall be a leading player on the European market and I have therefore chosen to review our priorities.

Going forward, our strategic focus will be to have a greater emphasis on public care. We will develop our offer and the efficiency of our service delivery. That work has already started and we are working purposefully on it. I am convinced that if we can make a breakthrough in public care, the consumer market will follow. Today, the services business accounts for about 19 percent of our total sales. As a first step our goal is to achieve 30 percent through continued organic growth and complementary acquisitions.

During the second quarter we saw positive sales growth. Sales amounted to SEK 459.6 m (424.2), an increase of 8.3 percent. Our business category Services had a positive sales trend with a growth of 34.0 percent. Norway shows continued stable growth in the public sector and our British telecare company Welbeing continues to show growth. Organically the growth in Services was 6.8 percent in the quarter. It is clear that market demand for more comprehensive digital solutions is increasing.

The development of our business category Products has been positive compared to the same period the previous year and grew in total by 3.7 percent. This means that we have a competitive offering despite the weak market trend. It is gratifying to note growth in Central and Eastern Europe, where we are now taking market shares again after some strenuous quarters in this region. As in the previous quarter, sales growth in the USA continued to be positive during the second quarter.

The operating margin of 5.7 percent is slightly lower than the same period last year but better than in the first quarter of the year. During the quarter, restructuring costs of SEK 8.7 million, due to the change of CEO, were charged against earnings. The gross margin has been negatively affected by currency effects in product sales and by the fact that we have not achieved our high efficiency targets for the services business in the quarter. We are therefore working consistently to push through improvements and review the cost structure in both products and services.

After my years as CFO of Doro, I know the company well and feel full of motivation for taking the company to the next level in my new role as CEO. My aim is to make the group well adapted for future digital services for seniors, with the goal of creating a higher value for our customers as well as our shareholders. We have a very ambitious plan for how to create further success. Generally speaking, the development of the senior market is very clear. Forecasts show that by 2050 a quarter of the population of Europe will be 65 or older. At the same time, the will to be able to live independently and the demand for better care services are growing. Doro must drive innovation and deliver smart and efficient services that meet these needs. With the right strategic initiatives, I am convinced that we have a great future before us.

Carl-Johan Zetterberg Boudrie, President and CEO

Growth in sales of 8.3%

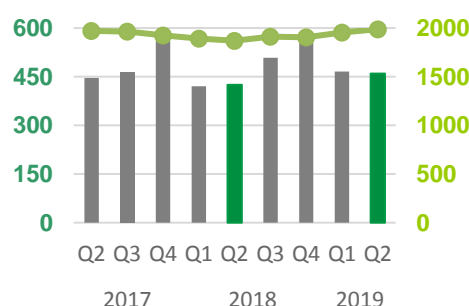
Improved operating profit of 34% excluding restructuring costs

Services income increased by 34.0% while product income increased by 3.7%

Services is increasing its share of total income, now accounting for 19%

Unchanged forecast for the full year 2019

Sales per quarter and R12m, SEK million



EBIT per quarter and R12m, SEK million



Net sales increased by 8.3%

Double-digit growth in Central and Eastern Europe

Gross margin decreased to 34.9% and operating margin to 5.7%

Group financial summary, second quarter 2019

Sales

Doro's net sales for the first quarter were SEK 459.6 million (424.2), an increase of 8.3 percent compared with the second quarter of 2018. Adjusted for currency effects, the increase was 5.4 percent.

Order intake during the second quarter increased by 6.3 percent to SEK 493.5 million (464.1). At the end of the quarter, the value of the order book was SEK 449.9 million (342.3).

Sales in the Products category increased by 3.7 percent, while sales in the Services category increased by 34.0 percent compared with the second quarter of 2018. Organically the sales growth in Services was 6.8 percent.

In Central and Eastern Europe, sales increased by 15.8 percent. In the Western and Southern Europe and Africa region, sales decreased by 10.0 percent and sales in the Nordic countries decreased by 3.9 percent compared to the second quarter of 2018. Sales in the United Kingdom and Ireland increased by 28.6 percent including the acquisition of Welbeing, while sales in North America increased by 39.2 percent.

