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**+2.5%**

Net sales

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**6.5%**

EBIT margin

**Strategic acquisition strengthens Doro's offering  
in technology enabled care****July - September 2019**

- Net sales were SEK 521.4 million (508.5), an increase of 2.5 percent.
- Net sales for the category Services were SEK 95.9 million (82.1), an increase of 16.8 percent. Net sales for the category Products were SEK 425.5 million (426.4), a decrease of 0.2 percent.
- Gross margin decreased to 31.1 percent (31.5). For Services, the gross margin decreased to 42.4 percent (47.3) and for Products the gross margin increased to 28.6 percent (28.4).
- Operating profit (EBIT) amounted to SEK 36.5 million, excluding acquisition costs of SEK 2.7 million, corresponding to an operating margin of 7.0 percent. Including acquisition costs, EBIT amounted to SEK 33.8 million (33.3), with an operating margin of 6.5 percent (6.5).
- Profit after tax for the period was SEK 23.0 million (26.5).
- Profit per share was SEK 0.97 (1.12).
- Free cash flow before acquisitions was SEK 40.8 million (31.4).

**January – September 2019**

- Net sales were SEK 1,447.2 million (1,352.3), an increase of 7.0 percent.
- Net sales for the category Services were SEK 267.7 million (199.2), an increase of 34.4 percent. Net sales for the category Products were SEK 1,179.5 million (1,153.1), an increase of 2.3 percent.
- Gross margin decreased to 32.3 percent (33.8). For Services, the gross margin decreased to 45.3 percent (46.4) and for Products the gross margin decreased to 29.4 percent (31.6).
- Operating profit (EBIT) was SEK 89.9 million, excluding restructuring costs of SEK 8.7 million, which corresponds to an operating margin of 6.2 percent. Including restructuring costs, EBIT amounted to SEK 81.2 million (84.3), with an operating margin of 5.6 percent (6.2).
- Profit after tax for the period was SEK 57.1 million (65.9).
- Profit per share was SEK 2.40 (2.79).
- Free cash flow before acquisitions was SEK 60.0 million (86.4).

<b>THE DORO GROUP (SEK million)</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Net sales	521.4	508.5	1,447.2	1,352.3	1,906.4
Sales growth, %	2.5	9.3	7.0	-0.8	-0.9
EBITDA	57.3	54.3	148.2	136.9	194.3
EBITDA margin, %	11.0	10.7	10.2	10.1	10.2
EBITA	36.6	37.1	89.6	90.8	130.8
EBITA margin, %	7.0	7.3	6.2	6.7	6.9
EBIT	33.8	33.3	81.2	84.3	122.3
EBIT margin, %	6.5	6.5	5.6	6.2	6.4
Profit after tax	23.0	26.5	57.1	65.9	91.5
Profit per share	0.97	1.12	2.40	2.79	3.86
Equity/assets ratio, %	44.4	46.7	44.4	46.7	46.7



## Message from the CEO

The transformation to a services based technology enabled care company continues at a fast pace. With Doro's strategic acquisition of Centra Pulse and Connect in September, the services business now accounts for 20 percent of Doro's sales on a full-year basis. Doro is now the market leader in telecare in three markets: Sweden, Norway and Europe's largest market the United Kingdom. This is in line with our strategy and our objective that the services business should account for at least 30 percent of sales.

In the Services category, Norway continues to develop strongly and now accounts for a large part of the group's organic growth. However, the strong growth has driven increased costs to cope with implementation and alarm receiving for the new connections, which decreased the margin. In other markets, we have not achieved the growth we wanted but we have seen a positive trend in Sweden where we won a number of new contracts during the quarter. Strengthening our services offering and our market position remains a priority. We have therefore appointed a new manager for Sweden with extensive experience from sales and marketing in health and social care.

In the Products category, sales are in line with the third quarter last year. In order to best meet the needs and wishes of seniors, in September we launched five new mobile phones: a new flagship smartphone, Doro 8080, and four new feature phones. Seniors value both design and performance that take into account their needs and nobody, regardless of age, should have to limit their lives because of technology. We have received positive feedback from our customers, both retailers and operators, on our new products and sales have so far been successful. As we have mentioned previously, sales in Products are burdened by the UK's certificate problems, which significantly affected developments in the UK market during the quarter. The problems are now resolved, but unfortunately we see that they will still slow down sales into part of the fourth quarter. Apart from the United Kingdom, during the period we increased our market share in senior mobile phones in all major markets.

