Annual Report 2013

CONTENT

REGIONAL SALES OF TOTAL
Other regions 1%
Nordic 21%
EMEA 20%
UK 17%
USA and Canada 15%
DACH 26%
09:50
Name
Meny

Leading telecom solutions for seniors

Doro is the market leader in telecom solutions for seniors. The company supplies the world's growing population of seniors with easy-to-use telecom and care products specially developed for this target group.

Doro is the clear market leader and number one brand for senior mobiles in Europe. The company puts great effort into understanding the needs and desires of the senior market, and this dedication and focus are rewarded by satisfied and loyal end users. In a satisfaction rating,[1] 82 percent of users stated they would recommend Doro to friends and family.

Doro's products are sold in more than 40 countries on five continents through an extensive network of partners. The company has enjoyed average annual growth of 24 percent in the last five years, based on a strategy focusing on seniors as the main target group.

PRODUCTS

Doro sells phones with large buttons, clear sound, easy-to-read displays and, in particular, a number of functions that facilitate the user's everyday life. Doro's complete offering spans from feature phones, through smart devices, to PC and software solutions, all targeting the needs and desires of the senior population, with a strong focus on ease of use and facilitating overcoming the divide between digital technology and the user.

GLOBAL PRESENCE

To reach the world's seniors, Doro has built up an international distribution network, which is one of its clear competitive advantages. It consists of leading operators, specialists and retailers that have natural contact channels to end users. During the year, Doro's network expanded through several new partnerships. Also, the acquisition of German company IVS strengthened the company's position in central Europe and provided a bridge to Eastern Europe.

MARKET

Doro operates in one of the world's largest markets – telecom, in which it focuses on and is the leading player in the senior segment. There are currently about 550 million people over the age of 65 around the world. By 2020, seniors are expected to number more than 700 million.

1) Source: Loyalty Index

CONSTANT INNOVATION

With in-depth knowledge of the target group, Doro applies its own resources in product development, with software development teams based in Paris, Lund and Hong Kong. In 2013, the company acquired a software company, Isidor, to reinforce its software team and supplement its existing Android competence with Windows OS.

2013 also saw exciting launches for Doro, such as its second smartphone – Doro Liberto® 810. The company also launched Primo™ by Doro – an additional range of affordable, easy-to-use mobile phones.

MISSION

Today, seniors are connected to the internet to a lesser extent than other age groups. Doro considers it is part of its mission to help seniors access online services by providing relevant solutions, solving important problems in an easy way, yet at an acceptable cost and without any stigma.

VISION

Doro's vision is to be the most trusted global brand in easy-to-use telecom solutions for seniors.

FINANCIAL GOALS AND GOAL ACHIEVEMENT

	Goal	Outcome 2013
Annual growth	20%	36,4%
Long-term operating margin	10%	6,9%
Maximum leverage ratio (interest-bearing debt/equity)	1.0	0.16
Dividend, portion of net profit	33%	49%

A year of exceptional growth

Doro displayed exceptional growth in 2013, more than half of which was organic. Sales increased by 36 percent and turnover overshot SEK 1.1 billion. Growth was strong in most of the company's markets, particularly in the US & Canada and in the UK. Doro reinforced its geographical footprint through new partnerships and by acquiring German company IVS, putting Doro back in the number one slot in Germany. The company also broadened its product range and strengthened its brand during the year. Overall market share in the Western European senior mobile phone market grew in 2013 to 41.8 percent.[2)] The global partner network was strengthened by a number of new agreements including in the UK, Ireland, Switzerland, Hungary, the Czech Republic and Tunisia.

1,900,000

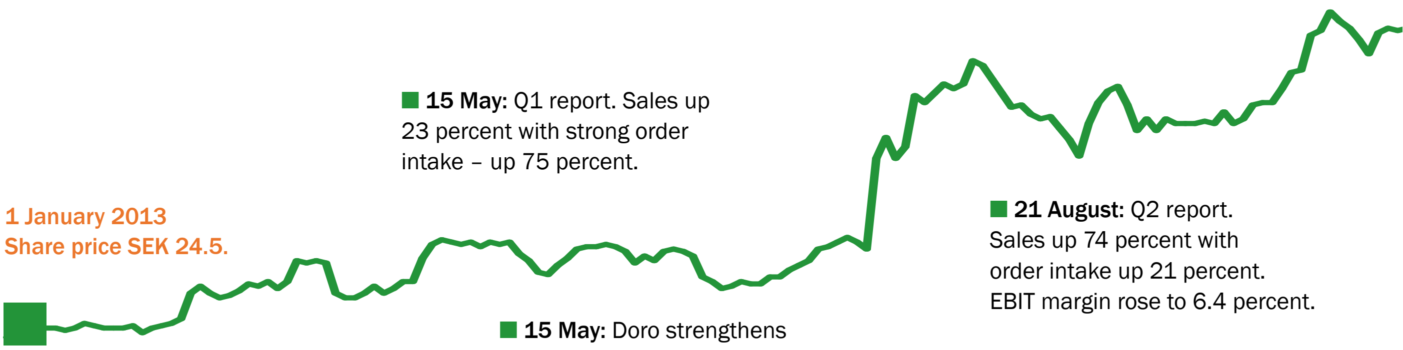
mobile phones sold in 2013

SEK110m

in cash flow from operating activities in 2013

36%

revenue growth in 2013

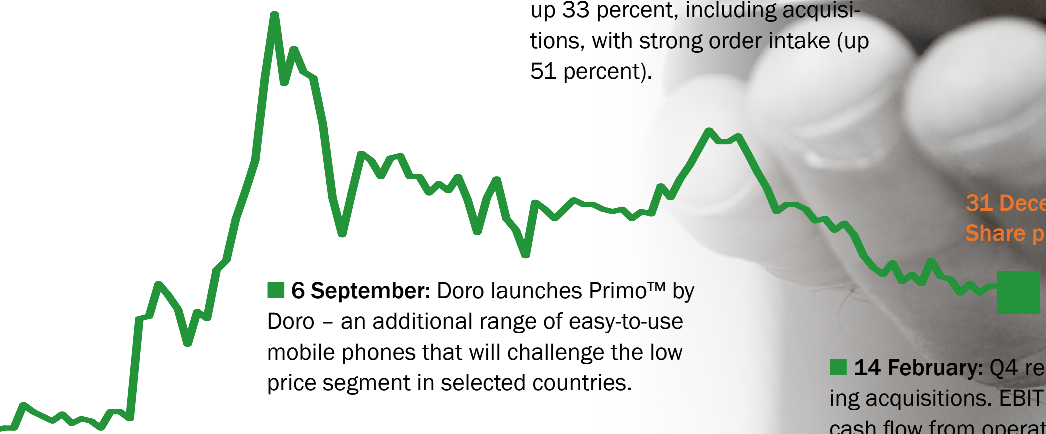


2) Source: Volume GfK panel market January-December 2013 Germany+France+UK Senior Mobile Phone Report.

KEY FIGURES

MSEK	2013	2012	2011
Equity per share, SEK	13.79	10.80	9.16
Share price at period’s end, SEK	44.0	24.50	27.30
Market cap, SEK m	915,5	474,1	528,2
Employees	149	81	77

- Net sales amounted to SEK 1,142.5 million (837.5) – an increase of 36.4 percent.
- Operating profit (EBIT) totalled SEK 78.9 million (61.4). The operating margin was 6.9 percent (7.3).
- Net profit for the year amounted to SEK 60.2 million (52.9).
- Earnings per share were SEK 3.07 (2.73).
- Cash flow from operating activities amounted to SEK 110.5 million (40.2).
- The Board proposes an increased dividend to SEK 1.50 (1.25) per share.



6 September: Doro’s second smartphone adapted for seniors – the Doro Liberto™ 810 – is launched.

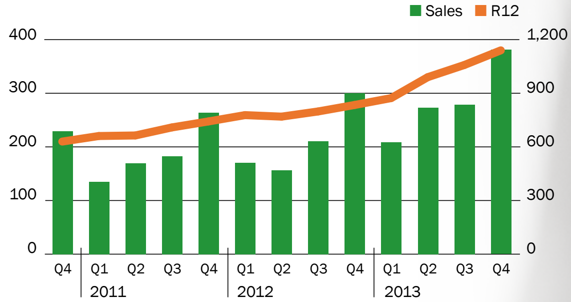
8 November: Q3 report. Sales up 33 percent, including acquisitions, with strong order intake (up 51 percent).

31 December 2013
Share price SEK 44,0.

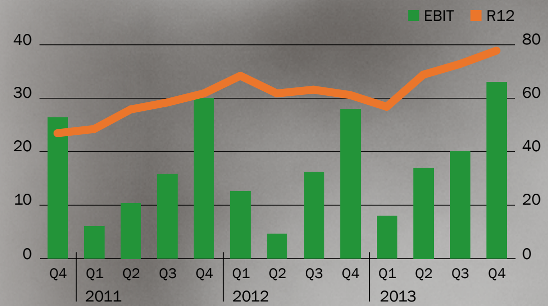
6 September: Doro launches Primo™ by Doro – an additional range of easy-to-use mobile phones that will challenge the low price segment in selected countries.

14 February: Q4 report. Sales up 27 percent, including acquisitions. EBIT margin rises to 8.8 percent with cash flow from operating activities of SEK 71 million.

SALES PER QUARTER AND ROLLING 12 MONTH
MSEK



EBIT PER QUARTER AND ROLLING 12 MONTH
MSEK



We continue to lead and drive the market

– developing solutions for seniors in a rapidly changing technological world

2013 was a year of many achievements for Doro. We started the year with exceptional organic growth and, a few months later, we completed two great acquisitions, further underpinning our leading position on the European mobile phone market for seniors. We also strengthened our internal resources and our distribution network during the year, and delivered stable margins and improved cash flow.

Full-year growth climbed to 36 percent, of which 19.5 percent was organic, strengthening our market share even further. Sales performance in most key regions was positive, with some of them showing exceptional progress. As a result, the Nordic region – historically our largest – is no longer predominant. In the Nordics we are in a product generation transition, with our offering of smart devices set to replace more of our traditional feature phone sales. In the transitional period, this has hampered our growth in the region. On the other hand, growth in the DACH region made a forceful comeback following the acquisition of our German distributor IVS, which has made a strong contribution to overall Group performance, strengthening market share in Germany to 37 percent by the end of the year.

Another direct effect of our acquisition of IVS was our launch of Primo by Doro™ – a new product range that offers good value for money and captures retail opportunities in selected regions such as Germany, Eastern Europe, the Baltics, Spain and Italy. It has been positively received so far, and in November we entered two new countries – Hungary and the Czech Republic, with the first launch being the Primo by Doro™ range.

Our most important launch in 2013 was however our second smartphone – the Doro Liberto® 810. The product helps seniors to replace their current feature phone with an easy-to-use smartphone and related benefits. In the fourth quarter, we rolled out this device in the Nordics. To follow up the launch of this product, we will soon extend our range and reveal details of its successor – the Doro Liberto® 820 – planned for launch in September. Our introduction of smart devices to the market is crucial, as they provide multiple ways for the growing senior population to get online easily. In a company perspective, Doro's smart devices also support competitiveness and gross margin.

In 2013 Doro's growth with profitability track record continued. For the full year, we reached a record operating profit and our EBTIDA margin touched an all-time high. This was attributable to a sound product mix and results from economies of scale in our operating expenditure. Despite our increased efforts in product development and our growth, we also managed to improve cash generation, with cash flow from operating activities amounting to over SEK 110 million for the year.

To sum up 2013, I am very proud indeed that we managed to grow organically and simultaneously successfully complete and integrate acquisitions. It instils confidence in our ability to further successfully bolster the Doro platform through organic growth and acquisitions in future.

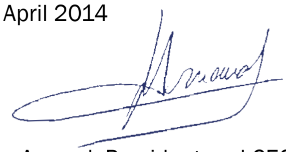
Although last year's strong first quarter will be hard to match, we enter 2014 with a solid base for further growth as well as new strategic acquisitions. We have an efficient operating model, which is evidenced by continuous strong cash flow, and our financial position remains strong, despite the acquisitions in 2013. An important factor in terms of sales growth is smartphone sales progression, which is expected to gain momentum in the second half of the year.

To further improve our ability to adjust to ongoing shifts on the market, we have focused our organisation into three distinct areas – Smart Devices, Feature Phones and Care Products. Developing the Smart Devices category is our main priority currently and increases our R&D investments. We maintain our efforts in the Care category, as the area provides us with long-term potential, and benefits from and shares the investments we make in developing other products.

The fundamentals of our market niche remain favourable, with a clear shift in demographics being the driver of the silver economy. With technology evolving at a faster pace than it can penetrate the over-65 population, we also see increased demand for easy-to-use smart devices adapted for senior-level comfort.

As a market leader and pioneer in the niche of easy-to-use communication solutions and services for seniors, our top priority is to be the preferred companion for seniors and most value-added supplier in this segment. We aim for sustained growth – not only by gaining market share but also by driving the progression of an already growing underlying market.

Lund, April 2014



Jérôme Arnaud, President and CEO of Doro

Multiple drivers of an expanding market segment

– Enabling opportunities for Doro

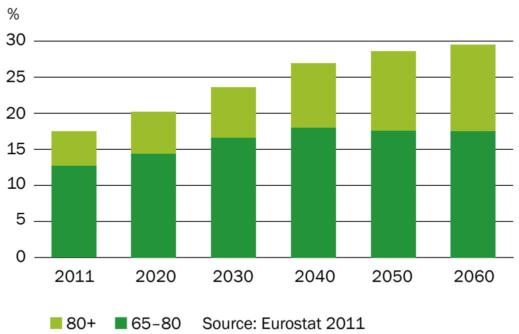
The communications products for seniors market is growing and will continue to do so for many years to come. The demographic change is the most obvious driver, but also the evolution of smart devices, as they need to be adapted for senior-level comfort. For Doro, the current low penetration level in most key markets is regarded as a major opportunity.

DRIVER 1: DEMOGRAPHIC CHANGE

Global population demographics are set to undergo rapid change in the coming decades, with a larger portion of seniors. There are currently about 550 million people over the age of 65 around the world. By 2020, seniors above 65 years of age are expected to number more than 700 million, representing almost 20 percent of the total population, with more than 6 percent above 80 years of age. This trend is the most evident driving force of the so-called silver economy.

To capture the opportunities afforded by the silver economy, Doro needs an offering that covers as much of the target group as possible – and the varying needs of individuals within the target group. The products launched by the company in recent years, and user reception, show we are on the right track. Seniors are digital immigrants with varying exposure to and appetite for new technology. The younger and more active seniors generally demand products developed for life on the move, with smart functions for sharing experiences with friends and family, while also catering to a certain degree of impairment that comes with age. Elderly seniors, who want to live a more comfortable and safer life in their home environment, require products that can simplify and guarantee contact with family and care services in case of emergency. Going into 2014, Doro has focused its portfolio organisation into three areas – Smart Devices, Feature Phones and Care Products. The development of the Smart Devices category is the company's main priority at the moment. The market for Care solutions is developing somewhat slower than expected, although the segment provides future potential for the company.

A GROWING SILVER ECONOMY PROJECTION SENIORS OF TOTAL POPULATION



DRIVER 2: EVOLUTION OF SMART DEVICES

According a research report from Gartner in November 2013, global mobile phone sales were on track to reaching 1.8 billion units in 2013, a slight increase from 2012. The share of smartphone sales increased however to over 50 percent, reaching above 55 percent towards the end of the year. The trend of a generation shift towards smart devices is consequently very clear.

Although this shift is slower among seniors, it's about to happen. According to Doro's latest own study, one in five seniors currently has a smartphone, but as much as fifty percent of the seniors that are looking to acquire a new phone are targeting a smartphone.

User transition to smart devices is to be regarded as an opportunity for Doro. Smartphones from the major mobile phone suppliers are in many respects easy to use and have a broader set of functions than feature phones. However, these smartphones are designed for the young and middle-aged and not specifically adapted for the needs of seniors, who are uncomfortable with too many icons, applications and options. Moreover, seniors have the impairments that come with age such as vision-related problems, hearing loss and gripping/handling problems.

Moreover, in general, seniors' interest in new technology decreases with age. The pace of mainstream technology changes too rapidly for many seniors and it takes time and consistency to create new habits – including in technology usage. With this in mind, Doro has, with determination and success, come far in adapting the functionality and form of its smart products to make them relevant for senior users in a rapidly changing technological world. The company therefore has a very important role to play in the smartphone market in the years to come. Doro is now putting even more effort into developing user-friendly products, including modern features and applications. Thanks to the company's development of software and user interface, these products will be even more adapted to seniors' current habits, rather than involving drastic change.