Financial results

The gross margin decreased compared with the second quarter of 2018 and amounted to 34.9 percent (36.5). The weakening against the previous year is mainly explained by the strengthening of the USD against EUR and GBP.

EBITDA for the second quarter increased by 7.3 percent to SEK 47.3 million (44.1), which corresponds to an EBITDA margin of 10.3 percent (10.4). The increase in EBITDA is mainly explained by the new accounting standard IFRS 16 Leasing being applied from 1 January 2019, which increased EBITDA in the quarter by SEK 4.1 m.

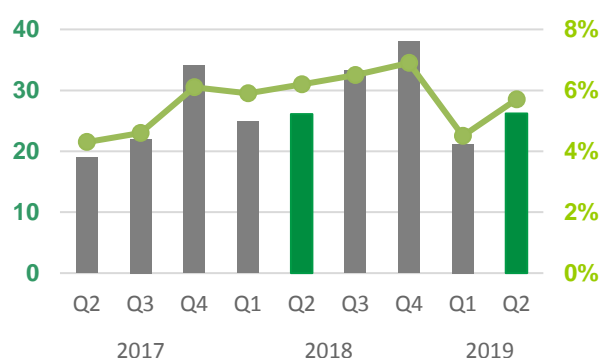
EBITA improved to SEK 29.0 million (27.7). Planned depreciation of intangible assets from company acquisition was SEK -2.8 million (-1.6) during the quarter, which resulted in an operating profit (EBIT) of SEK 26.2 million (26.1) and an EBIT margin of 5.7 percent (6.2). Operating profit excluding restructuring costs was SEK 34.9 million.

Net financial items for the second quarter totaled SEK 1.6 million (-3.4), including revaluation of financial instruments in foreign currency.

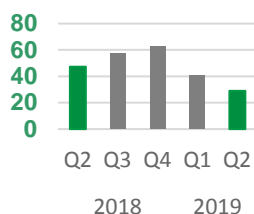
Group tax for the quarter was SEK -5.9 million (-8.7).

Profit after tax for the period was SEK 18.7 million (20.8).

Operating profit and operating margin per quarter, SEK million and %



Cash flow from operating activities, SEK million



Cash flow, investments and financial position

Cash flow from operating activities during the second quarter was SEK 29.0 million (47.3). The decrease was mainly due to a negative change in working capital compared to the corresponding period last year. Free cash flow, after investments but before operating acquisitions, amounted to SEK 0.0 million (22.8). Investments during the period amounted to SEK 29.0 (24.5) million.

Cash and cash equivalents amounted to SEK 148.7 million at the end of the second quarter (90.7). On the same date, the equity ratio was 46.5 percent (46.9).

Net debt amounted to SEK 154.6 million at the end of the second quarter, compared with SEK 156.7 million at the end of the previous quarter and SEK 174.6 million at the end of the second quarter of 2018. Compared with the second quarter of 2018, net debt are affected by Doro applying IFRS 16 Leasing with effect from 1 January 2019. This means that an additional financial leasing liability of SEK 63.3 million was reported compared with the previous year.

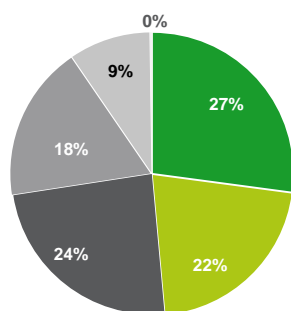
Significant events during the period

On 13 May 2019, Doro's board appointed Carl-Johan Zetterberg Boudrie as President and CEO with immediate effect. He thus replaces Robert Puskaric, who previously held this position.

Significant events after the period

On 2 July 2019, Ronnie Ekman started as Interim CFO of Doro. Ronnie has extensive experience of auditing, corporate finance and most recently as CFO.