During the quarter, a new brand platform has been launched that better reflects the Doro of today. We are now building a strong organisation and culture that reinforces innovative thinking and commitment to making life better for our elderly. I look forward to our continued journey together to make Doro a appreciated company and brand that generates value at all stages.

**Market leader in the UK through the acquisition of Centra Pulse and Connect**

**Successful launch of five new senior mobile phones**

**Services income increased by 16.8%**

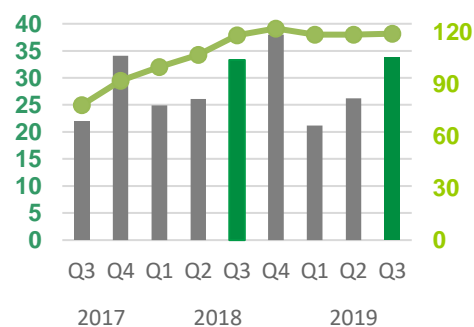
**Unchanged forecast for the full year 2019**

**Carl-Johan Zetterberg Boudrie, President and CEO**

**Sales per quarter and R12m, SEK million**



**EBIT per quarter and R12m, SEK million**



## Group financial summary, third quarter 2019

### Sales

Doro's net sales for the third quarter were SEK 521.4 million (508.5), an increase of 2.5 percent compared with the third quarter of 2018. Adjusted for currency effects, the increase was 0.3 percent.

New orders during the third quarter increased by 2.2 percent to SEK 589.1 million (576.2). At the end of the quarter, the value of the order book was SEK 517.6 million (410.0).

Sales in the Products category decreased by 0.2 percent, while sales in the Services category increased by 16.8 percent compared with the third quarter of 2018. Organic sales growth in Services was 11.1 percent.

In Central and Eastern Europe, sales increased by 7.8 percent and in the Nordics, sales increased by 5.7 percent. In the Western and Southern Europe and Africa region, sales decreased by 2.5 percent. Sales in the United Kingdom and Ireland decreased by 20.2 percent compared with the third quarter of 2018. Sales in North America increased by 35.8 percent.

### Profit

The gross margin decreased somewhat compared with the third quarter of 2018 and totalled 31.1 percent (31.5).

EBITDA for the third quarter increased by 5.5 percent to SEK 57.3 million (54.3), which corresponds to an EBITDA margin of 11.0 percent (10.7). 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 4.7 m.

EBITA decreased to SEK 36.6 million (37.1). Planned depreciation of intangible assets from company acquisition was SEK -2.8 million (-3.9) during the quarter, which resulted in an operating profit (EBIT) of SEK 33.8 million (33.3) and an EBIT margin of 6.5 percent (6.5). The costs of the acquisition of Centra Pulse and Connect had an effect on the financial results of SEK 2.7 million.

Net financial items for the third quarter totalled SEK -1.8 million (-0.1), including revaluation of financial instruments in foreign currency.

Group tax for the quarter was SEK -9.0 million (-6.7).

Profit after tax for the period was SEK 23.0 million (26.5).

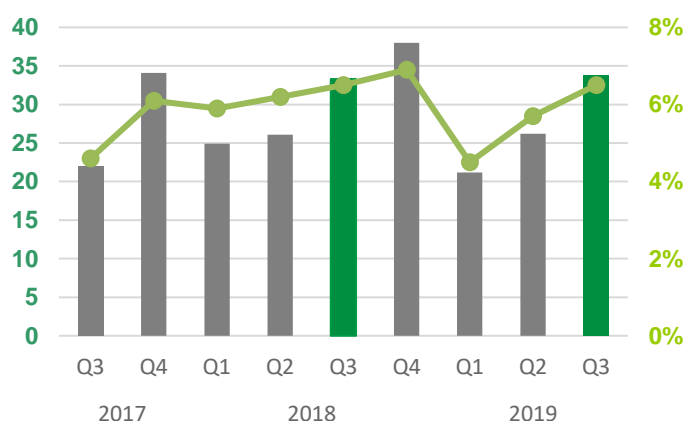
**Net sales increased  
by 2.5%**

**Continued double-  
digit growth in North  
America**

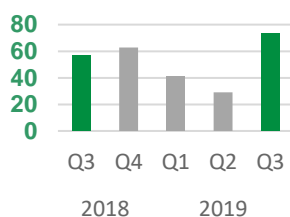
**Operating profit  
increased to SEK  
33.8 million**