Doro's investments in its own resources for product development have increased in recent years, but to gain cost-efficient access to the latest technology, Doro also partners with leading technology companies.

The company gains insights into user habits by compiling information in various ways, including through extensive market surveys, focus groups and in-depth studies. Collecting this input is key and ensures that Doro has access to the very latest trends so that it may constantly improve product capacity and performance. Doro's research and development spending increased in 2013 from 2012. As a consequence of this effort, the pipeline of launched products was stronger than ever in 2013 – a trend that will continue in 2014.

DRIVER 3: PENETRATION POTENTIAL

Market characteristics for consumer electronics for seniors vary in different geographical markets. Likewise, the size of these markets differs given the size of their senior population. Doro has its strongest position and brand awareness in the Nordics, with a penetration level, measured as seniors equipped with a Doro device, of 17 percent. Although this is a strong position, there is still room for improvement. However, with the generation shift being implemented by Doro in this region, its efforts in Smart Devices are key. In Doro's other key regions, as shown the table, the company's penetration is still modest and, given the size of these markets, there is no lack of opportunities.

The products that Doro has launched in recent years, and how they have been received by users, show that the company is on the right track. The level of penetration in these key regions also shows that, in the short term, Doro does not necessarily need to extend its geographic footprint to grow. Increased brand awareness to stimulate sales in Doro's established key markets is as important for sustained growth. Doro's brand rests on a complete value chain from the perspective of both customers and end users – from a product developed according to the end user's requirements in terms of touch and simplicity, through products that function reliably and a competent sales and service organisation, to support and warranties. Doro has continued to work with marketing and brand activities adapted to its specific markets throughout the sales chain in order to optimise return on its efforts. In 2013 Doro worked with different media (TV, printed and online advertising) in order to reach end users not yet equipped with a Doro device. For business-to-business marketing, the company is constantly present at the most important trade fairs for the industry.

	Population 65 +, million seniors	Doro Penetration ≈ %
Nordic	4.4	17
DACH	17.1	2 – 3
EMEA & UK	63.9	2 – 3
USA and Canada	47.1	1


doro
17:36

Director’s report

Operations 2013

Doro AB is a public limited liability company (hereinafter also referred to as Doro). The company's registered office is in Lund, Sweden, It is registered in Sweden with the corporate identity number 556161-9429. The visitors' address of the head office is Magistratsvägen 10, 226 43 Lund, Sweden. Doro has subsidiaries in France, Hong Kong, Norway, the UK, Germany and the US. The legal structure of the Group is described in Note 9.

OPERATIONS

Doro is a Swedish company that develops, markets and sells telecom products specially adapted to the growing worldwide population of seniors. With over 40 years of experience in telecommunications, and sales in more than 40 countries, Doro is the world's leading brand for easy-to-use mobile phones. The company created the category Care Electronics and in recent years its products have received several prestigious international design awards. With the purpose of developing its operations, Doro has pursued development initiatives in telecare and assisted living aid devices, entirely in line with its mission.

PAST YEAR IN BRIEF:

- Net sales amounted to SEK 1,142.5 million (837.5), an increase of 36.4 percent. Adjusted for acquisitions, the increase was 19.5 percent.
- EBITDA amounted to SEK 113.7 million (83.1), giving an EBITDA margin of 10.0 percent (9.9).
- EBIT totalled SEK 78.9 million (61.4).
- The operating margin was 6.9 percent (7.3).
- Profit for the year amounted to SEK 60.6 million (52.9).
- Earnings per share after tax amounted to SEK 3.07 (2.73).
- Cash flow from operating activities amounted to SEK 110.5 million (40.2).
- The Board proposes to the AGM a raised dividend to SEK 1.50 (1.25) per share.

During the year several new products and services were launched, for example:

- Doro Liberto® 810 – Doro's second smartphone.
- Primo™ by Doro – a new product line of simple mobile phones.
- The EasyPC concept – a package containing a standard touchscreen computer together with a specially designed silicon keyboard cover and adapted software for ease of use.
- Doro PhoneEasy® 622 – a modern, elegant feature phone with smart technology.
- Doro Secure® 681 – the company's second mobile phone specifically adapted for the delivery of telecare services.

BUSINESS ENVIRONMENT

Doro operates in the rapidly evolving telecommunication product market for senior consumers in Europe, North and South America and Asia/Pacific. Doro does not have any in-house production, but outsources it to various suppliers, mainly in China. The company protects its products by owning moulds and protecting patterns, and through active participation in design, development and quality assurance processes. Doro coordinates its purchasing to attain economies of scales and an attractive price.

SALES AND PROFIT

Doro's sales for 2013 amounted to SEK 1,142.5 million (837.5), an increase of 36.4 percent compared with 2012. Adjusted for acquisitions, the increase was 19.5 percent. Growth was primarily driven by the EMEA, Germany, the US, Canada and the UK, where newly launched products were positively received by customers.

EBIT amounted to SEK 78.9 million (61.4), giving an EBIT margin of 6.9 percent (7.3). The slightly lower EBIT margin is primarily a result of ongoing investments in product development and a lower margin in EMEA caused by increased competition in the low-price segment in Germany. Profit for the year amounted to SEK 60.6 million (52.9). Net financial income/expense was SEK –0.7 million (–11.9). Tax recognised for the year was SEK –17.6 million, which is SEK 21.0 million higher than the prior year. The positive tax for 2012 was an effect from temporary differences related to provisions.

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 110.5 million (40.2). Consolidated net cash flow, which for the year amounted to SEK –60.5 million (–6.5), was affected by dividends totalling SEK 24.2 million, company acquisitions for SEK –110.2 million and investments of SEK –36.5 million. Capitalised investments are primarily attributable to product development. At the end of the year, Doro had interest-bearing liabilities of SEK 45.2 million (1.6) with cash and cash equivalents of SEK 123.9 million (141.1). The equity/assets ratio fell to 38.3 percent (40.5) at the close of the period.

TREASURY POLICY

The purpose of the policy is to clarify responsibilities and describe general rules and guidelines related to specific areas within Doro, in order to support the operations, reduce financial risks and enable efficient use of capital and cash flow.

Forecast net flows based on normal volumes and current price lists (usually valid for around three months) are hedged to 75–100 percent. On 1 January 2013, Doro introduced hedge accounting according to IFRS.

THE BOARD

The Board consists of Bo Kastensson (Chairman), Charlotta Falvin, Karin Moberg, Jonas Mårtensson, Fredrik Hedlund and CEO Jérôme Arnaud. The Company's CFO Christian Lindholm is co-opted to the Board as its secretary.

SENIOR EXECUTIVE REMUNERATION

The Board's proposal for senior executive remuneration guidelines for 2014 primarily entails that salaries and other remuneration terms for management must be in line with market norms.

In addition to a basic salary, management can also receive variable remuneration and bonus which shall have a predetermined ceiling and be based on achieved results in relation to established profit targets (and, in certain cases, other key figures).

The maximum cost of variable remuneration and bonus payments for the company's senior executives may not exceed SEK 13 million. The amount for 2012 was SEK 10 million. The total cost of fixed and variable remuneration shall be decided annually to an amount including the company's entire remuneration expenses. Senior executives at the company are able to allocate parts of their fixed and variable remuneration to other benefits, such as pensions. Pension plans for management shall primarily be defined contribution plans.

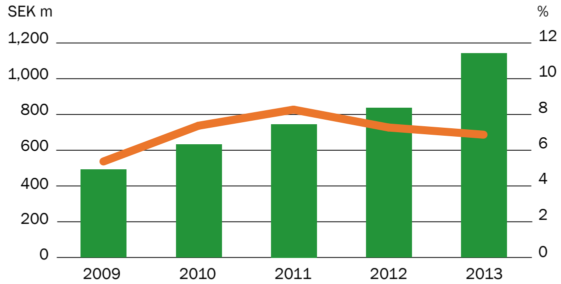
Upon dismissal by the company, senior executives may be eligible for severance pay, in which case there shall be a predetermined ceiling. If employees resign of their own accord, no severance pay is payable. The Board has the right to deviate from the guidelines if in an individual case there is just cause. This proposal is in accordance with the guidelines resolved by the 2013 AGM.

PRODUCT DEVELOPMENT AND DEVELOPMENT EXPENDITURE

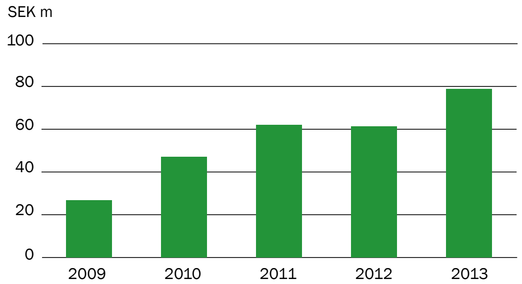
Doro carries out product development and design projects together with various external partners. In addition to Doro's own development expenditure, the manufacturing partner bears substantial development expenditure. Doro contracts design companies from various countries and costs are either fixed or variable. Doro also sometimes buys technology from various external companies.

Furthermore, Doro invests in different moulds and pattern protection to protect the design of products. These costs are capitalised until the product is ready for delivery, when depreciation commences.

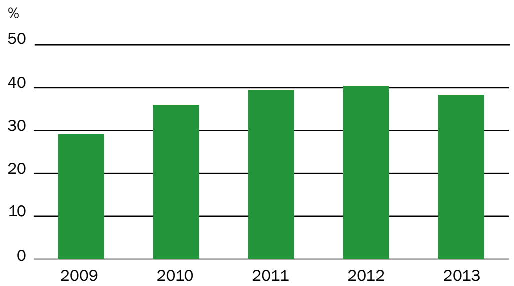
SALES AND EBIT MARGIN



EBIT



EQUITY / ASSETS RATIO



For 2013, Group costs for development work amounted to SEK 50.0 million (42.5), mainly due to the extension of the GSM portfolio and development in the Care area. At the end of 2013, Doro had no patents registered for the company, although a number of patent applications and the right to use various patents regulated by agreements. Doro has registered brands including Doro, Doro PhoneEasy, Care Electronics, Audioline, Doro Liberto, Doro Experience, Doro Secure and Doro TabEasy. A large number of patterns and figures are also protected. During the year, the company applied, in line with its patenting procedures, for seven patents and a number of new brands and patterns.

INVESTMENTS

Investments are made in design, moulds, certification processes, control equipment, inventory, computers and software systems. Investments amounted to SEK 36.5 million (26.9). See Accounting Principles.

LEGAL PROCEEDINGS

During the year Doro was involved in three disputes. Doro's competitor Emporia has marketed and sold a phone that Doro believes infringes on its registered pattern rights. Doro has, in a German and Swedish court, taken legal action against Emporia regarding the pattern infringement. Settlement negotiations have commenced between Doro and Emporia. In a Swedish court, Doro has taken legal action against both Smart Senior AB and Emporia Telecom Productions und Vertriebs GMBH due to the sale of the same type of phone that is the object of the dispute in Germany. Doro and Smart Senior AB have reached a settlement while settlement negotiations are in progress with Emporia Telecom Productions und Vertriebs GMBH.

QUALITY

Regular, quarterly, follow-up of suppliers' quality takes place using the Doro scorecard. The follow-up focuses on the suppliers' manufacturing processes and stipulates escalation points for reported quality deficiencies and how these are to be remedied. Envisaged suppliers are evaluated on site for all quality-related processes. At the same time, an initial evaluation is performed linked to Doro's Code of Supplier Conduct (corporate social responsibility). The product quality of individual batches is also continually verified.

REGULATIONS

Doro's Quality and Regulatory Manager performs ongoing monitoring to ensure that products, at a minimum, meet the prevailing requirements of authorities in the relevant markets, technical specifications and environmental requirements.

DIVIDEND AND FINANCIAL TARGETS

Doro has a long-term operating margin target of 10 percent and an annual growth target of 20 percent for the coming years. The Company's long-term target is dividend of approximately one third of net profit after tax. Finally, the Board has set a maximum debt/equity-ratio of 1.0 (interest-bearing debt/equity). The Board has proposed to the AGM to resolve on a dividend of SEK 1.50 per share in 2014. At present, Doro holds a net cash position and thus has a strong financial base and stands prepared to finance growth through investments, either organic or through acquisitions.

FINANCIAL OVERVIEW

Reporting is provided in the various financial statements with quarterly performance:

– income statement
– statement of comprehensive income
– balance sheet
– cash flow statement
– statement of changes in equity
– quarterly summary
– five-year summary.

PARENT COMPANY

The Parent Company Doro AB includes, besides Group Management and finance staff, a number of support functions for the rest of the Group. Marketing and product development are coordinated by the Parent Company, and the product and quality department monitors design and tooling adaptations, as well as quality assurance of deliveries. Purchasing and logistics are also coordinated by the Parent Company, which is responsible for material flows within the Group. Doro AB reported sales of SEK 993.8 million (831.6). Profit after financial income and expense was SEK 80.0 million (32.8). Doro AB is responsible for the subsidiaries' financing. At 31 December 2013, the net cash position of the Parent Company was SEK 41.7 million. Shareholders' equity was SEK 259.5 million (174.9).

RISKS

Doro's risks and uncertainty factors are mainly related to the ability to continuously develop competitive products, supplier disruptions, customer relations and exchange rate fluctuations. Further information about Doro's financial risk management is provided in Note 23. Other risks are described below.

PRICE RISK

Doro primarily operates in telecommunications and is affected by general price reductions and the cost trend in the consumer electronics industry. Selling prices can hence decrease faster than production prices.

Doro works actively with various forecasting tools and monitoring programs for production planning and inventory management. The company cooperates with suppliers, enabling sound flexibility based on forecasts converted into purchase orders. Altered requirements from authorities or technological advances can lead products in stock having a much lower sale value than expected.

LOAN FINANCING

During the year Doro received a loan of SEK 44.1 million and currently has no net debt. In the event of the company requiring further credit, it has well-established relations with selected banks.

CASH FLOW RISK

Doro's cash flow from operating activities is usually slightly negative in the first quarter of the year and positive during the remainder of the year. The company's cash position and credit agreements are adapted to cope with these fluctuations.

COMPETITION RISK

Doro operates in competitive markets. The breakdown into different market segments is a way of countering competition. Furthermore, Doro continuously conducts market research to gain insight into the needs and demands of end customers so as to develop unique products. There are parallel activities to increase productivity. Brand enhancement in the senior market is also an asset that makes Doro stand out.

RISK OF BAD DEBT LOSSES

In recent years Doro has experienced very low credit losses thanks to the fact that the main customer group is large business groups with regular trade. In 2013 Doro had confirmed bad debt losses of less than SEK 0.1 million (0.1). In 2013, an individual customer accounted for 15 percent of revenue, which is attributable to the US market. In 2012, no single customer accounted for more than 10 percent of revenue.

COMPLAINT RISK

Complaint risks concern the costs of rectifying various faults that arise in the products supplied by Doro. Warranties usually cover 12–24 months. Different provisions are made for outstanding warranties. The Group's extensive quality efforts have improved quality in recent years.

INSURANCE RISK

Doro has a coordinated insurance portfolio. A policy has been prepared in consultation with external experts regarding which insurance should be included, the amounts to be covered and the distribution of risk between the Parent Company and subsidiaries.

POLITICAL RISK

Political risk refers to the risk of authorities in different countries making political decisions that make it more difficult, more expensive or impossible to sustain the operations. All manufacturing is carried out in Asia (this also applies to virtually all competitors).

ENVIRONMENTAL RISK

This risk refers to the costs that the Group may incur for reducing its environmental impact. Doro has no in-house manufacturing. Doro actively works to comply with various new environmental directives, and has not experienced any difficulty in managing fees for recycling electronic scrap, packaging and spent batteries.

LEGAL DISPUTES

This type of risk refers to the costs that Doro may incur for pursuing various legal proceedings and costs for third parties. In 2013, Doro was involved in three disputes. Doro works with external experts as a preventative measure and is active in protecting its rights.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 p.m. on 12 May 2014 at the Hotel Scandic Anglais, Humlegårdsgatan 23, 102 44 Stockholm, Sweden.

PROPOSED ALLOCATION OF PROFIT

The following unrestricted funds in the Parent Company are available to the AGM:

Share premium resolve	61,951,559.00
Fair value reserve	–1,356 295.00
Retained earnings	52,648,135.66
Profit for the year	69,509,881.18
	182,753,280.84

The board of directors proposes that the funds available to the Annual General Meeting be allocated as follows:

to be distributed as dividend to shareholders, SEK 1.50 per share to a total of SEK	31,209,261.00
to be carried forward, SEK	151,544,019.85
	182,753,280.85

The record day for entitlement to receive dividend is proposed to be 15 May 2014. If the AGM resolves in accordance with the proposal, it is estimated that the dividend can be paid out through Euroclear Sweden AB on 20 May 2014.