Sales by market, R12, July 2018 - June 2019



- Nordics
- Western and Southern Europe and Africa
- Central and Eastern Europe
- United Kingdom and Ireland
- North America
- Rest of the World

Net sales by market, second quarter 2019

NET SALES BY MARKET

Doro Group (SEK million)	2019 Apr-Jun	Growth %	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Nordics	125.6	-3.9	130.7	255.2	260.9	546.5
Western and Southern Europe and Africa	86.8	-10.0	96.4	195.6	201.5	433.3
Central and Eastern Europe	124.8	15.8	107.8	213.4	210.2	475.8
United Kingdom and Ireland	79.1	28.6	61.5	170.8	114.7	300.3
North America	44.0	39.2	31.6	97.4	64.2	152.9
Rest of the world	1.0	-56.5	2.3	1.4	4.4	7.5
Other	-1.7		-6.1	-8.0	-12.1	-9.9
Total	459.6	8.3	424.2	925.8	843.8	1,906.4

Nordics

Sales in the Nordic region decreased by 3.9 percent compared with the second quarter of 2018. The Nordic mobile phone market remains weak, but Doro is defending its market share. This is largely due to the strong position for premium feature phones. In the services area, Doro maintained its strong market position in both Sweden and Norway.

Western and Southern Europe and Africa

In the Western and Southern Europe and Africa region, sales decreased by 10.0 percent, which can largely be explained by poorer sales of smart phones in France. The market position for feature phones in the senior segment remains very strong.

Central and Eastern Europe

Sales during the second quarter increased by 15.8 percent after some difficult quarters. This is partly an effect of a restructuring at one of our largest customers. Initially, this led to lost sales in the first quarter and the positive effects impacted the second quarter instead.

United Kingdom and Ireland

Sales during the second quarter increased by 28.6 percent, thanks to the acquisition of Welbeing in the second quarter of 2018. For mobile phones, sales were negatively impacted by certificate problems, which stopped sales of certain models with some customers.

North America

Sales increased by 39.2 percent thanks to continuing strong demand, including after the launch of our smart 4G feature phone, Doro 7050. During the quarter the first order was delivered to our new customer in the region.

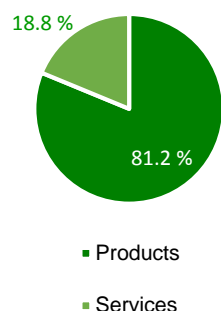
Rest of the world

Net sales in the rest of the world amounted to SEK 1.0 million (2.3).

Other

During the second quarter, income and income adjustments that were not connected to any specific region amounted to SEK -1.7 million (-6.1).

Sales by category April - June 2019



Net sales and gross margin by category, second quarter 2019

NET SALES BY CATEGORY

Doro Group (SEK million)	2019 Apr-Jun	Growth %	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Products	373.3	3.7	359.9	754.0	726.7	1,621.0
Gross margin, %	32.4		34.7	29.9	33.5	31.0
Services	86.3	34.0	64.4	171.8	117.1	285.4
Gross margin, %	46.0		46.8	46.9	45.6	47.4
Total	459.6	8.3	424.2	925.8	843.8	1,906.4
Gross margin, %	34.9		36.5	33.0	35.2	33.4

Products

Sales of products increased by 3.7 percent compared to the second quarter of 2018. Weak development in Western and Southern Europe and Africa and in the Nordic countries was offset by growth in Central and Eastern Europe, the United Kingdom and Ireland and North America respectively. Our assessment is that Doro is maintaining or increasing its market share in a market that continues to be weak, especially for feature phones. The gross margin fell to 32.4 percent (34.7) mainly due to the strengthening of the USD against EUR and GBP, but also as a result of a changed product and market mix.

Services

Sales of services increased by 34.0 percent, partly due to organic growth in Sweden and Norway, but mainly due to the acquisition of Welbeing in the second quarter of 2018. The organic growth in the quarter amounted to 6.8 percent. In the public procurement that was carried out, there was a greater demand for broader security solutions, including, for example, automatic locks and remote supervision. The number of subscriptions amounted to 202,000 (200,000). Gross margin decreased to 46.0 percent (46.8). The weakening of the margin was mainly a result of our not reaching our high efficiency targets in services delivery.