**Operating margin  
was 6.5%, on par  
with last year**

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 third quarter was SEK 73.0 million (57.1). The increase was mainly due to a positive change in working capital compared to the corresponding period last year. Free cash flow, after investments but before operating acquisitions, amounted to SEK 40.8 million (31.4). Investments during the period amounted to SEK 32.2 million (25.7).

Cash and cash equivalents totalled SEK 167.9 million at the end of the third quarter (98.8). On the same date, the equity ratio was 44.4 percent (46.7).

Net debt amounted to SEK 142.4 million at the end of the third quarter, compared with SEK 154.6 million at the end of the previous quarter and SEK 141.2 million at the end of the third quarter of 2018. Compared with the third quarter of 2018, net liabilities are affected by Doro applying IFRS 16 Leasing with effect from 1 January 2019. This means that an additional financial leasing liability of SEK 70.3 million was reported compared with the previous year.

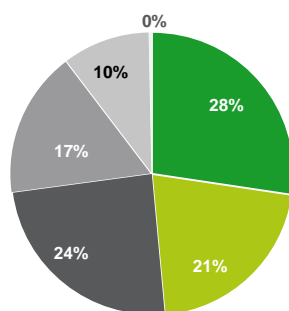
### Significant events during the period

In September, Doro acquired the British telecare company Centra Pulse and Connect. Together with existing operations, Doro manages close to 200,000 connected security alarms in the United Kingdom. The acquisition has been consolidated as of September and is expected to have a negligible effect on earnings per share for 2019 including transaction costs.

### Significant events after the period

No significant events have occurred after the end of the quarter.

### Sales by market, R12, Oct 2018 - Sept 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, third quarter 2019

### NET SALES BY MARKET

Doro Group (SEK million)

	2019 Jul-Sep	Growth %	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Nordics	149.3	5.7%	141.3	404.5	402.2	546.5
Western and Southern Europe and Africa	111.8	-2.5%	114.7	307.4	316.2	433.3
Central and Eastern Europe	122.5	7.8%	113.6	335.9	323.8	475.8
United Kingdom and Ireland	77.9	-20.2%	97.6	248.7	212.3	300.3
North America	57.7	35.8%	42.5	155.1	106.7	152.9
Rest of the world	2.9	-	1.1	3.3	5.5	7.5
Other	-0.7	-	-2.2	-8.7	-14.3	-9.9
<b>Total</b>	<b>521.4</b>	<b>2.5%</b>	<b>508.5</b>	<b>1,447.2</b>	<b>1,352.3</b>	<b>1,906.4</b>

### Nordic region

Sales in the Nordics increased by 5.7 percent compared with the third quarter of 2018. The Nordic mobile phone market remains weak, but Doro is defending its market share. The launch of the flagship smartphone Doro 8080 has been successful and gave a strong increase in the sales of smartphones. In the services area, new agreements and more connections, in particular in Norway, contributed to good organic growth.

### Western and Southern Europe and Africa

In the Western and Southern Europe and Africa region, sales decreased by 2.5 percent. Despite the decline, Doro is taking market shares, particularly at the retail. The market position for feature phones in the senior segment remains very strong.

### Central and Eastern Europe

Sales during the third quarter increased by 7.8 percent. The increase is mainly within retail in a market that remains challenging. Doro's new products have been well received and give reason to be optimistic about the fourth quarter.

### United Kingdom and Ireland

Sales during the third quarter decreased by 20.2 percent. The decrease is mainly explained by earlier certificate problems, which impacted sales to one of the key customers. In services, sales increased, partly due to the acquisition of Centra Pulse and Connect, which has been consolidated as of the first of September this year.

### North America

Strong demand for Doro 7050, a smart 4G feature phone, meant that sales increased by 35.8 percent in the quarter. Continued deliveries to the company's new customer in the region contributed to growth.

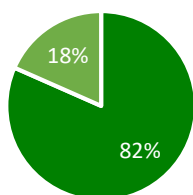
### Rest of the world

Net sales in the rest of the world amounted to SEK 2.9 million (1.1).