FULL-YEAR OUTLOOK FOR 2014

Doro's growth is expected to continue in 2014. No detailed forecast is provided for 2014.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Doro presented a number of new releases at the Mobile World Congress in Barcelona: Doro Liberto® 650 – the company's first fully web-enabled traditional mobile phone, Doro Phone-Easy® 613 – an elegant, clamshell camera phone and Doro PhoneEasy® 508.

Sustainable operations

Doro's products and services are designed to make daily life simpler and more secure for end customers. Operations are conducted in a responsible and honest manner to secure and safeguard long-term sustainable development. Doro wishes to earn the trust of all its stakeholders, from shareholders and others active in the capital market, through employees and suppliers to customers and society. This is not only a key value – it also plays an important role in the company's success. For this reason, Doro maintains a sustainability perspective in all decisions and processes.

RESPONSIBILITY THROUGHOUT THE CHAIN

Doro's core values are Trust, Care and Ease

- Trust is about always delivering what we promise.
- Care is about compassion and attending to the needs of others.
- Ease is about doing all we can to make everyday life a little easier.

These core values imbue Doro's corporate culture and act as guiding principles in Doro's product development and interaction with employees, customers and end users. In a rapidly evolving industry, Doro must understand the various needs of end users, and how such needs change. Doro must be flexible in order to deliver the best easy-to-use products while assuming responsibility throughout the entire chain.

FROM DESIGN TO RECYCLING IN A RESPONSIBLE WAY

Doro creates and develops high-quality products. When we develop a product, we always try to make it a little better than its predecessor, not just in terms of performance, but also with energy efficiency, ergonomics, user-friendliness, recycling and service in mind. Doro takes a holistic view of the life cycle of its products.

For us, quality and respect for the environment and people are among the cornerstones of our business, on which we have built our success and the Group's long-term profitability.

The use and recycling of our products are covered by several environmental directives and stringent legal requirements. Doro's quality and environmental manager is responsible for Doro's compliance with prevailing laws and regulations. In addition, each country in which Doro operates has an environmental officer responsible for ensuring compliance with the environmental legislation of the country in question.

One example of an EU directive with a certain bearing on Doro's operations is the energy-related products (ErP) directive.[1)] For Doro, this involves safeguarding ecological design, an energy-efficient production process and low energy consumption in battery chargers and external power supply units. The first part of the ErP directive came into force in April 2010 and the second step was taken in April 2011. Doro's products meet all requirements. Mobile phones are now also covered by the nickel directive, which limits the amount of nickel that may be released in normal contact with skin.

MATERIALS

Doro seeks to select materials with the least possible impact on the environment. As more environmentally friendly materials are developed, we assess whether they can replace those currently used.

Registration of chemicals according to REACH[2)] concerns importers or manufacturers of chemical substances. As an importer of finished products with a final technical specification and design from a non-EU manufacturing unit, and since these products do not emit any chemical substances in normal use, Doro is not required to register or report its use of any chemicals. However, the products must comply with the disclosure requirements of REACH's SVHC section.[3)] These requirements do not in themselves impose any limitations, but require informing distributors and users if the threshold for any listed chemical is exceeded.

There are several EU directives that affect Doro's operations. The more exhaustive ones include the Directive on the restriction of the use of certain hazardous substances, RoHS,[4)] from 2006 in the 2012 recast of the RoHS directive, which is the second stage of the directive. The directive now also entails a CE labelling requirement, effective from January 2013, and not just environmental labelling, as was previously the case.

PRODUCTION

Doro does not conduct any operations that are subject to permits or notification. Nor does Doro own any production units; instead, it cooperates extensively with several plants that manufacture its products. Various environmental requirements are imposed in reviews of such plants. The two major suppliers are ISO 14001 certified, and an increasing number of plants are working with various environmental programmes with the intention of gaining ISO 14001 certification.

TRANSPORTS

In its own operations, Doro seeks to minimise its external impact on the environment through the efficient use of resources in all channels. Product and packaging logistics are optimised by means of a constant focus on planning and reviewing volume requirements for packaging and instructions. As far as is commercially viable, Doro uses environmentally certified suppliers and transport companies. Doro also broadly uses video- and teleconferencing.

RECYCLING

The Waste electrical and electronic equipment directive, WEEE,[5)] also affects Doro's operations. There is also a directive regarding batteries from 2008, according to which battery importers must bear the costs associated with battery waste.

As an importer, Doro must also ensure that all imported battery cells are labelled in accordance with the directive. Doro is also part of the packaging industry's own recycling organisation.

GSM ASSOCIATION

Doro cooperates with mobile operators and suppliers through the GSM Association to develop energy-efficient infrastructure and ensure that customers use energy-efficient handsets. Reducing mobile device emissions through design and recycling is an example.

DORO'S ETHICAL RESPONSIBILITY

Other important cornerstones in Doro's operations are honesty and conducting business with great personal integrity and respect for the integrity of others. Clear guidelines for employees and suppliers alike are provided in our code of ethical conduct. It is the responsibility of each manager to ensure that their staff are familiar with these rules and comply with them. The company also applies the Doro Corporate Social Responsibility Policy, which is based primarily on the generally accepted principles of the United Nations. Through its "Supplier Score Card", Doro gives direct feedback to suppliers.

Since 2008, Doro has conducted third-party audits to ensure compliance with the company's policies. If discrepancies are discovered, Doro is entitled to discontinue all cooperation with the supplier. In this regard, inspections are regularly conducted at all plants.

DORO'S ETHICAL CODE OF CONDUCT

Doro's Code of Ethics is a guide for both employees and the company's suppliers in order to secure a responsible conduct towards all our stakeholders.

With regard to its employees, Doro focuses in particular on:
- Work environment
- Labour rights
- Reward and development
- Conflicts of interest
- Employee participation

With regard to its customers, Doro focuses on:
- Customer satisfaction
- Product quality
- Prohibited gifts and favours

With regard to its suppliers, Doro focuses on:
- Prohibited gifts and favours
- Human rights
- Environmental issues

With regard to society, Doro focuses on:
- Compliance with laws and other local regulations
- Commitment to the community
- Environmental impact

With regard to its shareholders, Doro focuses on:
- Communication

The code is available in its entirety at www.doro.com.

DORO'S RESPONSIBILITY FOR ITS EMPLOYEES

Great and equal development opportunities

Recruiting, retaining and developing individuals with the right expertise and attitude is crucial for a company such as Doro. We therefore attach considerable importance to employee satisfaction. We strive to provide employees with the scope and resources to grow, both in their current positions and advancement opportunities.

Doro aims to keep decision-making paths short and for each individual to feel involved in and responsible for the development of the Company. In Doro's flat organisation, responsibilities and powers are delegated, which places demands on employees.

One advantage of Doro's organisation is that sales people, product developers and marketers live close to customers and suppliers – an aspect that is increasing in importance as joint development projects are on the rise and reaching completion faster. Another advantage is that the origins of Doro's employees are diverse, they speak a variety of languages and understand different cultures.

With operations in more than 40 countries, Doro has a large number of interfaces with suppliers, retailers and customers. Today, the exchange of experience and expertise between the various companies is relatively advanced and the ambition is to formalise training activities, primarily in sales methods and product development.

1) Energy-related Products. 2) Registration, Evaluation, Authorisation and restrictions of Chemicals. 3) Substances of Very High Concern.
4) Restriction on the Use of Certain Hazardous Substances 5) Waste of Electric and Electronic Equipment.

Clear responsibility for the operations creates confidence

The confidence of the market, shareholders and the general public is crucial to Doro's continuing success. It requires responsible, committed and transparent work by the Board of Directors and management team. It is therefore reassuring to know that, throughout the year, our Company had a smoothly functioning Board of Directors that cooperated constructively with the Company's management team and other employees. The role of the Board of Directors is all the more important in a global business environment with increasingly rapid changes in both the macroeconomic climate and the specific business conditions in which Doro operates, and in the increasing competition we are now seeing in some of our markets. We are well prepared to meet developments in the market and can quickly adapt the Company to new conditions.

We are also in a period of significant investment in new products and services that enable the world's seniors. This places great demands on the Board's ability to make well-founded decisions and to balance the risks and opportunities that are always associated with commercial operations.

Equally important for Doro's credibility is our openness to the market and our provision of regular information on our ongoing measures and the results of our operations. This is the foundation for a value-generating relationship with all of our stakeholders, in which our shareholders – both existing and new – must be able to feel secure in receiving accurate, timely information.

Doro AB is a Swedish public limited liability company listed on the OMX Nasdaq Stockholm ("the Stockholm stock exchange"). Corporate governance at Doro is based on Swedish legislation, primarily the Swedish Companies Act, but also on Stockholm stock exchange regulations, the Swedish Code of Corporate Governance ("the Code") and other applicable rules. In addition, governance follows the articles of association, internal instructions and policies and recommendations issued by relevant organisations. This corporate governance report was prepared by the Board of Directors of Doro AB in accordance with the Swedish Annual Accounts Act and the Code. It forms part of the formal Annual Report and it has been reviewed by the Company's auditors.

SHAREHOLDERS

According to the shareholder register held by Euroclear Sweden AB, Doro AB had 7,944 shareholders at 31 December 2013. Out of the total number of shares, foreign investors held 37.5 percent. The number of shares in Doro AB at 31 December 2013 was 20,806,174. Doro's market capitalisation on the same date was SEK 915.5 million.

The largest shareholder in Doro is Försäkringsaktiebolaget Avanza Pension with a holding of 8.8 percent of the shares.

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance shall be applied by all companies listed on the Stockholm stock exchange. The aim is to improve corporate governance at listed companies and foster confidence in these companies both from the general public and in the capital market. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the Code provided that the Company provides an account of the chosen alternative solution and a satisfactory explanation for the deviation. The Code is available on the website www.bolagsstyrning.se.

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the Board of Directors and Chairman of the Board of Directors of Doro AB are elected. The Company auditors are also appointed. The Annual General Meeting adopts the income statement and balance sheet, and decides how profits or losses are to be appropriated. Other matters ensue from the Swedish Companies Act. The Annual General Meeting shall be held within six months of the close of the financial year. Shareholders who are registered in the shareholders' register held by Euroclear Sweden on the record day, and who have notified the Company of their participation, are entitled to participate in the Annual General Meeting.

NOMINATING PROCEDURE

The Annual General Meeting appoints members of the Company's Nomination Committee. The Nomination Committee's task is to submit proposals for Board members and auditors and their fees as well as fees for work on the Board committees to the next Annual General Meeting, at which the Board and auditors are due to be elected. The Nomination Committee also proposes the chair of the AGM.

The Nomination Committee consists of Tedde Jeansson who is elected chairman of the Nomination Committee, Arne Bernroth nominated by Nordea Fonder AB and Bo Kastensson (Chairman of Doro AB).

BOARD OF DIRECTORS

Doro AB's Board consists of the Company's CEO and five other members, all elected at the AGM on 14 May 2013. The Board members are presented in more detail on page 20. The Company's CFO Christian Lindholm is co-opted to the Board as its secretary. Other senior executives take part in Board meetings in a reporting capacity.

BOARD MEETINGS

The Board held 15 meetings in 2013. Four were held in Stockholm, three at Doro's premises in Lund and one meeting in Paris. In addition, seven meetings were held by telephone. All Board members attended all meetings. The Company's CFO and Board secretary was present at almost all meetings.

On an ongoing basis, the Board addresses matters such as the market climate, the budget, periodical accounts and cost efficiency. Each Board meeting follows an agenda approved in advance. The agenda, relevant source material and a list of outstanding matters from previous meetings are sent to the Board members a week prior to meetings. Meetings of the Remuneration and Audit Committees are reported to the Board and the minutes are distributed to them.

Each month, the previous month's results are sent out along with comments.

BOARD'S RULES OF PROCEDURE

The Board's rules of procedure determine the mode of work of the Board of Doro AB. The Board's rules of procedure are based on the articles of association, the Swedish Companies Act and the Code. The Board has overarching responsibility for the Doro Group.

The Board's responsibility also comprises Doro's relations with shareholders, the general public, authorities and other organisations and stakeholders. The Board is responsible for executing decisions taken by the AGM and for achieving the business targets set out in the articles of association. The Board has the powers granted by the articles of association and the Swedish Companies Act.

DISTRIBUTION OF DUTIES BETWEEN BOARD AND CEO

The Board of the Company appoints its CEO. The distribution of duties between the Board and CEO is described in the Board's rules of procedure and instructions for the CEO. These documents establish that the Board is responsible for the governance, supervision, organisation, strategies, internal control and policies of the Company. Furthermore, the Board decides on major investments, matters of principle relating to the governance of subsidiaries, and election of the board members and managing directors of subsidiaries. The Board ensures the quality of financial statements. The CEO is in turn responsible for ensuring that the Company is managed in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for budgeting and planning the Company's operations with a view to achieving specific targets. The CEO shall ensure that the control environment is sound and that the Group's risk-taking complies with the Board's guidelines at all times. Any deviations must be reported to the Board. The Board also receives regular updates from the CEO through monthly reports.

REMUNERATION COMMITTEE

The Board as a whole bears responsibility for remuneration matters and other employment terms for Group management and three of the heads of subsidiaries. The Chairman of the Board shall approve the terms for managers who report to the CEO. In total, the terms of employment for eleven people are addressed.

Board fees are decided each year by the Annual General Meeting. Fee proposals are prepared by the Nomination Committee of the Company. The Board then decides on remuneration for the CEO. Bo Kastensson and Karin Moberg were appointed to the Remuneration Committee from within and by the Board. The Remuneration Committee held its first meeting on 12 February 2013 to determine remuneration policies for 2013. Both members were present at the meeting. A second meeting was held on 7 November 2013 to discuss applicable salary levels, bonus programmes and remuneration policies for 2014. Both members also attended that meeting. Minutes from these meetings were presented at the following Board meeting.

REMUNERATION

Total fees for Board members amounted to SEK 950,000, in accordance with a decision of the Annual General Meeting. Of this amount, SEK 350,000 was paid to the Chairman of the Board and SEK 150,000 to other Board members. The Company's CEO did not receive any Board fee.

The Company's CEO received salary totalling SEK 3,722 thousand for his work in 2013. Variable remuneration for the CEO amounted to SEK 745 thousand for 2013. Salaries for the other six members of Group management totalled SEK 4,302 million. Variable remuneration for these six members amounted to SEK 927 thousand for the 2013 financial year. Other Group management members received SEK 188 thousand in bonus in 2012. The Group management includes two individuals engaged as consultants: the interim CFO until November 2013 and a second person who was active throughout the year. These two individuals invoice their fees to the Company. In 2013 total invoiced fees were SEK 4.4 m. All employed members of Group management, including the CEO, receive the additional benefit of a company car. The Annual General Meeting of 14 May 2013 resolved on guidelines for senior executive remuneration for the 2013 financial year.

Under the current contract of employment, the CEO and the Company have a mutual termination notice period of 12 months. During the notice period, the CEO is entitled to receive full salary and other employment benefits. Other senior executives have notice periods of three to nine months.

GOVERNANCE OF SUBSIDIARIES

The eight subsidiaries Doro A/S, Doro GmbH, IVS GmbH, Doro SAS, Doro UK Ltd., Doro Hong Kong Ltd., Doro Inc. and Doro Incentive AB are governed and monitored by their own boards in the country in question, mainly made up of representatives of Doro AB in Sweden. Doro AB's President and CEO is the chairman of each subsidiary, except of Doro SAS in France, of which Bo Kastensson is chairman. The subsidiaries report to the Board of Doro AB at all meetings. The reports include information about the performance and financial position of each company.

FINANCIAL COMMITTEE

The Financial Committee consists of Chairman of the Board Bo Kastensson and Board member Jonas Mårtensson together with the Company's CEO Jérôme Arnaud and CFO Christian Lindholm. The Committee's duty is primarily to prepare quarterly reports and decision-making documentation in acquisitions and Group financing.

CONTROL AND AUDITING

The Board of Directors has ultimate responsibility for ensuring that the Company has a satisfactory structure for internal control and preparing reliable financial statements. It is the responsibility of the Board of Directors and Group management to monitor and identify the business risks and govern the Company such that it can manage the most significant risks.

The auditors monitor and review how the Company is managed by its Board of Directors and the CEO, and the quality of the Company's financial statements.

The 2013 AGM elected auditing firm Ernst & Young AB as auditor to Doro with a one-year mandate, with Göran Neckmar as chief auditor.