Equity and the Doro share

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 30 June 2019, the number of issued shares was 24,204,568 of which Doro AB holds 439,030 Doro shares. Total equity amounted to SEK 734.0 million (643.0).

Related party transactions

During the period there were no transactions between Doro and related parties that had any significant effect on the company's position and financial results.

Personnel

On 30 June 2019, Doro had 696 (613) employees, corresponding to 540 (501) full-time equivalents. Of these, 362 (318) are based in the Nordic region, 48 (57) in Central and Eastern Europe, 25 (27) in Western and Southern Europe and Africa, 252 (202) in the United Kingdom and Ireland and 9 (9) in the rest of the world.

Risks

Risks and uncertainty factors are primarily related to the challenge of continuously developing competitive products, disturbances to deliveries, customer relations, exchange rate fluctuations, loan financing and the public procurement process. Other than these risks, which are described in more detail on pages 34 and 35 of the annual report, no other significant risks have been identified during the period.

Parent company

The parent company's net sales during the second quarter amounted to SEK 330.5 million (328.3). Profit after tax was SEK 5.0 million (15.7).

Accounting principles

This interim report has been created for the group in accordance with IAS 34, "Interim Financial Reporting" and for the parent company in accordance with Annual Reports Act and the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for legal entities". The accounting principles and calculation methods used correspond with those that were used to create the latest annual report, except that the group applies IFRS 16 Leasing with effect from 1 January 2019, see note 1.

Seasonal variations

Doro's sales in the Products category are affected by seasonal variations. Normally, sales are lowest during the first quarter. Sales during the second and third quarters are normally higher than in the first quarter. Sales are normally strongest during the fourth quarter.

Outlook

The overall market for mobile phones is expected to remain challenging. Doro has maintained and is expected to maintain or increase its market share in the senior segment. Services are growing organically and we are actively working on different acquisition opportunities, for which reason we expect continued double-digit percentage growth in services in 2019. Profitability is expected to remain at a healthy level.



The report for the third quarter of 2019 will be published on 25 October 2019

This report is presented via audiocast on 12 July at 09.00 CET

Report dates

Q3 report, January-September 2019: 25 October 2019
Q4 report, January-December 2019: 13 February 2020

For further information, please contact:

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Doro's report is presented via an audiocast

Analysts, investors and the media are welcome to join the presentation via <https://edge.media-server.com/m6/p/bmbq9dqu> or telephone at 09.00 CET on 12 July 2019. Doro's President and CEO Carl-Johan Zetterberg Boudrie will give the presentation and answer questions. The presentation material is available in advance on <https://corporate.doro.com/sv/investerare/rapporter-och-presentationer/presentationer/>.

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About Doro

Doro AB develops telecom products and services for seniors, so that they can live a full, rich life. As well as being global market leaders in the category of telecom for seniors, Doro also offers a wide portfolio of products and services for safety and care solutions. These smart solutions are tailored to the specific needs of seniors and the disabled and also help to digitally connect generations and create a safe and independent environment in people's own homes. Doro is a Swedish publicly traded company and its share is listed on Nasdaq OMX Stockholm, Nordic List, Small Cap. Net sales in 2018 amounted to SEK 1,906 million (EUR 186 million).

Visit Doro on www.doro.se or www.facebook.com/dorosverige.

Financial reports

INCOME STATEMENT

Doro Group (SEK million)