### Other

During the third quarter, income and income adjustments that were not connected to any specific region totalled SEK -0.7 million (-2.2).

### Sales by category July - September 2019



- Products
- Services

## Net sales and gross margin by category, third quarter 2019

### NET SALES BY CATEGORY

Doro Group (SEK million)	2019 Jul-Sep	Growth %	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Products	425.5	-0.2	426.4	1,179.5	1,153.1	1,621.0
Gross margin, %	28.6		28.4	29.4	31.6	31.0
Services	95.9	16.8	82.1	267.7	199.2	285.4
Gross margin, %	42.4		47.3	45.3	46.4	47.4
<b>Total</b>	<b>521.4</b>	<b>2.5</b>	<b>508.5</b>	<b>1,447.2</b>	<b>1,352.3</b>	<b>1,906.4</b>
<b>Gross margin, %</b>	<b>31.1</b>		<b>31.5</b>	<b>32.3</b>	<b>33.8</b>	<b>33.4</b>

### Products

Sales of products decreased by 0.2 percent compared with the third quarter of 2018. The challenges in the United Kingdom as a result of certificate problems, primarily in the second quarter, also affected sales in the third quarter. This is to some extent offset by increased sales in Products in Central and Eastern Europe, the Nordic region and North America. With the launch of five new products at the IFA trade fair in Berlin in September, Doro further strengthening its range. The introduction has been successful and the new products have already contributed to sales in this quarter. Gross margin increased to 28.6 percent (28.4). Doro's gross margin has been negatively impacted by USD strengthening against EUR and GBP and also as a result of high logistical costs during the quarter.

### Services

Sales of services increased by 16.8 percent, partly due to organic growth and partly due to the acquisition of Centra Pulse and Connect, which was completed during the quarter. The new company is part of the group with effect from 1 September 2019. Organic growth in the quarter amounted to 11.1 percent. Norway continues to develop very strongly and accounts for a large part of organic growth, through both new connections and a broader service offering to new customers. Sweden also shows a positive trend with a number of new contracts won in the quarter. The number of subscriptions amounted to 304,000 (199,000). Gross margin decreased to 42.4 percent (47.3). This year's strong growth in Norway has driven increased personnel costs, in particular linked to overtime pay and temporary resources, which negatively impacted the margin.

### **Equity and the Doro share**

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the segment Telecom/IT. On 30 September 2019, the number of issued shares was 24,204,568 of which Doro AB holds 439,030 Doro shares. Total equity amounted to SEK 760.9 million (665.9).

### **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 September 2019, Doro had 980 (670) employees, corresponding to 700 (544) full-time equivalents. Of these, 369 (360) are based in the Nordic region, 49 (55) in Central and Eastern Europe, 25 (25) in Western and Southern Europe and Africa, 528 (221) 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 third quarter amounted to SEK 386.2 million (384.6). Profit after tax was SEK 16.0 million (-7.5).

### **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 is growing organically and we are active in multiple acquisition discussions and we expect continued double-digit growth for Services in 2019. The profitability is expected to remain at a healthy level.





The report for the fourth quarter of 2019 will be published on 13 February 2020

This report is presented via an audiocast on 25 October at 09.00am CEST

#### Report dates

Q4 report, January-December 2019: 13 February 2020  
Q1 report, January-March 2020: 24 April 2020

#### For further information, please contact:

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E-mail: [ir@doro.com](mailto:ir@doro.com)

#### Doro's report is presented via a webcast

A webcast telephone conference will be held on Friday 25 October at 09.00am CEST when President and CEO Carl-Johan Zetterberg Boudrie and acting CFO Ronnie Ekman present the report. The webcast is accessed through the Doro financial website <http://corporate.doro.se>. 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](http://www.doro.se) or [www.facebook.com/dorosverige](https://www.facebook.com/dorosverige).