In the last three years, auditing fees for the Doro Group have amounted to SEK 1,300 thousand (2013) SEK 779 thousand (2012) and SEK 600 thousand (2011).

AUDIT COMMITTEE

The focus and scope of the audit are presented by the Company's auditor. A review is performed based on the quarterly report of 30 September and the result is reported at a meeting with the Audit Committee.

In 2013, the Audit Committee consisted of Board members Bo Kastensson, Karin Moberg, Jonas Mårtensson and Charlotta Falvin. The Committee held meetings on 14 February and 7 November. Minutes from these meetings are included in the minutes of the Board meeting held concurrently. All members were present at all meetings, together with auditor Göran Neckmar. The Audit Committee fulfils the independence requirement in the Swedish Code of Corporate Governance.

The Committee's primary task is to support the Board in its work with auditing and internal control, accounting and financial statements. Work in 2013 focused mainly on following up on the 2012 audit and a more detailed review (hard-close audit) of the period January–September 2013. In addition, the Committee conducted an in-depth review of the third quarter interim report (for the period through September 2013).

INTERNAL CONTROL

An important part of the control environment is that the organisation, decision-making hierarchy and responsibilities and powers are clearly defined and communicated in the Company's steering documents. More information about internal control at the Company is provided in the Directors' Report on page 19.

The group controller is responsible for escalating certain matters to the CFO. In light of the limited size of the finance department, a separate internal auditor is not judged necessary.

Internal control

THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2013 FINANCIAL YEAR

According to Swedish Code of Corporate Governance, the Board shall ensure that the Company has sound internal control and is constantly up to date on and evaluates the functioning of the Company's internal control system. Furthermore, the Board shall submit a report showing how internal control of the financial statements is organised and, if there is no internal audit, evaluate the need for such a function and justify its position.

CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents of importance to the financial statements. These specifically include the Board's rules of procedure and instructions for the CEO and committees. The CEO bears primary responsibility for implementing the Board's instructions regarding the control environment in day-to-day work. He reports regularly to the Board as part of established procedures. Furthermore, there are reports from the Company's auditors.

The internal control system also rests on a management system based on the Company's organisation and method of conducting operations, with clearly defined roles, areas of responsibility and delegation of powers. Steering documents such as policies and guidelines also play an important role in the control structure.

RISK ASSESSMENT

The Group conducts regular risk assessment to identify material risks in the financial statements.

In terms of the financial statements, the main risk is considered to be material misstatements, e.g. regarding book keeping and the valuation of assets, liabilities, income and expense or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and different methods are used for evaluating and limiting risks and to ensure that the risks to which Doro is exposed are managed according to established rules, instructions and follow-up procedures. The purpose is to minimise any risks and promote accurate accounting, reporting and information disclosure.

CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management consider to be material to the business, internal control and financial statements. The control structure comprises clear roles within the organisation that enable the efficient distribution of responsibility for specific control activities aimed at detecting and preventing the risk of reporting errors in time. Such control activities include a clear decision-making hierarchy and procedure for major decisions such as acquisitions, other types of major investment, divestments, agreements and analysis.

An important duty of Doro's staff is to implement, enhance and enforce the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for the process at different levels are responsible for implementing the necessary controls in the financial statements. The annual accounts and reporting processes include controls pertaining to valuation, accounting principles and estimates.

The continual analysis performed of the financial statements is, together with the analysis performed at Group level, of great importance to ensuring that the financial statements do not contain any material misstatements.

The Group's controller plays an important role in the internal control process, bearing responsibility for the financial statements from each unit being accurate, complete and timely.

INFORMATION AND COMMUNICATION

Doro works with the communication consultancy Vero Kommunikation AB, which aims to promote completeness and accuracy in financial statements released to the stock market. Through regular updates and bulletins, the employees concerned are informed of changes to accounting principles and reporting requirements, or other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is notably governed by the Communication Policy, which describes Doro's general information disclosure principles.

FOLLOW UP

Doro's compliance with adopted policies and guidelines is monitored by the Board and Management team. At each Board meeting the Company's financial position is addressed. The Board's Remuneration and Audit Committees play important roles in terms of, for example, remuneration, financial statements and internal control.

Before publication of interim reports and the Annual Report, the Board reviews the financial statements.

Doro's management conducts a monthly follow-up of earnings, analysing deviations from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls of Group subsidiaries.

The Board meets with the auditors twice a year to go through the internal controls and, in specific cases, to instruct the auditors to perform separate reviews of specific areas.

In light of this, the Board has not found it necessary to appoint a separate internal audit.

Lund, April 10, 2014
The Board of Doro AB

The Board

Name	Bo Kastensson	Charlotta Falvin	Karin Moberg	Jonas Mårtensson	Jérôme Arnaud	Fredrik Hedlund
Primary occupation	CEO Kastensson Holding AB		Founder and CEO of Friends of Adam	Partner, Alted AB	President and CEO, Doro AB	
Education	Bachelor of Arts, Lund University	MBA, Lund University	MBA, Stockholm University	MBA, Stockholm School of Economics	MSc Engineering, École Centrale de Paris	MBA, Halmstad Univ. and University of Humberside, UK
Year of election	2006. Chairman since 2007	2011	2009	2007	2007	2013
Year of birth	1951	1966	1963	1963	1963	1974
Nationality	Swedish	Swedish	Swedish	Swedish	French	Swedish
Other assignments	Chairman of the board: • Coromatic Group AB • Axema Access Control AB Board member: • Skandinaviska Kraft AB • Reservekraft AS • Industrial Advisor EQT	Chairman of the board: • MultiQ Intl. AB • Barista BFT Coffee AB • Ideon AB Board member: • Axis AB • Sydsvenska Industri & Handelskammaren • Fasiro AB	Chairman of the board: • Caretech AB Board member: • IAR Systems Group AB • SBAB	Chairman of the board: • Ownpower Projects Europe AB • Transticket AB Board member: • Deltaco AB • IAR Systems Group AB	–	
Dependence – Company – Owners	 No No	 No No	 No No	 No No	 Yes No	 No No
Previous assignments	Formerly CEO of Bewator Group, Incentive Development held various positions in the Axel Johnson Group	CEO TAT, CEO Decuma, COO Axis	Managing Director Telia e-bolaget, Marketing Director and Communications Director TeliaSonera	17 years in corporate finance at SEB Enskilda, Maizels, Westerberg & Co and Nordea	Matra Nortel Communications	
Own and related parties' shareholdings, 2013	400,000 shares (via bolag)	–	5,000 shares	125,000 shares (through companies)	147,004 shares 200,000 warrants	–
Own and related parties' shareholdings, 2012	513,000 shares (through companies)	–	20,000 shares	125,000 shares (through companies)	147,004 shares 200,000 warrants	–
Board attendance	15/15	15/15	15/15	15/15	15/15	8/15
Attendance – Audit Committee – Remuneration Committee	 2/2 2/2	 2/2 –	 2/2 2/2	 2/2 –	 – –	 – –
Board remuneration	350,000	150,000	150,000	150,000	–	100,000

Management team

						
Name	Jérôme Arnaud	Christian Lindholm	Thomas Bergdahl	Ulrik Nilsson	Caroline Noublanche	Chris Millington
Position	CEO, Doro AB Deputy Director of Sales (interim)	CFO	Vice President Product Development	Vice President Operations	Deputy MD Marketing & Portfolio	Director Brand & Marketing Strategy and Managing Director UK/IRE
Employed since	2000	2013	2002	1991	2011	2005
Education	MSc Engineering, École Centrale de Paris	BSc Economics, Växjö University	MSc, Industrial Engineering and Management, Institute of Technology Linköping	Technician, telecoms	HEC Business School, Paris	Economics and finance, Leeds City College
Year of birth	1963	1964	1964	1971	1976	1970
Nationality	French	Swedish	Swedish	Swedish	French	British
Previous experience	Business development at Matra Nortel Communications	CFO of TFS International AB, Clinical Data Care AB, Wilnor AB and BU Controller at Perstorp AB	Director of manufacturing, Anoto	Supply manager	CEO and founder of Prylos	Sales Management and Business Development Oregon Scientific Sony UK and Kenwood Electronics UK
Own and related parties' share-holdings, 2013	147,004 shares 200,000 warrants	– –	35,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	13 800 shares 52,000 warrants
Own and related parties' share-holdings, 2012	147,004 shares 200,000 warrants	– –	50,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	20,000 shares 52,000 warrants

The Doro share

Doro has been listed on the OMX Nasdaq Stockholm, Nordic list, Small caps since 1993.

SHARE PRICE PERFORMANCE AND MARKET CAPITALISATION

Between 1 January and 31 December 2013, Doro's share price rose from SEK 24.5 to SEK 44.0 – an increase of 79.6 percent. Over the same period, the OMX Stockholm PI gained 34.5 percent. In 2013, the Doro share price peak was SEK 57.25 and the trough was SEK 24.6 The final price paid at year-end was SEK 44.0, equalling market capitalisation of SEK 915.5 million (474.1).

SHARE CAPITAL

At 1 January 2013, Doro's share capital was SEK 19,349,174 divided among 19,349,174 shares, giving a quotient value of SEK 1.00. In 2013, the share capital increased by SEK 1,457,000 and 1,457,000 shares with a quotient value of SEK 1.00. At the end of 2013, share capital was SEK 20,806,174 and the number of shares was 20,806,174 at a quotient value of SEK 1.00.

SHAREHOLDERS

At the close of 2013, Doro had 7,944 shareholders, compared with 7,072 the year before. The proportion of foreign shareholders at year-end was 37.5 percent (31.8). Out of the Swedish investors, 34.0 percent were institutional investors and 28.5 percent natural persons. At the end of the year, senior executives at Doro had a combined holding of 196,436 shares. At the same time, Board members of Doro held 677,004 shares. At the close of the year, Doro AB held no treasury shares.

The largest shareholder with 8.8 percent of shares is Försäkringsaktiebolaget Avanza Pension. There are no limitations on the transferability of shares imposed by law or Doro's articles of association. The Company is unaware of any agreements between shareholders that could entail limitations on the right to transfer shares.

Neither Doro AB nor its Group companies are party to any material agreement taking effect, being amended or ceasing to apply in the event of control of the Company or a Group company changing due to a public takeover bid.

WARRANTS PROGRAMME FOR EMPLOYEES

In accordance with the mandate from the Annual General Meeting on 23 March 2011, all of Doro's employees were offered warrants entitling them to acquire shares at the predetermined price of SEK 35.30 between 1 April 2014 and 30 June 2014, at SEK 3.40. The price of the warrants is computed according to the Black & Scholes formula, with due consideration for dividend resolved by the 2011 AGM. The CEO subscribed for 200,000 warrants and the rest of the Group management subscribed for 172,000 warrants. Doro Incentive subscribed for 192,830 warrants, to be used for future employees. Doro Incentive has repurchased 124,000 warrants, 106,000 of which were repurchased in 2013. At 31 December 2013, Doro Incentive held 316,830 warrants. Detailed information about the warrants programme is available at www.doro.com

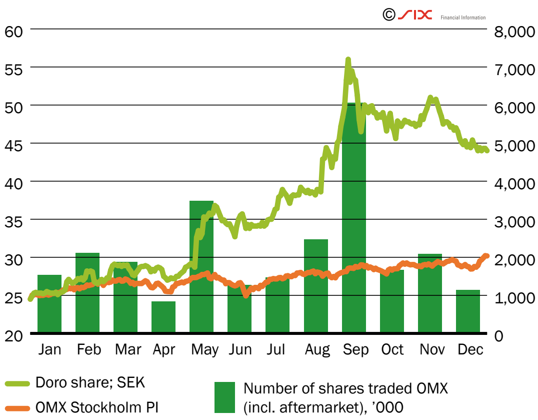
DIVIDEND AND FINANCIAL TARGETS

The Company's long-term target is dividend of approximately one third of net profit after tax. In addition, the Board has set a maximum debt/equity ratio of 1.0. At present, Doro holds a net cash position and thus has a strong financial base and stands prepared to finance growth through investments, either organic or through acquisitions. The Board has proposed a dividend of SEK 1.50 per share to be paid in 2014.

Read more about the share and view the current share price at www.doro.com.

PRICE TREND AND VOLUME

2013



SHARE CAPITAL TREND

Year	Transaction	Change in share capital	Issue price, SEK*	Increase in share capital, SEKm	Amount paid, SEK m
1998	Directed issue	2,740,260	18.48	2.7	50.6
1998	New issue, 1:7	1,212,894	27.00	1.2	32.7
2001	Directed issue	11,764,705	8.50	11.8	100.0
2005	New issue	7,141	1.00	0.0	0.0
2005	Reverse split, 5:1	–17,180,000	0.00	0.0	0.0
2006	New issue, 3:1	12,885,000	6.00	64.4	71.2
2006	Offset issue	227,631	7.66	1.1	1.5
2009	Directed issue	1,700,000	9.50	1.7	16.2
2011	Directed issue	241,543	25.56	0.2	6.3
2013	Directed issue	1,457,000	27.89	1.5	40.6

SHARE DATA

	2013	2012	2011	2010	2009
Number of shares at year-end, thousand	20,806	19,349	19,349	19,108	19,108
Share price at year end, SEK	44.00	24.50	27.30	31.20	11.00
Quotient value, SEK	1.00	1.00	1.00	1.00	1.00
Profit for the year, SEK	3.07	2.73	3.02	2.99	1.30
Cash flow per share, SEK	5.60	2.08	5.47	4.21	3.66
Reported equity, SEK	13.79	10.8	9.16	6.35	3.54
Dividend, SEK	1.50[3]	1.25	1.00	0.50	0.00
P/E ratio[1]	14.33	8.98	9.04	10.40	8.50
Dividend yield, %[2]	3.41	5.10	3.70	1.60	N/A

1) The P/E ratio is calculated as the share price on the closing date divided by EPS after tax.
2) Dividend yield is calculated as dividend divided by the closing price on 31 December.
3) The Board of Directors' proposal to the AGM.

BREAKDOWN OF SHAREHOLDINGS BY SIZE

At 31 December 2013

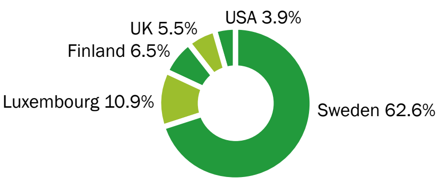
Holding, no. shares	No. shareholders	% of all shareholders
1 – 500	5,251	66.1
501 – 1,000	1,337	16.8
1,001 – 5,000	1,077	13.6
5,001 – 10,000	137	1.7
10,001 – 15,000	28	0.4
15,001 – 20,000	17	0.2
Over 20,001 –	97	1.2
	7,944	**100.0**

MAJOR SHAREHOLDERS

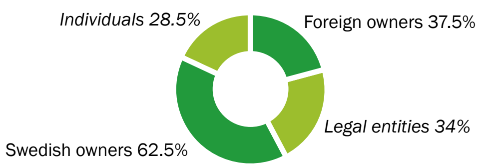
At 31 December 2013

Ten largest shareholders	No. shares	Share of capital and votes, %
Försäkringsaktiebolaget Avanza Pension	1,838,948	8.80
Clearstream Banking S.A., W8IMY	1,537,109	7.40
Nordea Investment Funds	1,257,428	6.00
Originat AB	760,000	3.60
Clients account	500,000	2.40
Catella Fondförvaltning	487,000	2.30
FCP Objectif Investissement, Microcaps	442,000	2.10
Kastensson Holding AB	400,000	1.90
Hajskäret Invest AB	380,000	1.80
Nordnet Pensionsförsäkring AB	373,235	1.80
Total	**7,975,720**	**38.1**

INVESTORS PER COUNTRY
2013



INVESTORS PER CATEGORY
2013



Financial information

GROUP

PARENT COMPANY

NOTES

Consolidated income statement – the Group

SEK m	Note	2013	2012
Revenue			
Sale of goods	2. 3	1 134.4	821.5
Other revenue	2	8.1	16.0
		1.142.5	**837.5**
Operating costs			
Merchandise	19	–709.9	–508.3
Other external costs	4, 16, 25	–229.1	–176.2
Personnel costs	5	–89.8	–69.9
Depreciation and impairment of property. plant and equipment	8	–8.6	–5.5
Depreciation and impairment of intangible assets	7	–26.2	–16.2
Operating profit/loss	2	**78.9**	**61.4**
Profit/loss from financial items			
Interest income and similar profit/loss items	6	0.5	1.6
Interest costs and similar profit/loss items	6	–1.2	–13.5
Profit/loss after financial items		**78.2**	**49.5**
Tax on profit/loss for the year	17	–17.6	3.4
PROFIT/LOSS FOR THE YEAR		60.6	52.9
Attributable to:			
Parent company's shareholders		60.6	52.9
Key figures			
Average number of shares (thousands)	11	19.740	19.349
Average number of shares after dilution. thousands		19.772	19.349
Earnings per share after tax. SEK		3.07	2.73
Earnings per share after tax.after dilution. SEK		3.06	2.73

Statement of comprehensive income – the Group

SEK m	2013	2012
PROFIT/LOSS FOR THE YEAR	**60.6**	**52.9**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	2.5	–1.9
Effects from cash flow hedges	–1.7	–
Deferred tax	0.4	–
Total result	**61.8**	**51.0**
(Related to Parent Company's shareholders.)		