	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales		459.6	424.2	925.8	843.8	1,906.4
Cost of goods and services sold		-299.0	-269.1	-620.1	-547.1	-1,269.2
Gross profit		160.6	155.1	305.7	296.7	637.2
Selling, distribution and marketing expenses		-69.8	-69.8	-138.4	-130.5	-278.4
Research and development expenses		-20.2	-26.3	-46.1	-49.3	-104.8
Administrative expenses		-45.4	-33.4	-75.4	-67.4	-134.3
Other income and expenses		1.0	0.5	1.6	1.5	2.6
Total operating expenses		-134.4	-129.0	-258.3	-245.7	-514.9
whereof depreciation and amortisation of intangible and tangible fixed assets		-21.1	-18.0	-43.5	-31.6	-72.0
Operating profit/loss before depreciation and amortisation (EBITDA)		47.3	44.1	90.9	82.6	194.3
Operating profit/loss after depreciation and amortisation (EBIT)		26.2	26.1	47.4	51.0	122.3
Net financial items		-1.6	3.4	-2.5	3.6	0.7
Profit/loss before taxes		24.6	29.5	44.9	54.6	123.0
Income tax		-5.9	-8.7	-10.8	-15.2	-31.5
Profit/loss for the period		18.7	20.8	34.1	39.4	91.5
Average number of shares, 000s		23,766	23,849	23,766	23,802	23,674
Average number of shares after dilution, 000s*		23,766	23,849	23,766	23,802	23,674
Earnings per share, SEK		0.79	0.87	1.43	1.66	3.86
Earnings per share after dilution, SEK*		0.79	0.87	1.43	1.66	3.86

*1) Dilution effects are only taken into account where they would have a negative effect on profit per share.

STATEMENT OF COMPREHENSIVE INCOME

Doro Group (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Profit/loss for the period	18.7	20.8	34.1	39.4	91.5
Other comprehensive income to be reclassified to profit or loss in subsequent					
Translation differences	-0.5	5.7	17.0	17.9	5.1
Effects from cash flow hedges	-2.9	2.4	-1.0	2.2	1.0
Deferred tax	0.6	-0.5	0.2	-0.5	-0.2
Total Result related to Parent company's shareholders	15.9	28.4	50.3	59.0	97.4

BALANCE SHEET

Doro Group (SEK million)

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Non-current assets			
Intangible assets	636.3	605.0	612.4
Property, plant and equipment	112.5	39.1	41.1
Financial assets	6.0	8.6	7.5
Deferred tax asset	6.6	9.2	6.5
Current assets			
Inventories	281.0	243.4	264.0
Current receivables	385.7	375.5	398.6
Cash and cash equivalents	148.7	90.7	134.2
Total assets	1,576.8	1,371.5	1,464.3
Shareholders' equity attributable to Parent company's shareholders	734.0	643.0	683.7
Long-term liabilities	344.2	284.7	284.2
Current liabilities	498.6	443.8	496.4
Total shareholders' equity and liabilities	1,576.8	1,371.5	1,464.3

Financial instruments valued at fair value on the balance sheet. SEK million

	2019 30 Jun	2018 30 Jun	2018 30 Jun
Exchange rate contracts recorded as current liability	3.9	6.7	1.7
Exchange rate contracts recorded as current receivable	4.7	11.9	4.3

Financial instruments valued at fair value consist of currency derivatives and these are valued at level 2.

CASH FLOW ANALYSIS

Doro Group (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operating profit/loss after depreciation and write-downs, EBIT	26.2	26.1	47.4	51.0	122.3
Depreciation according to plan	21.1	18.0	43.5	31.6	72.0
Net paid financial items	-2.2	-0.8	-3.7	-1.8	-4.5
Unrealized exchange rate differences in cash flow hedges	-3.6	-6.4	-1.1	-6.9	-5.7
Taxes paid	-1.3	-5.6	-10.9	-6.9	-15.1
Changes in working capital (incl changes in provisions)	-11.2	16.0	-5.4	34.8	52.8
Cash flow from current activities	29.0	47.3	69.8	101.8	221.8
Investments in intangible and tangible fixed assets	-29.0	-24.5	-50.6	-46.8	-99.3
Total Free Cash flow before acquisitions	0.0	22.8	19.2	55.0	122.5
Acquisitions	0.0	-110.7	0.0	-110.7	-110.7
Cash flow from investment activities	-29.0	-135.2	-50.6	-157.5	-210.0
Amortisation of debt	-2.1	-110.0	-6.3	-160.0	-185.0
New loans	0.0	265.0	0.0	265.0	265.0
Dividend/buy-back shares	0.0	-6.3	0.0	-18.9	-18.9
Warrant program, new/buy-back	0.0	0.0	0.0	0.0	2.3
Cash flow from financial activities	-2.1	148.7	-6.3	86.1	63.4
Exchange rate differences in cash and cash equivalents	0.1	1.0	1.6	3.2	1.9
Change in liquid funds	-2.0	61.8	14.5	33.6	77.2
Net debt*	154.6	174.6	154.6	174.6	105.8