## Financial reports

### INCOME STATEMENT

Doro Group (SEK million)

Note	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	521.4	508.5	1,447.2	1,352.3	1,906.4
Costs of goods and services sold	-359.0	-348.5	-979.1	-895.6	-1,269.2
<b>Gross profit</b>	<b>162.4</b>	<b>160.0</b>	<b>468.1</b>	<b>456.7</b>	<b>637.2</b>
Selling, distribution and marketing expenses	-68.0	-70.8	-206.4	-201.3	-278.4
Research and development expenses	-25.5	-26.2	-71.6	-75.5	-104.8
Administrative expenses	-35.4	-30.2	-110.8	-97.6	-134.3
Other income and expenses	0.3	0.5	1.9	2.0	2.6
<b>Total operating expenses</b>	<b>-128.6</b>	<b>-126.7</b>	<b>-386.9</b>	<b>-372.4</b>	<b>-514.9</b>
whereof depreciation and amortisation of intangible and tangible fixed assets	-23.5	-21.0	-67.0	-52.6	-72.0
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>57.3</b>	<b>54.3</b>	<b>148.2</b>	<b>136.9</b>	<b>194.3</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>	<b>33.8</b>	<b>33.3</b>	<b>81.2</b>	<b>84.3</b>	<b>122.3</b>
Net financial items	-1.8	-0.1	-4.3	3.5	0.7
<b>Profit/loss before tax</b>	<b>32.0</b>	<b>33.2</b>	<b>76.9</b>	<b>87.8</b>	<b>123.0</b>
Income tax	-9.0	-6.7	-19.8	-21.9	-31.5
<b>Profit/loss for the period</b>	<b>23.0</b>	<b>26.5</b>	<b>57.1</b>	<b>65.9</b>	<b>91.5</b>
Average number of shares, 000s	23,766	23,766	23,766	23,644	23,674
Average number of shares after dilution, 000s*	23,766	23,766	23,766	23,644	23,674
Profit per share, SEK	0.97	1.12	2.40	2.79	3.86
Profit per share after dilution, SEK*	0.97	1.12	2.40	2.79	3.86

\*) 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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Profit/loss for the period	23.0	26.5	57.1	65.9	91.5
<b>Other comprehensive income to be reclassified to profit or loss in subsequent</b>					
Translation differences	2.3	-6.2	19.3	11.7	5.1
Effects of cash flow hedges	2.2	0.3	1.3	2.4	1.0
Deferred tax	-0.5	-0.1	-0.3	-0.5	-0.2
<b>Total Result related to Parent company's shareholders</b>	<b>27.1</b>	<b>20.5</b>	<b>77.4</b>	<b>79.5</b>	<b>97.4</b>

## BALANCE SHEET

Doro Group (SEK million)

	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>Non-current assets</b>			
Intangible assets	685.7	609.1	612.4
Property, plant and equipment	123.9	42.0	41.1
Financial assets	6.4	7.9	7.5
Deferred tax asset	16.0	3.8	6.5
<b>Current assets</b>			
Inventories	299.5	267.7	264.0
Current receivables	412.8	395.4	398.6
Cash and cash equivalents	167.9	98.8	134.2
<b>Total assets</b>	<b>1,712.2</b>	<b>1,424.7</b>	<b>1,464.3</b>
Shareholder's equity attributable to parent company's shareholders	760.9	665.9	683.7
Long-term liabilities	379.4	281.7	284.2
Current liabilities	571.9	477.1	496.4
<b>Total shareholder's equity and liabilities</b>	<b>1,712.2</b>	<b>1,424.7</b>	<b>1,464.3</b>