Balance sheet – the Group

SEK m	Note	2013	2012
ASSETS			
Non-current assets			
Equipment and tools	8	7.0	12.5
Capitalized expenditure for development work	7	41.2	28.8
Trademarks	7	0.5	0.7
Goodwill	7	142.2	25.8
Customer register and distribution agreements	7	15.7	3.9
Long term deposits		0.5	0.5
Deferred tax asset	17	20.7	21.0
		227.8	**93.2**
Current assets			
Inventories	19	130.3	91.3
Prepayments to supplier		1.3	0.6
Accounts receivable – trade	23	243.5	161.0
Other current receivables		17.4	21.2
Current tax receivables		1.0	4.6
Prepaid expenses and accrued income	10	3.7	3.4
Cash and bank balances	12, 23	123.9	141.1
		521.1	**423.2**
TOTAL ASSETS		**748.9**	**516.4**

Balance sheet – the Group

SEK m	Note	2013	2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital 20.805.174 (19.349.174) shares, quota value SEK 1	11	20.8	19.3
Other allocated capital		147.9	109.0
Reserves		–1.0	–2.2
Profit/loss brought forward		58.7	30.0
Profit/loss for the year		60.6	52.9
Total shareholders' equity		**287.0**	**209.0**
Long term liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	24	44.3	0.8
Total interest-bearing liabilities		**44.3**	**0.8**
Non interest-bearing liabilities			
Provisions for pension	21	1.7	1.5
Other provisions	22	68.2	67.9
Other long-term liabilities	18	24.1	2.9
Total non interest-bearing liabilities		**94.0**	**72.3**
Current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions		0.9	0.8
Total interest-bearing liabilities		**0.9**	**0.8**
Non interest-bearing liabilities			
Provisions for guarantees	20	41.1	27.5
Accounts payable – trade		165.4	122.5
Other liabilities	18	24.6	3.0
Current tax liability		8.0	0.6
Accrued expenses and prepaid income	13	83.6	79.9
Total non interest-bearing liabilities		**322.7**	**233.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**748.9**	**516.4**
Pledged assets	14	170.0	170.0
Contingent liabilities	15	–	–

Shareholders' equity – the Group

SEK m	Share capital	Other allocated capital	*Reserves	Losses brought forward	Total Shareholders' Equity
Changes in shareholders' equity 2013					
Shareholders' Equity December 31, 2011	**19.3**	**109.0**	**–0.3**	**49.3**	**177.3**
Total Result for the year				52.9	52.9
Other profits			–1.9		–1.9
Total result	**0.0**	**0.0**	**–1.9**	**52.9**	**51.0**
Dividend				–19.3	–19.3
Total transactions with shareholders	**0.0**	**0.0**	**0.0**	**–19.3**	**–19.3**
Shareholders' Equity December 31, 2012	**19.3**	**109.0**	**–2.2**	**82.9**	**209.0**
Total Result for the year				60.6	60.6
Other comprehensive income			1.2		1.2
Total result			**1.2**	**60.6**	**61.8**
Share issue in kind	1.5	39.1			40.6
Warrants, buy-back		–0.2			–0.2
Dividend				–24.2	–24.2
Total transactions with shareholders	**1.5**	**38.9**	**0.0**	**–24.2**	**16.2**
Shareholders' Equity December 31, 2013	**20.8**	**147.9**	**–1.0**	**119.3**	**287.0**

*Specifikaction of reserves.

	2013	2012
Accumulated translationdifferences, January 1	–2.2	–0.3
Translation differences for the year	2.5	–1.9
Accumulated translation differences, December 31	0.3	–2.2
Effects of cash flow hedges for the year	–1.7	–
Deferred tax in effects of cash flow hedges	0.4	–
Accumulated effects of cash flow hedges, December 31	–1.3	–
Total reserves, December 31	**–1.0**	**–2.2**

Cash flow statement – the Group

SEK m	Note	2013	2012
Profit/loss after financial items*		78.2	49.5
Adjusted for items not in cash flow			
Change in allocations	20, 21, 22	–7.0	14.1
Depreciation and write downs	7, 8	34.8	21.7
Adjustment for other non–cash items	18	–1.8	11.4
Total adjustment for other non-cash items		**26.0**	**47.2**
Taxes paid	17	–5.6	–4.3
Cash flow from current activities before changes in working capital		**98.6**	**92.4**
Change in working capital			
Change in stocks	19	6.0	–31.1
Change in receivables		–3.6	–48.5
Change in non-interest-bearing liabilities		9.5	27.4
Cash flow from current activities		**110.5**	**40.2**
INVESTMENT ACTIVITIES			
Acquisitions	18	–110.2	–0.4
Acquisition of intangible fixed assets	7	–35.2	–21.4
Acquisition of tangible fixed assets	8	–1.3	–5.5
Cash flow from current activities		**–146.7**	**–27.3**
FINANCING ACTIVITIES			
Dividend		–24.2	–19.3
Warrant Program, buy-back		–0.2	0.0
Amortization of loans		–0.8	–0.8
Loans raised		44.1	0.0
Cash flow from financing activities		**18.9**	**–20.1**
Cash flow for the year		**–17.3**	**–7.2**
Liquid assets at start of year		141.1	148.4
Exchange rate difference in liquid assets		0.1	–0.1
Liquid assets at end of year	23	**123.9**	**141.1**

* Paid and received interests appeaer in note 6.

Income statement – Parent Company

SEK m	Note	2013	2012
Operating income			
Net sales	2, 3	990.8	821.5
Other revenue	2	3.0	10.1
		993.8	**831.6**
Operating costs			
Merchandise	19	–608.8	–508.3
Other external costs	4, 16	–256.8	–218.1
Personnel costs	5	–38.1	–31.2
Depreciation and impairment of property, plant and equipment	8	–7.7	–5.1
Depreciation and impairment of intangible assets	7	–25.3	–23.7
Operating profit/loss	**2**	**57.1**	**45.2**
Profit/loss from financial items			
Interest income and similar profit/loss items	6	24.2	1.6
Interest costs and similar profit/loss items	6	–1.3	–14.0
Profit/loss after financial items		**80.0**	**32.8**
Tax on profit/loss for the year	17	–10.5	4.2
PROFIT/LOSS FOR THE YEAR		**69.5**	**37.0**

Statement of comprehensive income – Parent Company

SEK m	Note	2013	2012
PROFIT/LOSS FOR THE YEAR		**69.5**	**37.0**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Effects from cash flow hedges		–1.7	–
Deferred tax		0.4	–
Total result		**68.2**	**37.0**

(Related to Parent Company's shareholders.)

Balance sheet – Parent Company

SEK m	Note	2013	2012
ASSETS			
FIXED ASSETS			
Intangible assets			
Capitalized expenditure for development work	7	41.5	29.2
Goodwill	7	0.0	0.0
Customer register	7	4.9	7.8
Brands	7	0.5	0.8
Tangible assets			
Equipment and tools	8	4.3	11.0
Financial assets			
Participations in Group companies	9, 25	68.2	21.8
Deferred income tax recoverable	17	14.6	20.3
Total fixed assets		**134.0**	**90.9**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	19	87.6	91.3
Advanced payment to suppliers		0.9	0.6
Current receivables			
Accounts receivable – trade	23	189.1	160.0
Receivables from Group companies		113.2	0.1
Other current receivables		10.3	20.2
Prepaid expenses and accrued income	10	2.9	2.6
Cash and bank balances	12.23	94.9	138.6
Total current assets		**498.9**	**413.4**
TOTAL ASSETS		**632.9**	**504.3**

Balance sheet – Parent Company

SEK m	Note	2013	2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital 20.806.174 (19.349.174) shares, quota value SEK 1	11	20.8	19.3
Revaluation reserve		0.5	0.5
Other allocated capital		55.5	55.5
Non-restricted equity			
Share premium reserve		61.9	22.8
Fond för verkligt värde		−1.3	–
Profit/loss brought forward		52,6	39.8
Profit/loss for the year		69.5	37.0
Total shareholders' equity		**259.5**	**174.9**
PROVISIONS			
Provisions for guarantees	20	33.7	27.5
Other provisions	22	52.3	67.9
Total provisions		**86.0**	**95.4**
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutes	24	44.3	0.0
Total interest-bearing liabilities		**44.3**	**0.0**
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to Group companies		8.9	30.9
Total interest-bearing liabilities		**8.9**	**30.9**
Non interest-bearing liabilities			
Accounts payable – trade		140.6	119.5
Prepayments		0.0	0.1
Liabilities to Group companies		11.2	10.4
Other liabilities		5.1	1.6
Current tax liability		4.4	0.0
Accrued expenses and prepaid income	13	72.9	71.5
Total non interest-bearing liabilities		**234.2**	**203.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**632.9**	**504.3**
Pledged assets	14	170.0	170.0
Contingent liabilities	15	–	–

Changes in shareholders' equity – Parent Company

SEK m	Share-capital	Revaluation reserve	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Changes in shareholders' equity 2013							
Shareholders' Equity December 31, 2011	**19.3**	**0.5**	**55.5**	**22,8**		**59.1**	**157.2**
Profit for the year						37.0	37.0
Total result						***37.0***	***37.0***
Dividend						–19.3	–19.3
Total transactions with shareholders						***–19.3***	***–19.3***
Shareholders' Equity December 31, 2012	**19.3**	**0.5**	**55.5**	**22.8**		**76.8**	**174.9**
Profit for the year						69.5	69.5
Other comprehensive income					–1.3		–1.3
Total result					***–1.3***	***69.5***	***68.2***
Dividend						–24.2	–24.2
Share issue in kind	1.5			39.1			40.6
Total transactions with shareholders	***1.5***	***0***	***0***	***39.1***		***–24.2***	***16.4***
Shareholders' Equity December 31, 2013	**20.8**	**0.5**	**55.5**	**61.9**	**–1.3**	**122.1**	**259.5**

Cash flow statement – Parent Company

SEK m	Note	2013	2012
Profit/loss after financial items*		80.0	32.8
Adjusted for items not in cash flow			
Change in allocations	20, 21, 22	–9.4	14.2
Depreciation and write downs	7, 8	33.0	28.8
Other items not in cash flow		–0.3	13.4
Cash flow from current activities before changes in working capital		**103.3**	**89.2**
Change in working capital			
Change in stocks	19	3.7	–31.1
Change in receivables		–132.4	–42.0
Change in non-interest–bearing liabilities		25.6	3.6
Cash flow from current activities		**0.2**	**19.7**
INVESTMENT ACTIVITIES			
Acquisition of Group Company	18	–46.4	0.0
Acquisition of intangible fixed assets	7	–35.2	–21.4
Acquisition of tangible fixed assets	8	–1.0	–5.1
Cash flow from current activities		**–82.6**	**–26.5**
FINANCING ACTIVITIES			
Dividend		–24.2	–19.3
New share issue**		40.6	0.0
Change in non interest-bearing liabilities subsidiares		–22.0	20.0
Loans raised		44.3	0.0
Cash flow from financing activities		**38.7**	**0.7**
Cash flow for the year		**–43.7**	**–6.1**
Liquid assets at start of year		138.6	144.7
Liquid assets at end of year	**23**	**94.9**	**138.6**

* Paid and received interests appeaer in note 6.

** Consists of a directed non-cash issue for acquisitions of subsidiaries.

Notes and accounting principles

NOTE 1

ACCOUNTING PRINCIPLES

The Annual Report and Consolidated Accounts were approved for publication by the Board and CEO on April 10, 2014 and will be presented to the AGM on 12 May 2014 for approval.

The Consolidated Accounts were prepared in accordance with International Financial Reporting Standards (IFRS/IAS) as issued by the International Accounting Standards Board (IASB) as adopted by the EU.

Furthermore, the Consolidated Accounts were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups).

The Annual Report of the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and applying the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities). Statements applicable to listed companies issued by the Swedish Financial Reporting Board have also been applied.

Changed accounting principles and disclosures

The accounting principles applied agree with those used in the previous year's report, with the exceptions detailed below.

During the year, the Group introduced the following new and amended IFRSs as of 1 January 2013

- Amendments to IFRS 7 Financial instruments: Disclosures, introduces new disclosure requirements for the offsetting of financial assets and liabilities.
- IFRS 13 Fair value measurement contains uniform rules for how fair values are to be calculated when other standards require recognition at or disclosures of the fair values of assets and liabilities. The purpose of the standard is to ensure that measurements at fair value are more consistent and less complex in that the standard provides a precise definition and a common source in IFRS regarding fair value measurement and associated disclosures.
- Amendments to IAS 1 Presentation of financial statements. The presentation of other comprehensive income is changed such that items that may be reclassified to profit/loss are recognised separately from items that will never be reclassified.
- Amendments to IAS 19 Employee benefits mainly entail considerable changes regarding the recognition of defined-benefit pension plans. The corridor method and the ability to recognise actuarial gains and losses immediately in profit/loss for the year have been removed. In addition, the interest rate applied in calculating the pension liability is also used in the calculation of the return on pension assets. All reassessments are to be recognised in other comprehensive income (no reclassification) – i.e. actuarial gains and losses and the difference between actual and calculated return on pension assets.
- Annual improvements of IFRS 2009-2011. Slight amendments and clarifications of five standards.

Following the above new or amended standards, Doro has had to adapt its reporting for IAS 1 Presentation of other comprehensive income and for IAS 13, in which Doro describes how fair value is determined. The application of these standards and interpretations has had no effect on the Group's financial results or position.

New accounting principles for the Group to be applied on or after 1 January 2014

The amendments and updates listed below have been decided by the IASB and shall start to apply on 1 January 2014, or thereafter unless another date has been determined by the EU. Doro is currently working on evaluating the effects of these amendments, but at the present time none of them are considered to affect Doro's accounting or financial statements.

- IFRS 9 Financial instruments. IFRS 9 is intended to replace IAS 39 and to date component projects regarding the recognition and measurement of financial assets and liabilities have been published. The EU has not yet approved the standard and no information is currently available about when such approval can be expected.
- IFRS 10 Consolidated financial statements determines when a controlling interest exists and thus when a company shall be included in the consolidated accounts. The standard provides guidance in ascertaining when a controlling interest exists.
- IFRS 11 Joint arrangements identifies two types of joint arrangements: joint operations, in which the part owners have rights and commitments to assets and liabilities, and joint ventures where the part owners have rights to the net assets. In a joint operation, the part owners shall report their respective assets, liabilities, revenues and costs. In a joint venture, the equity method shall be applied.
- IFRS 12 Disclosure of interests in other entities includes disclosure requirements for subsidiaries, joint arrangements, associated companies and structured entities that are not consolidated.
- IAS 27 Consolidated and separate financial statements. Reporting and disclosures in legal entities of subsidiaries, joint arrangements, associated companies and unconsolidated structured entities.
- IAS 28 Investments in associates and joint ventures describes the application of the equity method for the reporting of both associated companies and joint ventures.
- Amendments to IAS 32 Financial instruments: Presentation introduces a clarification in the section "Application guidance" regarding the offsetting financial assets and liabilities.
- Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets involves, in brief, the requirement to provide further disclosures about fair value when the recoverable amount of an impaired asset is based on fair value minus selling expenses.
- Amendment to IAS 39 – Novation of derivatives and continuing hedge accounting introduces easing in hedge accounting by allowing hedge accounting to continue even when a derivative, which is devised as a hedge instrument, is novated to a central counterparty if certain terms are met, such as those set out by law or other regulations such as EMIR. The amendment does not cover transactions in which derivatives are voluntarily novated to a central counterparty.
- IFRIC 21, Levies shall be applied for financial years starting on or after 1 January 2014. The interpretation clarifies when a liability for levies is to be recognised. Levies are fees/taxes that government or equivalent bodies charge to companies under laws/statutes, with the exception of income tax, penalties and fines.

Basis for the preparation of the financial statements

Assets, provisions and liabilities are based on historical cost unless otherwise stated below.