*1) The introduction of IFRS 16 increases net liabilities by SEK 63.3 million as of 30 June 2019

EQUITY

Doro Group (SEK million)

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Opening balance	683.7	583.7	583.7
Total Result related to Parent company's shareholders	50.3	59.0	97.4
Dividend/buy-back shares	0.0	-18.9	-18.9
Warrants	0.0	0.0	2.3
New share issue	0.0	19.2	19.2
Closing balance	734.0	643.0	683.7

OTHER KEY FIGURES

Doro Group

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Order book at the end of period, SEK million	449.9	342.3	396.1
Order intake Q, SEK million	493.5	464.1	-
Gross margin, %	33.0	35.2	33.4
Gross margin, Q	34.9	36.5	-
EBITA, SEK million	53.0	53.7	130.8
Equity/assets ratio, %	46.5	46.9	46.7
Number of shares at end of period, 000s	23,766	24,205	23,766
Number of shares at end of period after dilution effect, 000s ^{*)}	23,766	24,205	23,766
Equity per share, SEK	30.89	26.57	28.77
Equity per share after dilution, SEK*	30.89	26.57	28.77
Return on average shareholders' equity, %	12.5	13.1	14.4
Return on average capital employed, %	14.3	15.2	16.1
Share price at end of period, SEK	34.00	42.20	34.15
Market value, SEK million	808.0	1,021.4	811.6

^{*)} Dilution effects are only taken into account where they would have a negative effect on profit per share.

NET SALES BY MARKET

Doro Group (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Nordics	125.6	130.7	255.2	260.9	546.5
Western and Southern Europe and Africa	86.8	96.4	195.6	201.5	433.3
Central and Eastern Europe	124.8	107.8	213.4	210.2	475.8
United Kingdom and Ireland	79.1	61.5	170.8	114.7	300.3
North America	44.0	31.6	97.4	64.2	152.9
Rest of the world	1.0	2.3	1.4	4.4	7.5
Other	-1.7	-6.1	-8.0	-12.1	-9.9
Total	459.6	424.2	925.8	843.8	1,906.4

NET SALES BY CATEGORY

Doro Group (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Products	373.3	359.9	754.0	726.7	1,621.0
Gross margin, %	32.4	34.7	29.9	33.5	31.0
Services	86.3	64.4	171.8	117.1	285.4
Gross margin, %	46.0	46.8	46.9	45.6	47.4
Total	459.6	424.2	925.8	843.8	1,906.4
Gross margin, %	34.9	36.5	33.0	35.2	33.4

INCOME STATEMENT

Parent company (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales	330.5	328.3	691.1	661.0	1,483.9
Cost of goods and services sold	-216.2	-205.3	-472.3	-419.5	-999.5
Gross profit	114.4	123.0	218.8	241.5	484.4
Operating expenses	-107.3	-105.4	-206.1	-204.5	-413.8
Operating profit/loss (EBIT)	7.1	17.6	12.7	37.0	70.6
Net financial items	0.9	4.7	0.7	6.1	5.6
Profit/loss after financial items	8.0	22.3	13.4	43.1	76.2
Group contribution	0.0	0.0	0.0	0.0	0.0
Taxes	-3.0	-6.6	-5.3	-11.8	-19.2
Profit/loss for the period	5.0	15.7	8.1	31.3	57.0

STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK million)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Profit/loss for the period	5.0	15.7	8.1	31.3	57.0
Other comprehensive income to be reclassified to profit or					
Effects from cash flow hedges	-2.9	2.4	-1.0	2.2	1.0
Deferred tax	0.6	-0.5	0.2	-0.5	-0.2
Total Result related to Parent company's shareholders	2.7	17.6	7.3	33.0	57.8