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

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Exchange rate contracts recorded as current liability	0.7	2.9	1.7
Exchange rate contracts recorded as current receivable	6.5	6.0	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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Operating profit/loss after depreciation and write-downs, EBIT	33.8	33.3	81.2	84.3	122.3
Depreciations according to plan	23.5	21.0	67.0	52.6	72.0
Net paid financial items	-1.5	-1.6	-5.2	-3.4	-4.5
Unrealised exchange rate differences in cash flow hedges	-0.6	2.1	-1.7	-4.8	-5.7
Taxes paid	-6.7	-4.4	-17.6	-11.3	-15.1
Change in working capital (inc. change in provisions)	24.5	6.7	19.1	41.5	52.8
<b>Cash flow from current activities*</b>	<b>73.0</b>	<b>57.1</b>	<b>142.8</b>	<b>158.9</b>	<b>221.8</b>
Investments in intangible and tangible fixed assets	-32.2	-25.7	-82.8	-72.5	-99.3
<b>Total free cash flow before acquisitions</b>	<b>40.8</b>	<b>31.4</b>	<b>60.0</b>	<b>86.4</b>	<b>122.5</b>
Acquisitions	-16.6	0.0	-16.6	-110.7	-110.7
<b>Cash flow from investment activities</b>	<b>-48.8</b>	<b>-25.7</b>	<b>-99.4</b>	<b>-183.2</b>	<b>-210.0</b>
Amortisation of debt	-6.3	-25.0	-12.6	-185.0	-185.0
New loans	0.0	0.0	0.0	265.0	265.0
Dividend/buy-back shares	0.0	0.0	0.0	-18.9	-18.9
Warrant program, new/buy-back	-0.2	2.4	-0.2	2.4	2.4
<b>Cash flow from financial activities</b>	<b>-6.5</b>	<b>-22.6</b>	<b>-12.8</b>	<b>63.5</b>	<b>63.5</b>
Exchange rate differences in cash and cash equivalents	1.5	-0.7	3.1	2.5	1.9
<b>Change in liquid funds</b>	<b>19.2</b>	<b>8.1</b>	<b>33.7</b>	<b>41.7</b>	<b>77.2</b>
<b>Net debt **</b>	<b>142.4</b>	<b>141.2</b>	<b>142.4</b>	<b>141.2</b>	<b>105.8</b>

\*) The introduction of IFRS 16 effects the cash-flow from current activities by SEK 6.3 million for July-Sep 2019 and SEK 12.6 million for Jan-Sep 2019

\*\*\*) The introduction of IFRS 16 increases net liabilities by SEK 70.3 million as of 30 September 2019

## EQUITY

Doro Group (SEK million)

	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>Opening balance</b>	<b>683.7</b>	<b>583.7</b>	<b>583.7</b>
Total Results related to Parent company's shareholders	77.4	79.5	97.4
Dividend/buy-back shares	0.0	-18.9	-18.9
Warrants	-0.2	2.4	2.3
New share issue	0.0	19.2	19.2
<b>Closing balance</b>	<b>760.9</b>	<b>665.9</b>	<b>683.7</b>

## OTHER KEY FIGURES

Doro Group

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Order book at end of period, SEK million	517.6	410.0	396.1
New orders Q, SEK million	589.1	576.2	-
Gross margin, %	32.3	33.8	33.4
Gross margin, Q	31.1	31.5	-
EBITA, SEK million	89.6	90.8	130.8
Equity/assets ratio, %	44.4	46.7	46.7
Number of shares at end of period, 000s	23,766	23,766	23,766
Number of shares at end of period after dilution effect, 000s*	23,766	23,766	23,766
Equity per share, SEK	32.02	28.02	28.77
Equity per share after dilution, SEK*	32.02	28.02	28.77
Return on average shareholder's equity, %	11.6	14.5	14.4
Return on average capital employed, %	14.0	16.1	16.1
Share price at end of period, SEK	38.60	40.75	34.15
Market value, SEK million	917.40	986.3	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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Nordics	149.3	141.3	404.5	402.2	546.5
Western and Southern Europe and Africa	111.8	114.7	307.4	316.2	433.3
Central and Eastern Europe	122.5	113.6	335.9	323.8	475.8
United Kingdom and Ireland	77.9	97.6	248.7	212.3	300.3
North America	57.7	42.5	155.1	106.7	152.9
Rest of the world	2.9	1.1	4.3	5.5	7.5
Other	-0.7	-2.2	-8.7	-14.3	-9.9
<b>Total</b>	<b>521.4</b>	<b>508.5</b>	<b>1,447.2</b>	<b>1,352.3</b>	<b>1,906.4</b>

## NET SALES BY CATEGORY

Doro Group (SEK million)

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Products	425.5	426.4	1,179.5	1,153.1	1,621.0
Gross margin, %	28.6	28.4	29.4	31.6	31.0
Services	95.9	82.1	267.7	199.2	285.4
Gross margin, %	42.4	47.3	45.3	46.4	47.4
<b>Total</b>	<b>521.4</b>	<b>508.5</b>	<b>1,447.2</b>	<b>1,352.3</b>	<b>1,906.4</b>
<b>Gross margin, %</b>	<b>31.1</b>	<b>31.5</b>	<b>32.3</b>	<b>33.8</b>	<b>33.4</b>