All amounts, unless otherwise stated, are in millions of Swedish kronor (SEKm).

GROUP

Consolidated Accounts

Principles

The Group's Consolidated Accounts include the Parent Company Doro AB, and the companies in which the Parent Company directly or indirectly owns shares equalling more than half of the voting rights. This means that Doro AB has a controlling influence over the Group company, which entitles Doro AB to devise strategies for the Group company with a view to obtaining financial gains.

At the end of the financial year there were 6 (5) operating companies in the Group.

Acquired companies are included in the Consolidated Accounts from the date of acquisition. Sold companies are included up to and including the date they are sold.

The Consolidated Accounts are prepared in line with the acquisition method, which means that the historical cost of participations in Group companies is broken down into identifiable assets and liabilities at their fair value on the date of acquisition. Unutilised loss carry-forwards for tax purposes in the acquired company are converted into deferred tax assets in the Consolidated Accounts if assessed earnings capacity is such that utilising them is deemed possible. Furthermore, deferred tax is calculated on the difference between the fair values of assets and liabilities and their tax base. In cases where the historical cost of participations in Group companies exceeds the net of acquired assets and liabilities, as above, the difference is recognised as goodwill, which is tested at least once a year for impairment.

For company acquisitions, the purchase price can be earnings-dependent. The calculation is then based on future profit and hence the total purchase price. On a quarterly basis, an assessment is made and any adjustment of the expected purchase price. Changes in the item in question are recognised in the income statement.

Intra-Group balances and unrealised internal gains are eliminated in the Consolidated Accounts. When eliminating internal transactions, account is also taken of the tax effect on the basis of nominal tax rates in each country.

Exchange rates

Translation of foreign operations

All of the assets and liabilities of foreign Group companies are translated at the closing day rate, while all items in the income statements are translated at the average rate for the financial year. The exchange rate differences arising in this context are partly an effect of the differences between the income statements' average rates and closing day rates, and partly of the fact that net assets are translated at a different rate at the end of the year than at the beginning of the year. Translation differences are recognised in the statement of comprehensive income.

Exchange rates

The following exchange rates have been used in the translation of foreign operations:

	Average rate		Closing day rate	
Currency	**2013**	**2012**	**2013**	**2012**
EUR	8.65	8.7	8.85	8.59
HKD	0.84	0.87	0.83	0.84
NOK	1.11	1.16	1.06	1.17
GBP	10.22	10.69	10.61	10.53
USD	6.51	6.73	6.42	6.51

Effects of changing exchange rates

Receivables and liabilities in foreign currencies are translated at the closing day rate and unrealised exchange gains and losses are included in profit/loss.

Revenue recognition

Doro only has one revenue segment: product sales. Revenue from product sales is recognised principally when all risks and rights associated with ownership have been transferred to the buyer, which usually occurs upon delivery.

Employee remuneration

Employee remuneration is reported as salaries earned and paid plus earned bonus. Earned holiday pay and social security contributions are recognised as accrued expenses.

Pensions

The predominant share of Doro's obligations towards employees consists of various defined-contribution pension plans.

A defined-contribution pension plan is a pension plan according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay further fees if this legal entity lacks sufficient funds to pay all remuneration to employees associated with the employees' service during current or previous periods.

For defined-contribution pension plans, the Group pays fees to publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once these fees have been paid. The fees are recognised as personnel costs when they fall due for payment. Prepaid fees are recognised as an asset to the extent that cash repayment or reductions in future payments may accrue to the Group.

In addition, a limited number of employees at the Group's French subsidiary have defined-benefit pension plans. A defined-benefit pension plan is one that is not a defined-contribution plan. Characteristic of defined-benefit plans is that they specify an amount for the pension benefit to be received by an employee following retirement. This is normally based one or more factors such as age, period of service and salary.

All obligations for which provisions are made are assessed by an actuary to determine the amount of the provision. The liability recognised in the balance sheet with regard to defined-benefit pension plans is the present value of the defined-benefit obligation at the close of the reporting period. Since the recognised liability with regard to defined-benefit pension plans is an insignificant amount, the assumptions on which the actuarial calculations are based are not presented in the annual report.

Research and development

Product development is carried out in cooperation with various manufacturing partners and most expenditure is borne by them. Doro works in an environment of rapid technological development. Product development refers to expenditure for product adaptations, design, model approval, etc.

Expenses relating to the development phase are capitalised as an intangible asset if it is likely, with a high degree of reliability, that they will result in future financial benefits for the Group.

This means that strict criteria must be met before a development project results in intangible assets being capitalized. Such criteria include the option of ending a project, proof that a project is technically feasible and that a market exists, and that there is an intention and opportunity to use or sell the intangible asset. There must also be an opportunity to reliably measure expenses during the development phase.

External partners' moulds for manufacturing the products are, however, owned by Doro and expenditure for them is capitalized and depreciated according to plan if the lifespan of the product is expected to exceed one year.

Doro has no research expenses.

Property, plant and equipment and intangible fixed assets

Property, plant and equipment and intangible fixed assets, consisting of goodwill, upgrading and enhancement of IT platforms, equipment and tools, are recognised at historical cost less accumulated depreciation/amortisation according to plan, except goodwill, which is not amortised in the Group.

Financial instruments

Financial instruments recognised as assets in the balance sheet include, on the asset side, accounts receivable, other receivables, forward currency contracts, non-current investments and bank balances. Included in shareholders' equity and liabilities are overdraft facilities, liabilities to credit institutions, accounts payable and other current liabilities. With the exception of forward currency contracts, financial instruments are initially recognised at historical cost, equalling the fair value of the instrument plus transaction expenses.

Instruments are then recognised subject to how they have been classified in accordance with the following. Forward currency contracts are recognised in the balance sheet as per the contract date and are measured at fair value, both initially and in subsequent reassessments. For more information see the section on hedge accounting below.

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the instrument's contractual terms. Accounts receivable are recognised in the balance sheet when invoiced. Liabilities are recognised once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. Accounts payable are recognised when invoices are received.

A financial asset or part thereof is de-recognised from the balance sheet when the contractual rights are realised, mature or are no longer under the company's control. This also applies to part of a financial asset. A financial liability or part thereof is de-recognised from the balance sheet when contractual obligations are met or otherwise extinguished. The same applies to part of a financial liability.

The acquisition or divestment of financial assets is recognised at the transaction date, which is the date on which the Company undertakes to acquire or divest the asset.

A financial asset and financial liability are offset against each another and the net amount recognised in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items to a net amount or realise the asset and settle the liability simultaneously.

Financial instruments are measured at fair value and classified into the following categories:

- Derivatives held for trade
- Derivatives subject to hedge accounting
- Saleable assets
- Accounts receivable and loans receivable
- Other financial liabilities

Fair value is determined based on the following three levels:

Level 1: According to quoted prices on an active market for the same instrument

Level 2: Based on directly or indirectly observable market data not included in Level 1

Level 3: Based on input data not observable on the market

All financial instruments measured at fair value have been measured according to Level 2.

Financial assets

Derivatives – Currency hedges

Derivatives are classified as Held for trade or Held for sale. Held for trade – Measurement at fair value occurs in the income statement. Held for sale – Measurement at fair value occurs through other comprehensive income. See also the section on hedge accounting below.

Accounts receivable and loans receivable

Accounts receivable and loans receivable are non-derivative financial assets with determined or determinable payments that are not quoted on an active market. They are included among current assets, with the exception of items maturing more than 12 months after the close of the reporting period, which are classified as non-current assets. The Group's accounts receivable and loans receivable consist of accounts receivable and other receivables in the balance sheet. Accounts receivable are recognised net less doubtful accounts receivable. Deductions for doubtful accounts receivable are based on a model in which extended maturities give increased deductions. In addition, an individual assessment is made of accounts receivable, with account taken of anticipated bad debt losses. Other receivables are recognised net less doubtful receivables based on individual assessments with account taken of the expected losses they are expected to incur.

Other financial liabilities

Other financial liabilities consist of accounts payable, liabilities to banks and accrued expenses apart from social security contributions and taxes. Other financial liabilities are measured at amortised cost.

Hedge accounting

Effective from 1 January 2013, Doro applies hedge accounting for forward currency contracts.

Doro's overall hedging strategy remains in place according to the adopted treasury policy in terms of purpose, amounts, maturities and currencies. The change on 1 January 2013 only pertained to the method of recognising currency hedges entered.

Recognition until 31 December 2012

Until 31 December 2012, all revaluations of outstanding foreign exchange transactions were recognised in net financial income/expense. At maturity, accumulated changes in value were transferred from net financial income/expense to operating profit/loss, leading to fluctuations in operating profit/loss and net financial income/expense.

Recognition from 1 January 2013

From 1 January 2013, changes in the value of forward exchange contracts classified as cash-flow hedges are recognised in other comprehensive income. Hedge accounting ceases when the underlying exposure enters the balance sheet (i.e. when purchase and sale occur). Accumulated results in the hedging reserve (which is in other comprehensive income) will then be dissolved in the cost of goods sold for forward exchange contracts pertaining to purchases, or in sales for forward exchange contracts pertaining to sales. Value changes pertaining to forward exchange contracts from the date on which hedge accounting ceased will be recognised directly in the cost of goods sold, or sales.

Forward exchange contracts linked to commercial flows not subject to hedge accounting are classified as "held for trade". Value changes pertaining to such foreign exchange transactions have been recognised directly in sales for contracts relating to sales, and in the cost of goods sold for contracts relating to purchases.

Hedge accounting only occurs for forward contracts in EUR, USD, NOK and GBP and which refer to exposures that have not yet entered the balance sheet.

Foreign exchange derivatives linked to liquidity management and loans are not subject to hedge accounting. They are classified as "held for trade". Value changes pertaining to such foreign exchange transactions are recognised in net financial income/expense.

Impairment

At least at every year-end at the close of accounts, an assessment is made as to whether there is any indication of impairment of the carrying amounts of the Group's assets. When there is such an indication, the recoverable amount of the asset is calculated. The recoverable amount is the higher of an asset's net sale value and its value in use. When establishing value in use, present value computation is performed for estimated future payments that the asset is expected to generate during its useful life.

In present value computation, an interest rate before tax is used for the purpose of the calculation that reflects the current market interest rate and the risk attributable to the asset. If the recoverable amount is below the carrying amount then the asset is impaired to its recoverable amount. Reversals of impairment are recognised if there are no grounds for such impairment, except in terms of goodwill. Impairment and reversals of impairment are recognised in the income statement.

At least once a year, an assessment of forecast future earnings and cash flow trends is made with regard to goodwill. When the carrying amount exceeds the recoverable amount, it is impaired.

Depreciation of property, plant and equipment

Depreciation according to plan occurs on a straight-line basis on the historical cost of the asset category and the estimated useful life:

Tools (for manufacturing products) (if the product's lifespan is > 1 year)	2–3 years
Computers, cars, furniture, etc.	2–5 years

Amortisation of intangible assets

Intangible assets are amortised over their estimated useful life. For capitalised product development, amortisation commences as of market launch of the product in question. Amortisation according to plan occurs on a straight-line basis on the historical cost of the asset category:

Capitalised expenditure for development work	1–3 years
Trademarks	5 years
Customer register and distribution agreements	3–5 years

Leases
Leases are classified in the Consolidated Accounts as either finance or operating leases. Finance leases exist when the financial risks and benefits associated with ownership are essentially transferred to the lessee. Leases are otherwise considered operating. Leases for company cars, photocopiers, computer equipment and the like are recognised as operating leases. Finance leases occur only to a minor extent.

Doro has no finance leases in general. Rents for premises are included in operating leases. No significant leases were entered in 2013.

Inventory
Inventories are measured at the lower of cost (in accordance with the first-in, first out principle – FIFO) and the net sale value (in accordance with the lowest value principle). Cost is calculated for each delivery.

Technological development is rapid and prices fall regularly. Impairment of inventory is recognised according to a model whereby older inventory gives greater impairment. Different product groups have varying rates of impairment. The net sale value is defined as the selling price less selling expenses. Impairment to the net sale value includes impairment due to technological and commercial obsolescence made in the Group company in question.

Impairment increases according to a scale, with products impaired to 50 percent after 6–12 months as inventory, depending on the product group, and fully impaired after 18 months. In addition, individual impairment tests may be carried out. The measurement technique using different obsolescence steps provides a sound assessment of fair value.

Provisions
Provisions are defined as liabilities that are uncertain in term of amounts or time of settlement. A provision is recognised when there is an undertaking ensuing from a transpired event, it is probable that an outflow of resources will be required in order to settle the undertaking and that the amount can be reliably estimated. Pensions, guarantee commitments, disputes and additional expenses are recognised as provisions in the balance sheet.

Warranties and repairs
Provisions are made for estimated repair expenditure and losses of margins regarding goods that that may be returned within the warranty period (between one and two years from sale to the end user).

A statistical program has been developed that captures outcomes regarding the time at which products are sold until they are returned, the proportion that is repaired, scrapped, compensated for through product exchange or crediting, as well as costs for checking, repairs (including parts) and transport. In the event of deviations (mainly in the share of returned products), warranty provision requirements are changed.

Change in classification
Provision for warranties were previously classified as non-current liability, but calculations have shown that the costs are predominantly occurs within a year, why warranty provisions at 2013-12-31 classified as a current liability. Thus, also the amounts as per 2012-12-31 have been reclassified as a current liability.

Taxes
All tax expected to be payable on reported profit is recognised in the income statement. Such taxes have been calculated according to each country's tax regulations and are recognised in the item Tax on profit for the year.

The Group's total tax in the income statement consists of current tax on taxable profits for the period, and deferred tax. The deferred tax mainly consists of changes in deferred tax assets with respect to loss carry-forwards for tax purposes and other temporary differences.

The Group uses the balance sheet method for calculating deferred tax assets and liabilities. According to the balance sheet method, the calculation is made based on tax rates on the closing date applied to temporary differences between an asset or liability's value in terms of accounting and taxation, and loss carry-forwards for tax purposes. Deferred tax assets are recognised in the balance sheet only to the extent of value that can probably be utilised within the foreseeable future, which the Company considers to be three to four years. An individual assessment is performed of the situation for companies in each country.

Cash flow statement
Cash flow statements are prepared using the indirect method, which means that profit/loss after financial income/expense is adjusted for transactions that did not entail incoming and outgoing payments during the period, and for income and expense relating to the cash flow of investment activities.

Cash and cash equivalents
Cash and equivalents comprise cash, bank balances and current investments. In 2013 Doro had no current investments, but in 2012 they consisted of investments in municipal and government certificates.

Segment reporting (IFRS 8)
As of 2011 Doro monitors its operations by market: the Nordic region, EMEA (Europe, Middle East and Africa), the UK, the US & Canada, and other regions.

Classification
The balance sheet items entitled current assets and current liabilities are expected to be recovered or paid within a twelve-month period. All other balance sheet items are recovered or repaid later.

Critical accounting matters and uncertainty in estimates
In their preparation of Doro's Consolidated Accounts, the Board of Directors and the CEO, besides estimates made, have made a series of judgements regarding critical accounting matters that can significantly affect the amounts recognised. These pertain to the following:

Goodwill measurement
When assessing testing the carrying amounts of goodwill for impairment, assumptions are made about the future expected profit and cash flow trend for the lowest possible cash-generating unit. This is further described in Note 7.

Deferred tax related to loss carry-forwards
When measuring deferred tax assets, an assessment is made of future surpluses for tax purposes of each company, and thereby of the ability to utilise the loss carry-forwards. The size of the loss carry-forwards is detailed in Note 17.

Credit risks in accounts receivable
Individual assessments are made when evaluating credit risks in accounts receivable. The assessment is based on past payment capacity and other information. Doro has in the past had very low realised bad debt losses, but is active in follow up. Refer to Note 23 for further information.

Measurement of inventory
Measurement of inventory is based on an inventory turnover model. In addition, individual assessments are performed based on past sales statistics and sales forecasts compared with product volumes in inventory and in production with suppliers.

PARENT COMPANY

Impairment of participations in Group companies and impairment reversals
Participations in Group companies are measured at historical cost. If the recoverable amount (see section above entitled "Impairment") should prove to be lower, there is an impairment. Impairment of the value of participations in subsidiaries is reversed when there are no longer grounds for such impairment.

Tax legislation can permit provisions to profit equalisation funds and hence enable the utilisation and maintaining of reported profits in the operations, without them falling subject to immediate taxation. Such untaxed reserves are subject to tax only when they are dissolved for reasons other than covering losses. There are currently no untaxed reserves.