SUMMARY BALANCE SHEET

Parent company (SEK million)

	Note	2019 30 Jun	2018 30 Jun	2018 31 Dec
Non-current assets				
Intangible assets		303.8	290.1	296.9
Property, plant and equipment		18.1	16.3	17.3
Financial assets		271.9	267.3	272.1
Current assets				
Inventories		203.7	194.0	195.5
Current receivables		536.0	467.6	538.9
Cash and cash equivalents		93.2	58.7	98.3
Total assets		1,426.7	1,294.0	1,418.9
Shareholders' equity attributable to Parent company's shareholders		479.3	445.4	471.8
Provisions		87.0	42.6	78.0
Long-term liabilities		240.0	265.0	240.0
Current liabilities		620.4	541.0	629.1
Total shareholders' equity and liabilities		1,426.7	1,294.0	1,418.9

Notes

Note 1 – IFRS 16 Leasing

The group leases office premises, vehicles, furniture and office equipment. Leasing contracts are normally written for fixed periods, but there may be opportunities for extension. The terms are negotiated separately for each agreement and contain a large number of contractual conditions. The leasing agreements are reported as rights of use and an equivalent liability on the date on which the leased asset is available for use by the group. Each leasing payment is divided between amortisation of the liability and the financial cost. The financial cost shall be distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. The right of use is depreciated on a straight line basis over the shorter of the asset's useful life and the duration of the leasing contract. Assets and liabilities arising from leasing contracts are initially reported at present value. Leasing payments are

discounted by the implied interest rate of the lease if this interest rate can be easily determined, otherwise the company's marginal borrowing rate is used. Payments for short-term contracts and leasing contracts of lesser value are expensed on a straight line basis in the income statement. Short-term contracts are contracts with a leasing period of 12 months or less.

Effect of implementation of IFRS 16

BALANCE SHEET

Doro Group (SEK million)

	2019 1 Jan Before	2019 1 Jan After	2019 30 Jun Before	2019 30 Jun After
Non-current assets				
Intangible assets	612.4	612.4	636.3	636.3
Property, plant and equipment	41.1	110.7	49.2	112.5
Financial assets	7.5	7.5	6.0	6.0
Deferred tax assets	6.5	6.5	6.6	6.6
Current assets				
Inventories	264.0	264.0	281.0	281.0
Current receivables	398.6	398.6	385.7	385.7
Cash and cash equivalents	134.2	134.2	148.7	148.7
Total assets	1,464.3	1,534.0	1,513.5	1,576.8
Equity attributable to parent company's owners	683.7	683.7	734.0	734.0
Long-term liabilities	284.2	337.2	294.1	344.2
Current liabilities	496.4	513.1	485.4	498.6
Total equity and liabilities	1,464.3	1,534.0	1,513.5	1,576.8

INCOME STATEMENT

Doro Group (SEK million)

	2019 Apr-Jun Before	2019 Apr-Jun After	2019 Jan-Jun Before	2019 Jan-Jun After
Net sales	459.6	459.6	925.8	925.8
Costs for sales of goods and services	-299.0	-299.0	-620.1	-620.1
Gross profit	160.6	160.6	305.7	305.7
Total operating costs	-134.0	-134.4	-257.4	-258.3
whereof depreciation and amortisation of intangible and tangible fixed assets	-17.0	-21.1	-35.2	-43.5
Operating profit before depreciation and amortisations (EBITDA)	43.2	47.3	82.6	90.9
Operating profit after depreciation and amortisations (EBIT)	25.7	26.2	46.5	47.4
Net financial income/expense	-1.1	-1.6	-1.6	-2.5
Profit before tax	24.6	24.6	44.9	44.9
Taxes	-5.9	-5.9	-10.8	-10.8
Profit for the period	18.7	18.7	34.1	34.1