## INCOME STATEMENT

Parent company (SEK million)

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	386.2	384.6	1,077.3	1,045.6	1,483.9
Cost of goods and services sold	-278.5	-292.3	-750.8	-711.8	-999.5
<b>Gross profit</b>	<b>107.8</b>	<b>92.3</b>	<b>326.6</b>	<b>333.8</b>	<b>484.4</b>
Operating expenses	-97.1	-102.8	-303.3	-307.3	-413.8
<b>Operating profit/loss (EBIT)</b>	<b>10.7</b>	<b>-10.5</b>	<b>23.3</b>	<b>26.5</b>	<b>70.6</b>
Net financial items	10.5	1.1	11.3	7.2	5.6
<b>Profit/loss after financial items</b>	<b>21.2</b>	<b>-9.4</b>	<b>34.6</b>	<b>33.7</b>	<b>76.2</b>
Group contributions	0.0	0.0	0.0	0.0	0.0
Taxes	-5.2	1.9	-10.5	-9.9	-19.2
<b>Profit/loss for the period</b>	<b>16.0</b>	<b>-7.5</b>	<b>24.1</b>	<b>23.8</b>	<b>57.0</b>

## STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK million)

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Profit/loss for the period	16.0	-7.5	24.1	23.8	57.0
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>					
Effects from cash flow hedges	2.2	0.3	1.3	2.4	1.0
Deferred tax	-0.5	-0.1	-0.3	-0.5	-0.2
<b>Total Result related to Parent company's shareholders</b>	<b>17.8</b>	<b>-7.3</b>	<b>25.1</b>	<b>25.7</b>	<b>57.8</b>

## SUMMARY BALANCE SHEET

Parent company (SEK million)

	Note	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>Non-current assets</b>				
Intangible assets		313.4	291.5	296.9
Property, plant and equipment		18.4	16.5	17.3
Financial assets		311.2	267.8	272.1
<b>Current assets</b>				
Inventories		222.7	213.6	195.5
Current receivables		562.9	504.4	538.9
Cash and cash equivalents		102.1	69.7	98.3
<b>Total assets</b>		<b>1,530.8</b>	<b>1,363.5</b>	<b>1,418.9</b>
Shareholders' equity attributable to Parent company's shareholders		497.1	439.6	471.8
Provisions		75.8	76.2	78.0
Longterm liabilities		240.0	240.0	240.0
Current liabilities		717.9	607.7	629.1
<b>Total shareholder's equity and liabilities</b>		<b>1,530.8</b>	<b>1,363.5</b>	<b>1,418.9</b>

## 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 Sep Before	2019 30 Sep After
<b>Non-current assets</b>				
Intangible assets	612.4	612.4	685.7	685.7
Property, plant and equipment	41.1	110.7	53.6	123.9
Financial assets	7.5	7.5	6.4	6.4
Deferred tax assets	6.5	6.5	16.0	16.0
<b>Current assets</b>				
Inventories	264.0	264.0	299.5	299.5
Current receivables	398.6	398.6	412.8	412.8
Cash and cash equivalents	134.2	134.2	167.9	167.9
<b>Total assets</b>	<b>1,464.3</b>	<b>1,534.0</b>	<b>1,641.9</b>	<b>1,712.2</b>
Shareholders' equity attributable to Parent company's shareholders	683.7	683.7	760.9	760.9
Longterm liabilities	284.2	337.2	362.7	379.4
Current liabilities	496.4	513.1	518.3	571.9
<b>Total shareholders equity and liabilities</b>	<b>1,464.3</b>	<b>1,534.0</b>	<b>1,641.9</b>	<b>1,712.2</b>

### **INCOME STATEMENT**

Doro Group (SEK million)