Group and shareholder contributions
Group contributions that a parent company receives from a subsidiary are recognised as financial income, and group contributions from the parent to the subsidiary are recognised either as a participation in the subsidiary, i.e. similar to a shareholder contribution, or as an expense because of the relationship between accounting and taxation.

Financial instruments
The parent company applies fair value accounting for financial instruments in accordance with Annual Accounts Act Chap 4:14.

NOTE 2

RESULTS PER SEGMENT AND INCOME TYPE

	The Group		Parent Company	
Income divided into type of income	**2013**	**2012**	**2013**	**2012**
Product sales	1 134.4	821.5	990.8	821.5
Other revenue	8.1	16.0	3.0	10.1
Total	**1 142.5**	**837.5**	**993.8**	**831.6**

	Group		Parent Company	
Other revenue	**2013**	**2012**	**2013**	**2012**
EU funding	0.7	–0.9	0.7	–0.9
Activated development costs	4.3	5.0	0.0	0.0
Recovered receivables	0.5	0.4	0.0	0.0
Release of provisions	0.1	0.3	0.0	0.0
Positive currency effect*	2.1	10.8	2.2	10.8
Gain on sale of fixed assets	0.2	0.2	0.0	0.2
Rent income	0.1	0.2	0.0	0.0
Development of software	0.1	0.0	0.1	0.0
	8.1	**16.0**	**3.0**	**10.1**

REVENUE PER COUNTRY

Country	2013	2012
France	227.6	173.2
Sweden	179.9	172.9
United Kingdom	185.2	112.2
USA	171.8	81.7
Germany	187.5	55.6
Norway	50.7	51.9
Canada	34.8	41.0
Belgium	29.8	28.8
Denmark	12.6	14.5
Other countries	54.5	89.7
Total	**1 134.4**	**821.5**

RESULTS PER SEGMENT (ACCORDING TO IFRS 8)

Doro has since 2011 chosen to follow up the operation based on the regions that Doro is active in.

2013

Operating profit per geographical region	Nordic	Europe, Middle East and Africa	Germany, Austria and Switzerland	United Kingdom	USA and Canada	Other Regions	Total
Income/Net Sales	271.5	277.2	201.3	182.2	204.4	5.9	1 142.5
Operating cost	–216.4	–254.4	–187.5	–172.9	–190.1	–7.5	–1 028.8
Operating profit	**55.1**	**22.8**	**13.8**	**9.3**	**14.3**	**–1.6**	**113.7**
Depreciation	–8.1	–8.5	–4.7	–5.5	–7.8	–0.2	–34.8
Operating result	**47.0**	**14.3**	**9.1**	**3.8**	**6.5**	**–1.8**	**78.9**

2012

Operating profit per geographical region	Nordic	Europe, Middle East and Africa	Germany, Austria and Switzerland	United Kingdom	USA and Canada	Other Regions	Total
Income/Net Sales	274.4	231.3	55.5	130.9	125.2	20.2	837.5
Operating cost	–219.3	–221.8	–59.6	–122.4	–109.6	–21.7	–754.4
Operating profit	**55.1**	**9.5**	**–4.1**	**8.5**	**15.6**	**–1.5**	**83.1**
Depreciation	–7.0	–6.2	–1.4	–3.3	–3.2	–0.6	–21.7
Operating result	**48.1**	**3.3**	**–5.5**	**5.2**	**12.4**	**–2.1**	**61.4**

There has been no transactions between regions in 2013 or 2012. Doro can not report assets and liabilities per segment, because follow–up is only made by the income statement. During 2013 there is a single customer accounting for 14.8% of revenues. 100% of the revenue from this customer is related to the region USA and Canada. For 2012, there was no single customer that exceeded 10% of revenues.

TANGIBLE FIXED ASSETS

The Group's main part of the material assets are located in Sweden.

	2013			2012		
per geographical region	**Acquisition value**	**Closing depreciations**	**Closing value**	**Acquisition value**	**Closing depreciations**	**Closing value**
Sweden	31.7	–27.4	4.3	30.7	–19.7	11.0
France	4.0	–2.8	1.2	3.5	–2.3	1.2
Germany	1.7	–0.4	1.3	0.0	0.0	0.0
Hong Kong	0.6	–0.4	0.2	0.7	–0.4	0.3
Other countries	0.5	–0.5	0.0	0.5	–0.5	0.0
Total	**38.5**	**–31.5**	**7.0**	**35.4**	**–22.9**	**12.5**

NOTE 3

INTRA GROUP TRANSACTIONS

Of the Parent Company's invoicing SEK 42.1 m (0) relates to subsidiaries. Invoicing from subsidiaries to the Parent Company amounted to SEK 67.2 m (58.0). Invoicing between subsidiaries amounted to SEK 0.8 m (0).

NOTE 4

RENTAL AND LEASING AGREEMENTS

Costs for operational rental and leasing charges during the year amounts to SEK 7.5 m (5.7) for the group and SEK 3.0 m (2.5) for the parent company. Agreed future rental and leasing costs fall due for payment as shown below.

	The Group		Parent Company	
Rental and leasing agreements	**2013**	**2012**	**2013**	**2012**
Within 1 year	7.3	5.3	2.1	2.5
Within 2 to 5 years	13.5	7.0	2.4	4.2
Later than 5 years	0.0	0.0	0.0	0.0
Total	**20.8**	**12.3**	**4.5**	**6.7**

NOTE 5

EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES

Number	**2013**	**Of whom men**	**2012**	**Of whom men**
Parent Company	34	21	32	19
Norway	3	3	3	3
United Kingdom	9	5	8	4
France	28	14	27	14
Hong Kong	8	6	7	6
Germany	35	25	0	0
Total	**117**	**74**	**77**	**46**

SALARIES AND REMUNERATION

Salaries, remuneration, social charges and pension cost have appeared with the following amounts:

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Salaries and other remuneration	61.3	45.6	24.4	18.4
	61.3	**45.6**	**24.4**	**18.4**
Payroll overheads excluding pension costs	18.3	12.6	7.2	5.5
	18.3	**12.6**	**7.2**	**5.5**
Pension costs	7.3	8.1	4.9	5.7
of which premium-based	*7.1*	*7.3*	*4.9*	*5.7*
	7.3	**8.1**	**4.9**	**5.7**

GENDER OF SENIOR MANAGERS

Number	**2013**	**Women %**	**2012**	**Women %**
Board	6	33	5	40
Group Management	7	14	7	17
whereof situated in:				
Sweden	3	0	3	0
United Kingdom	1	0	1	0
France	3	33	3	33

Amongst the senior managers there has been two persons included that are not employed, but have invoiced their fees. One has been placed in Sweden and the other in France.

SALARIES AND REMUNERATION

Including board fee breakdown between board managers, CEO and other employees:

	2013		2012	
	Board and CEO	**Other employees**	**Board and CEO**	**Other employees**
Sweden	3.1	22.3	2.7	16.5
Norway		2.7		2.6
United Kingdom		5.1		5.1
France	1.8	14.7	1.5	14.5
Germany		9.5		0.3
Hong Kong		3.1		3.2
Total	**4.9**	**57.4**	**4.2**	**42.2**

MANAGEMENT REMUNERATION

SEK k **The Board 2013**	**Fees**	**Remuneration via company**	**Total**
Chairman of the Board	350	350	700
Other Board members*	600	150	750
Total	**950**	**500**	**1,450**

* Fee to the Chairman of the Board is SEK 350 k (300) and to other Board members SEK 150 k (150) as decided on Annual General Meeting May 14, 2013. The Chairman of the Board and one of the Board Members have invoiced consultancy fees in addition to their Board Fees. Please also see Note 25.

SEK k **Senior Executives 2013**	**Salary**	**Bonus and variable remuneration**	**Pension**	**Other benefits**	**Total**
Jérôme Arnaud (CEO)	3,722	745	367*	64	4,898
Other senior executives	4,302	927	1,393	299	6,921
Total	**8,025**	**1,672**	**1,760**	**363**	**11,819**

* Concerns Doro SAS.

The amounts include salaries and remunerations to employed senior executives. In 2013, the management team has consisted of seven persons. In the management team there are two positions on a consultansy basis; CFO until November 2013 on an interim basis and a second person who has been active throughout the year. Both these have invoiced their remunerations to the company. The amounts are not included in the table above but totals to SEK 4.4 m.

SEK k **The Board 2012**	**Fees**	**Remuneration via company**	**Total**
Chairman of the Board	350	0	350
Other Board members*	450	0	450
Total	**800**	**0**	**800**

* Fee to the Chairman of the Board is SEK 350 k (300) and to other Board members SEK 150 k (100) as decided on Annual General Meeting March 21,2012.

SEK k **Senior Executives 2012**	**Salary**	**Bonus and variable remuneration**	**Pension**	**Other benefits**	**Total**
Jérôme Arnaud (CEO)	3,431	0	469*	64	3,964
Other senior executives	5,102	188	2,022	316	7,629
Total	**8,534**	**188**	**2,491**	**380**	**11,593**

* Concerns Doro SAS.

The amounts include salaries an remunerations to employed Group Management. In 2012, the Group Management has been expanded from five to seven people. One of these has been a member of the Group Management from January 1, 2012 and the other from October 10,2012. The amounts include salary and remuneration to the Group's former CFO until October, when she left the company. They also include an amount of SEK 1,1 m for the period during which she was no longer operative.The Group Management includes two individuals engaged as consultants: the interim CFO from October 2012 and a second person who has been active throughout the year. Both of those individuals invoice the company for their services. The invoice amounts are not included in the table above, but amounts to SEK 2,6 m.

Principles
Fees are paid to the Chairman and other Board members in accordance with decisions made by the AGM. Payment for work on the boards of subsidiaries is made separately. Remuneration to the CEO and other senior executives comprises a basic salary, variable remuneration, other benefits (primarily a company car) and pension premiums. The balance between basic salary and variable remuneration should be in proportion to the executive's responsibilities and authorities. There are 6 (6) other members of the management team. Average number of senior executives in the management team in 2013: 7 (6).

Pensions
The retirement age for other senior executives of the Group is 65 and pensions are usually paid in accordance with the general pension plan plus full remuneration for the entire amount of salaries according to the ITP/ITPK plans. All pension benefits are irrevocable,i.e. not dependent on continued employment.The retirement age for the CEO is 65 years. No agreements have been signed concerning pension commitments or the equivalent, more than is mentioned in the periods of notice mentioned above, whether for board members or senior executives. Pension plans for senior executive are essentially defined and premium has been paid by SEK 1.8 m (2.5).

Bonus
Bonus refers to earned bonus. The bonus is linked to operationg profit, EBIT. The maximum cost of the bonus to senior executives mus not exceed SEK 10.0 m (10.0). The bonus is normally paid out during the year after it is earned.

Notice
If notice is served by the company or by the CEO himself, the period of notice is one year. The CEO has the right to salary over 12 months during the period of notice. No severance pay will be paid if notice is given by CEO. Other senior executives have agreement of salary during notice between 3 and 6 months.

Nominations and decision-making processes
These procedures are explained in the Directors' Report.

Share-related compensation & Options
No member of the Board receives any share-based compensation (options, convertible debentures or similar) issued by Doro or its principal owner. In accordance with the manadate given by the Annual General Meeting on March 23, 2011, all of Doro´s employees have been offered warrants granting them the right to acquire shares at the target price of SEK 35.30 between April 1, 2014 – June 30, 2014 and a warrant price of 3.40.The warrant price was calculated according to the Black & Scholes model,taking into consideration dividend approved by the annual general meeting in 2011, a share price of SEK 28,68, volatility of 29%, riskfree interest of 2,79% and duration of 3,25 year (2011-03-31 – 2014-06-30). The CEO subscribed for 200,000 warrants and the rest of the Group Management subscribed for 155,000 warrants. Doro Incentive AB subscribed for 192,830 warrants possible to be used for future employees. Doro Incentive has purchased 124,000 warrants ,wherof 106,000 during 2013, from employees that have left Doro. Doro Incentive has 316,830 warrants as per 31/12 2013.

NOTE 6

INTEREST AND SIMILAR ITEMS

	The Group		Parent Company	
Income	**2013**	**2012**	**2013**	**2012**
Interest income, external	0.5	1.6	0.5	1.6
Interest income. internal	–	–	1.5	0.0
Exchange rate gain	0.1	0.0	0.1	0.0
Dividend from Group Caompany	–	0.0	22.2	0.0
Total	**0.6**	**1.6**	**24.3**	**1.6**
Expenses				
Interest expenses, external	–1.3	–0.1	–0.9	0.0
Interest expenses, internal	–	–	–0.5	–0.6
Exchange rate losses	–	–13.4	–	–13.4
Total	**–1.3**	**–13.5**	**–1.4**	**–14.0**
Financial net	**–0.7**	**–11.9**	**22.9**	**–12.4**

Interest income consists of interest earned on bank account balances and from current investments. Interest expense consists of interest on bank loans. At the year end, there were three (two) outstanding bankloans totaling SEK 45.2 m (1.6). Exchange gains and losses of SEK 0.1 m (–13.4) emanate from revaluation of foreign exchange contracts.

NOTE 7

INTANGIBLE FIXED ASSETS

Group/Goodwill	2013	2012
Opening cost	**25.8**	**26.4**
Acquisitions during the year	113.1	0.0
Exchange rate difference	3.3	–0.6
Closing accumulated cost	**142.2**	**25.8**

Group/Customer register and distribution agreements	2013	2012
Acquisition value brought forward	**5.4**	**5.6**
Acquisitions during the year	15.3	0.0
Exchange rate difference	0.5	–0.2
Closing accumulated acquisition value	**21.2**	**5.4**
Write–downs brought forward	**–1.5**	**–0.4**
Write–downs for the year	–4.0	–1.1
Closing depreciation/write-downs	**–5.5**	**–1.5**
Closing residual value according to plan	**15.7**	**3.9**

Parent company/Goodwill	2013	2012
Acquisition value brought forward	**19.1**	**19.1**
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	**19.1**	**19.1**
Write-downs brought forward	**–19.1**	**–17.2**
Write-downs for the year	0.0	–1.9
Closing depreciation/write-downs	**–19.1**	**–19.1**
Closing residual value according to plan	**0.0**	**0.0**

Parent company/Customer register	2013	2012
Acquisition value brought forward	**14.8**	**14.8**
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	**14.8**	**14.8**
Write-downs brought forward	**–7.0**	**–4.0**
Write-downs for the year	–2.9	–3.0
Closing depreciation/write-downs	**–9.9**	**–7.0**
Closing residual value according to plan	**4.9**	**7.8**

The Group assesses the need for goodwill to be written down on an annual basis or when indications of impairment arise. Impairment testing is applied at the lowest level where separable cash flows can be identified.

Goodwill has been allocated to Doro excluding IVSoch IVS separately. For IVS separable cash flows can be identified, but since the other Group companies' activities and their contributions are very much dependent on each other there is no breakdown of this goodwill.

	2013		2012	
	Doro, other	**IVS**	**Doro, other**	**IVS**
Goodwill	60.3	81.9	25.8	–
Estimate period, coming	5 years	5 years	5 years	–
Average growth period, %	5	4	5	–
Sustainable growth, %	2	2	1	–
Discount rate (WACC) before tax, %	15	18	14	–
Discount rate (WACC) before tax, %	12	12	12	–

The recoverable value of the unit has been established based on the current value in use of future cash flows. Future cash flows are estimated on the basis of expected growth rate in accordance with established forecasts for the next five years. These forecasts are based on historical experience, but also takes expected future development into account. Assumptions regarding future growth and profitability are based on external and internal estimates of market growth, past performance and management's assessment of market shares. The WACC discount factor, has been set using the Capital Asset Pricing Model (CAPM). As part of the WACC the risk free interest equivalent to the yield on 10-year government-bonds has been applied with the addition of stock market 's risk premium for small companies. The return requirement has been ascertained based on the optimum capital structure as derived from the capital market. Since the recoverable amount exceeds the carrying amount, no need for impairment is deemed to exist.

Sensitivity analysis

Doro other operations

Growth rate after 5 years: A change in the growth rate from 2 to 1 percent implies no impairment. Discount rate after tax increases by 1 percentage point: the discount rate after tax changes from 12 to 13 percent. The change implies no impairment.

IVS

Growth rate after 5 years: A change in the growth rate from 2 to 1 percent implies no impairment. Discount rate after tax increases by 1 percentage point: the discount rate after tax changes from 12 to 13 percent. The change implies no impairment.

Goodwill and customer register

For the Parent Company goodwill was originally acquired internally from Doro Nordic AB and originates from internal divestments of operations in 2002. Goodwill and the customer register in the Parent company are eliminated at the Group level.