Financial definitions

Average number of shares after dilution	The average number of shares adjusted for the dilution effect of subscription options calculated as the difference between the presumed number of shares issued at the redemption price and the presumed number of issued shares at the average market price for the period.
Earnings per share	Profit after tax divided by the average number of shares for the period.
Earnings per share after dilution	Profit after tax divided by the average number of shares for the period, after the dilution effect.
Number of shares at end of period after dilution effect	The number of shares at the end of the period adjusted for the dilution effect of subscription options calculated as the difference between the presumed number of shares issued at the redemption price and the presumed number of issued shares at the market price at the end of the period.
Equity per share	Equity on the balance date divided by the number of shares on the balance date.
Equity per share after dilution	Equity on the balance date divided by the number of shares at the end of the period after dilution effects.
Net debt/Net cash	Cash and bank deposits less interest-bearing liabilities
Market value, SEK million	Share price at the end of the period times the number of shares at the end of the period.

Use of non-IFRS results measurement

Guidelines regarding alternative key figures for companies with securities listed on a regulated market within the EU have been issued by the ESMA (European Securities and Markets Authority). These guidelines shall be applied to alternative key figures that are used with effect from 3 July 2016. The interim report has references to a number of non-IFRS result measurements that are used to help both investors and management in analysing the company's activities. Below we describe the non IFRS result measurements that are used as a supplement to the financial information that is reported according to IFRS.

Description of financial result measurements that are not found in the IFRS rules

Non-IFRS result measurement	Description	Reason for use of measurement
Restructuring costs	Costs of impairment and personnel costs in connection with restructuring.	This measurement shows the specific costs that arise in connection with restructuring of a specific activity, which contributes to better understanding of the underlying cost level in the ongoing operational activities.
Gross margin %	Net sales minus cost of goods and services sold as a percentage of net sales.	The gross margin is an important measurement for showing the margin before other costs.
Sales growth comparable units %	Net sales for the period minus net sales for companies acquired during the period minus net sales for the corresponding period in the previous year as a percentage of net sales for the corresponding period in the previous year.	Sales growth comparable units shows the group's organic growth excluding company acquisitions.
Currency adjusted sales growth %	Net sales for the period recalculated with exchange rates for the corresponding period the previous year minus net sales for the corresponding period the previous year as a percentage of net sales for the corresponding period the previous year.	This measurement shows sales growth with currency effects cancelled out.
Equity ratio	Equity expressed as a percentage of total assets	A traditional measurement for showing financial risk, expressed as the percentage of the total capital that is financed by the owners.
Return on average equity	Rolling 12-month profit, after financial items and tax, divided by average equity.	Shows from a shareholder perspective what the return is on the owners' invested capital.
Capital employed	Total assets less non-interest-bearing liabilities and cash and bank deposits.	The measurement shows how much total capital is used in the operation and is thus the only component in measuring return from the activities.
Return on average capital employed	Rolling 12-month operating profit divided by the average quarterly capital employed	The key measurement for measuring the return on all the capital in the company.
Number of subscription customers	Number of subscription customers connected to alarm reception.	This measurement shows the volume of customers in the services activities.

Calculation of financial result measurements that are not found in the IFRS rules

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun
Currency adjusted sales growth (SEK million)				
Currency adjusted sales growth	22.9	-40.1		
Currency effect	12.5	18.3		
Reported sales growth	35.4	-21.8		
Capital employed				
Total assets			1,576.8	1,371.5
-non interest bearing liabilities			537.6	463.5
-cash and cash equivalents			148.7	90.7
Reported capital employed			890.5	817.3

Confirmation by the Board

The board and managing director affirm that this interim report provides an accurate overview of the operations, position and earnings of the company and group and the Parent Company, and that it also describes the principal risks and uncertainty factors faced by the company and its subsidiaries.

This interim report has not been subject to review by the company's auditors.

Malmö, 12 July 2019

Lennart Jacobsen
Chair of the Board

Henri Österlund
Deputy chair of the Board

Tova Jexmark
Board member

Niklas Savander
Board member

Mona Sahlberg
Board member

Josephine Salenstedt
Board member

Carl-Johan Zetterberg Boudrie
CEO

This information is information of the type that Doro AB is obliged to publish according to the EU Market Abuse Regulation. This information is given by the contact persons on page 8 for publication on 12 July 2019 at 8.00 CET.