	2019 Jul-Sep Before	2019 Jul-Sep After	2019 Jan-Sep Before	2019 Jan-Sep After
Net sales	521.4	521.4	1,447.2	1,447.2
Cost of goods and services sold	-359.0	-359.0	-979.1	-979.1
<b>Gross profit</b>	<b>162.4</b>	<b>162.4</b>	<b>468.1</b>	<b>468.1</b>
<b>Total operating expenses</b>	<b>-129.0</b>	<b>-128.6</b>	<b>-388.2</b>	<b>-386.9</b>
whereof depreciation and amortisation of intangible and tangible fixed assets	-19.3	-23.5	-54.4	-67.0
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>52.6</b>	<b>57.3</b>	<b>134.3</b>	<b>148.2</b>
<b>Operating profit/loss after depreciation and amortisation (EBIT)</b>	<b>33.4</b>	<b>33.8</b>	<b>79.9</b>	<b>81.2</b>
Net financial items	-1.4	-1.8	-3.0	-4.3
<b>Profit/loss before taxes</b>	<b>32.0</b>	<b>32.0</b>	<b>76.9</b>	<b>76.9</b>
Taxes	-9.0	-9.0	-19.8	-19.8
<b>Profit/loss for the period</b>	<b>23.0</b>	<b>23.0</b>	<b>57.1</b>	<b>57.1</b>

### **Note 2 – Business combinations**

On 2 September 2019, Doro acquired all shares in the British telecare company Centra Pulse and Connect. Acquisition expenses had a negative effect on annual profit of SEK 2.7 million. The purchase price was paid in cash, SEK 35.9 m, of which SEK 16.4 million was related to payment of liability to the previous owner. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Centra Pulse and Connect's sales channels provide. At the time of acquisition, the company had about 266 employees. Centra Pulse and Connect had annual sales in 2018 of GBP 6.3 million.

**Preliminary information about the acquisition is given below,  
fair value SEK million**

Tangible non-current assets	2.8
Deferred tax assets	8.4
Inventories	7.1
Current receivables	9.7
Cash and cash equivalents	19.3
Pension provision	-42.7
Current liabilities	-3.2
<b>Acquired net assets</b>	<b>1.4</b>
Goodwill/customer relations etc.	34.5
<b>Total purchase price</b>	<b>35.9</b>
Cash in acquired company	19.3
<b>Effect of the acquisition on group cash flow</b>	<b>16.6</b>

## Financial definitions

<b>Average number of shares after dilution</b>	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.
<b>Profit per share</b>	Profit after tax divided by the average number of shares for the period.
<b>Profit per share after dilution</b>	Profit after tax divided by the average number of shares for the period, after the dilution effect.
<b>Number of shares at end of period after dilution effect</b>	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.
<b>Equity per share</b>	Equity on the balance date divided by the number of shares on the balance date.
<b>Equity per share after dilution</b>	Equity on the balance date divided by the number of shares at the end of the period after dilution effects.
<b>Net liabilities/Net cash</b>	Cash and bank deposits less interest-bearing liabilities
<b>Market value, SEK million</b>	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
<b>Restructuring costs</b>	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.
<b>Gross margin %</b>	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.
<b>Sales growth comparable units %</b>	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.
<b>Currency adjusted sales growth %</b>	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.
<b>Equity ratio</b>	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.
<b>Return on average equity</b>	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.
<b>Capital employed</b>	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.
<b>Return on average capital employed</b>	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.
<b>Number of subscription customers</b>	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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep
<b>Currency adjusted sales growth (SEK million)</b>				
Currency adjusted sales growth	1.5	7.4		
Currency effect	11.4	35.8		
<b>Reported sales growth</b>	<b>12.9</b>	<b>43.2</b>		
<b>Capital employed</b>				
Total assets			1,712.2	1,424.7
-non interest bearing liabilities			641.0	518.8
-cash and cash equivalents			167.9	98.8
<b>Reported capital employed</b>			<b>903.3</b>	<b>807.1</b>



### **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 that it also describes the principal risks and uncertainty factors faced by the company and its subsidiaries.

Malmö, 25 October 2019

Lennart Jacobsen  
Chairman of the Board

Henri Österlund  
Deputy Chairman of the Board

Tova Jexmark  
Board member

Niklas Savander  
Board member

Josephine Salenstedt  
Board member

Mona Sahlberg  
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 Friday 25 October 2019 at 08.00 CET.

## Auditor's review report

Doro AB (publ) org nr 556161-9429

### Introduction

We have reviewed the condensed interim financial information (interim report) of DORO AB as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

Malmö, 25 October 2019

PricewaterhouseCoopers AB

Magnus Willfors  
Authorized Public Accountant  
Auditor in charge

Johan Rönnbäck  
Authorized Public Accountant