Brands

The Parent Company acquired from Doro Finans AB the internal brands Doro and Audioline in 2007. These brands are fully depreciated according to plan in. As the brands are acquired internally they are eliminated at group level. In 2011 Doro made the acquisitions of the companies Birdy och Prylos. The trademark related to the acquisitions have been identified.

The Group / Brands	2013	2012
Acquisition value brought forward	**1.0**	**1.1**
Acquisitions during the year	0.0	0.0
Exchange rate difference	0.0	–0.1
Closing accumulated acquisition value	**1.0**	**1.0**
Depreciation according to plan brought forward	**–0.3**	**–0.1**
Depreciation according to plan for the year	–0.2	–0.2
Closing depreciation according to plan	**–0.5**	**–0.3**
Closing residual value according to plan	**0.5**	**0.7**

Parent company/ Brands	2013	2012
Acquisition value brought forward	**36.8**	**36.8**
Acquisitions during the year	0.0	0.0
Closing accumulated acquisition value	**36.8**	**36.8**
Depreciation according to plan brought forward	**–36.0**	**–32.2**
Depreciation according to plan for the year	–0.3	–3.8
Closing depreciation according to plan	**–36.3**	**–36.0**
Closing residual value according to plan	**0.5**	**0.8**

The Group's capitalized expenditure for development work / IT	2013	2012
Acquisition value brought forward	**58.7**	**42.3**
Acquisitions during the year	21.4	12.7
Exchange rate difference	0.0	–0.1
Sales/Disposals	–11.9	0.0
Reclassifications	7.8	3.8
Closing accumulated acquisition value	**76.0**	**58.7**
Depreciation according to plan brought forward	**–39.3**	**–24.4**
Depreciation according to plan for the year	–22.0	–14.9
Sales/Disposals	11.9	0.0
Closing depreciation according to plan	**–49.4**	**–39.3**
Closing residual value according to plan	**26.6**	**19.4**

Ongoing capitalized expenditure for development work /IT	2013	2012
Opening balance	**9.4**	**8.8**
Balanced during the year	–7.8	–7.5
New expenditure	13.8	8.7
Cost accounted	–0.8	–0.6
Closing balance	**14.6**	**9.4**
Total closing residual value	**41.2**	**28.8**

Parent company / Capitalized expenditure for development work / IT	2013	2012
Acquisition value brought forward	**59.1**	**42.6**
Acquisitions during the year	21.4	12.7
Sales/Disposals	–11.9	0.0
Reclassifications	7.8	3.8
Closing accumulated acquisition value	**76.4**	**59.1**
Depreciation according to plan brought forward	**–39.3**	**–24.3**
Depreciation according to plan for the year	–22.1	–15,0
Sales/Disposals	11.9	0
Closing depreciation according to plan	**–49.5**	**–39.3**
Closing residual value according to plan	**26.9**	**19.8**

Ongoing capitalized expenditure for development work / IT	2013	2012
Opening balance	**9.4**	**8.8**
Balanced during the year	–7.8	–7.5
New expenditure	13.8	8.7
Cost accounted	–0.8	–0.6
Closing balance	**14.6**	**9.4**
Total closing residual value	**41.5**	**29.2**

A depreciation plan of two – three years starts from the date of market introduction of each product.

NOTE 8

TANGIBLE FIXED ASSETS

	The Group		Parent Company	
Equipment and tools	**2013**	**2012**	**2013**	**2012**
Acquisition value brought forward	**35.4**	**22.6**	**30.7**	**18.2**
Acquisitions during the year	1.3	5.5	1.0	5.1
Acquisitions	1.8	0	0.0	0.0
Sales/Disposals	–9.4	0.0	–9.4	0.0
Reclassifications	0.0	7.4	0.0	7.4
Exchange rate difference	0.0	–0.1	–	–
Closing acquisition value	**29.1**	**35.4**	**22.3**	**30.7**
Depreciation according to plan brought forward	**–22.9**	**–17.4**	**–19.7**	**–14.6**
Depreciation according to plan for the year	–8.6	–5.5	–7.7	–5.1
Sales/Disposals	9.4	0.0	–9.4	0.0
Closing depreciation according to plan	**–22.1**	**–22.9**	**–18.0**	**–19.7**
Closing residual value according to plan	**7.0**	**12.5**	**4.3**	**11.0**

Ongoing expenditure for Equipment and tools	2013	2012	2013	2012
Opening balance	**0.0**	**3.7**	**0.0**	**3.7**
Balanced during the year	0.0	–3.7	0.0	–3.7
Closing balance	**0.0**	**0.0**	**0.0**	**0.0**
Total Tangible Fixed assets	**7.0**	**12.5**	**4.3**	**11.0**

NOTE 9

PARTICIPATION IN GROUP COMPANIES

Subsidiary	No of. shares	%		Nominal value	Book value 2013	Shareholders' equity* 2013	Profit and loss 2013	Book value 2012
Doro A/S. Norway	200	100	NOK	0.1 Mkr	0.60	1.7	0.4	0.60
Doro UK Ltd	3 013 400	100	GBP	32.1 Mkr	4.20	11.7	1.8	4.20
Doro SAS	66 667	100	EUR	8.9 Mkr	11.60	13.1	2.7	11.60
Doro Hong Kong Ltd	4 500	100	HKD	4.0 Mkr	5.10	4.6	0.0	5.10
Doro Inc	3 000	100	USD	0.0 Mkr	0.04	2.3	1.1	0.04
Doro Incentive AB	50 000	100	SEK	0.1 Mkr	0.06	0.1	0.0	0.06
Doro Deutschland GmbH	1	100	EUR	0.2 Mkr	0.20	–0.3	–0.6	0.20
IVS Industrievertretung Schweiger GmbH	9 239	33.33 **	EUR	0.1 Mkr	46.50	73.2	12.2	0.00
					68.3	**106.4**	**17.6**	**21.8**

* Equity according to balance sheet of subsidiaries.

** IVS industrievertretung Schweiger GmbH is included to 100% in the Group since Doro Deutschland GmbH owns the remaining 66,67%.

	2013	2012
Opening balance	**21.8**	**21.6**
Acquisition	46.5	0.0
Newformed company	0.0	0.2
Closing balance	**68.3**	**21.8**

Subsidiary	Company registration number	Registered office, city	Registered office, country
Doro A/S	934210719	Fredrikstad	Norway
Doro UK Ltd	1180330	Chalfont St Peter	Storbritannien
Doro SAS	309 662 195	Versailles	France
Doro Hong Kong Ltd	08194263-000-12-98-6	Kowloon	Hongkong
Doro Inc.	4706937 810 0 090679976	New York	USA
Doro Incentive AB	556843-4962	Lund	Sweden
Doro Deutschland GmbH	HRB75859	Köln	Germany
IVS Industrievertretung Schweiger GmbH	HRB 2040	Amberg	Germany
Service and Sales GmbH	HRB 3892	Amberg	Germany
Isidor SAS	483 742 144	Montigny le bretonneux	France

NOTE 10

PREPAID EXPENSES AND ACCURED INCOME

	The Group		Parent Company	
	2013	2012	2013	2012
Prepaid rent	0.8	0.8	0.5	0.7
Other prepaid expenses	2.9	2.6	2.4	1.9
Total	**3.7**	**3.4**	**2.9**	**2.6**

NOTE 11

SHARE CAPITAL AND DIVIDENDS

	No. of shares	Voting rights	Class
A shares	20,806,174	1 vote per share	Normal

Share capital

20,806,174 shares at a quota value of SEK 1.00 per share = SEK 20 806 174.

New share issue

Doro has as a part of the purchase price for IVS GmbH newly-issued 1,457,000 shares in Doro to Helmut Schweiger (95% of the shares) and Hubert Kirsch (5% of the shares) in exchange for their shares in IVS GmbH. As a result of the share issue, the number of shares rised from 19,349,174 to 20,806,174 shares.

Dividends

The Board of Directors proposes that dividend of SEK 1,50 will be distributed to the shareholders for the 2013 fiscal year.

NOTE 12

OVERDRAFT FACILITIES

	The Group		Parent Company	
	2013	2012	2013	2012
Approved credit	0.0	31.5	0.0	30.0
Utilized credit	*0.0*	*0.0*	*0.0*	*0.0*

NOTE 13

ACCRUED EXPENSES AND PREPAID INCOME

	The Group		Parent Company	
	2013	2012	2013	2012
Holiday pay liability	6.2	5.3	3.3	3.3
Payroll overheads	5.2	4.6	1.5	2.0
Stock accounts interim	7.6	5.7	7.6	5.7
Other staff liabilities	3.7	1.5	3.1	0.5
Accrued royalty	19.4	20.9	18.9	20.9
Accrued customer bonus	21.8	19.7	21.8	19.5
Other accrued expenses	19.7	22.2	16.7	19.6
Total	**83.6**	**79.9**	**72.9**	**71.5**

NOTE 14

PLEDGED ASSETS TO CREDIT INSTITUTIONS

	The Group		Parent Company	
	2013	2012	2013	2012
Chattel mortgages	170.0	170.0	170.0	170.0
Total	**170.0**	**170.0**	**170.0**	**170.0**

NOTE 15

CONTINGENT LIABILITIES

Doro has no contingent liabilities.

NOTE 16

AUDITORS

The 2013 AGM elected Göran Neckmar (Ernst & Young AB) to be the auditor of the Parent Company, Doro AB. Ernst & Young will carry out auditing at all large units for the period of one year.

	The Group		Parent Company	
Fees and costs	**2013**	**2012**	**2013**	**2012**
Auditing assignments	1.3	0.8	0.8	0.6
Auditing outside the assignment	–	–	–	–
Tax assignments	0.6	0.7	0.6	0.7
Other advisory services by auditors	2.6	0.8	0.6	0.7
Total	**4.5**	**2.3**	**2.0**	**2.0**

Auditing assignments refer to the auditing of the Annual Report, the accounts and the administration by the Board of Directors and the CEO. Auditing assignments also include what the company's auditors are required to perform, advise on, or other contributions resulting from observations made during this auditing work or while carrying out these assignments.

NOTE 17

TAXES

	The Group		Parent Company	
Taxes on profit/loss for the year	**2013**	**2012**	**2013**	**2012**
Current tax	–13.1	–0.3	–4.4	0.0
Deferred tax	–4.5	3.7	–6.1	4.3
Total tax on profit/loss for the year	**–17.6**	**3.4**	**–10.5**	**4.3**

Connection between the tax expense for the year and the reported earnings before tax:

	The Group		Parent Company	
Taxes	**2013**	**2012**	**2013**	**2012**
Reported profit/loss before tax	78.2	49.5	80.0	32.8
Tax at current rate 22% (26.3)	–17.2	–13.0	–17.6	–8.6
Non-deductible expenses	–0.4	–0.3	–0.1	–0.1
Non-taxable income	0.3	1.4	0.3	1.4
Tax effect on Group dividends	–0.6	0.0	4.9	0.0
Utilisation of previously unrecognized tax loss carryforwards	0.0	1.4	0.0	1.4
Temporary differences without corresponding capitalization of deferred tax	0.0	0.0	0.0	0.0
Change in valuation in losses carryforwards	0.7	0.4	0.0	0.0
Change in valuation of temporary differences	2.0	13.0	2.0	11.0
Adjustment for change in tax rate	0.0	–0.6	0.0	–0.8
Adjustment for tax rates in foreign Group company	–2.4	1.0	0.0	0.0
Reported tax	**–17.6**	**3.4**	**–10.5**	**4.3**

Temporary differences arise in those cases where accounted values of assets or liabilities and their tax value are different. Temporary differences, unutilized losses carry forward and other future tax deductions have led to deferred tax liabilities and tax assets for the following:

	The Group		Parent Company	
Deferred tax asset	**2013**	**2012**	**2013**	**2012**
Unutilized losses carry forward	0.0	4.0	0.0	4.0
Temporary differences, provisions	20.6	14.6	11.5	14.6
Temporary differences, other	0.1	2.4	3.1	1.7
Total reported deferred tax asset	**20.7**	**21.0**	**14.6**	**20.3**

Deferred tax assets are shown for unutilized losses carried forward and temporary differences in the balance sheet, when they are calculated to be used in the near future. A single calculation is made for each company with respect to past earnings trends, future plans and the option of using losses carried forward.

Of the consolidated losses carried forward, SEK 83 m (78) can be used without a time limit being imposed. None of the consolidated losses are restricted in time. The substantial remaining losses are in the United Kingdom and France.

Losses carry forward fall due as follows	**2013**	**2012**
Without limit	83	78
Total	**83**	**78**

Non-accounted deferred tax assets in the balance sheet concerning unutilized taxable losses carry forward amount to:

The Group		Parent Company	
2013	2012	2013	2012
20	18	0	0

NOTE 18

ACQUISITIONS

Goodwill is attributable to future customers and products, cross-selling oppurtunities for Doro, ability to improve future Doro products with advanced features for acquired technical know-how, and skilled development team. The acquisitions are expected to generate costsavings as a result of economies of scale.

Costs directly related to the acquisitions SEK 7.1 m has been accounted for in other external costs in 2013 in the Group.

IVS GmbH

On May 13, Doro acquired 100 percent of the German company IVS Industrievertretung Schweiger GmbH. The acquisition of IVS leads to a reinforcement of Doro's market position in Germany, the opportunity to grow faster in other German-speaking countries and expansion into the growing Eastern European market. IVS for the full year 2013 had sales of SEK 296.4 m and a profit after tax of SEK –0.4 m. Since the acquisition date, IVS has generated sales of SEK 189.7 m and a profit after tax of SEK 12.1 m. On the acquisition date, the headcount was 64. Costs directly attributable to the acquisition of SEK 6.0 m has been accounted for in the profit and loss.

The figures for the acquired net assets and goodwill are presented below.

Fair value	SEK(m)
Intangible assets	12.3
Fixed assets	1.6
Deferred tax asset	4.6
Stock	45.0
Accounts receivable trade	62.2
Other current assets	10.0
Cash and bank	2.5
Provisions	–21.2
Interestbearing liabilities	–9.2
Accounts payable, trade	–27.1
Other current debts	–11.0
Acquired net assets	**69.7**
Goodwill	79,6
Total purchase consideration	**149.3**
Share issue in kind	–40.6
Deferred payment	–16.7
Contingent consideration	–12.6
Net debt in acquired company	6.6
Change in the Group's cash flow resulting from the acquisition	**86.0**

The deferred payment is reported as a short-term liability, while the contingent consideration is reported as a long-term'liability. The contingent consideration of EUR 1.6 m is fixed but conditioned to the company raeching a minimum result. Payment shall not be made before January 10, 2015.

Isidor SAS

Doro acquired July 3rd, its French software design partner Isidor SAS. The acquisition secures and strengthens Doro's development team and gives Doro increased opportunities to shorten the indtroduction time of smartphones for seniors and programs for easy access to the Internet for tablets and computers. The acquisition price amounts, on a cash and debt free basis, to EUR 2.8 million in cash, with a maximum purchase consideration of EUR 2.2 million based on the results for 2013 and the next 2 years. Isidor had for the full year sales/net income of SEK 6,664 k and a profit after tax of SEK 34 k. Since the acquisition date, Isidor had sales/net income of SEK 3,261 k and a profit after tax of SEK 47 k. Acquisition costs of SEK 1.1 m has been accounted for in the Group's profit and loss. At the acquisitiondate the headcount was seven.

The figures for the acquired net assets and goodwill are presented below.

Fair value	SEK(m)
Intangible assets	3.0
Fixed assets	0.2
Accounts receivable trade	2.9
Other current assets	0.3
Tax receivable	0.4
Cash and bank	0.8
Interestbearing liabilities	–0.3
Accounts payable, trade	–1.0
Other current debts	–2.4
Deferred tax liability	–1.0
Acquired net assets	**2.9**
Goodwill	33.5
Total purchase consideration	**36.4**
Contingent consideration	–11.7
Net debt in acquired company	–0.5
Change in the Group's cash flow resulting from the acquisition	**24.2**

December 31, the contingent consideration was estimated to SEK 11.7 m whereof SEK 0.7 m is a accounted for as a short–term liability and SEK 11.0 m as a long–term liability.

Contingent consideration for companies acquired 2011.
2013 Prylos SAS

During 2012 and 2013 no contingent consideration has been paid. Contingent consideration has been revalued to SEK 0 as per December 31, 2013. The resulteffect of this revaluation SEK 1.4 m is accounted for in the operating result in other external costs. In the cash flow analysis it is accounted for as adjustments for other non-cash items.

2013 Birdy SAS

Contingent consideration has been revalued per December 31, 2013 to barely SEK 0.0 m, accounted for as a current liability. The resulteffect of this revaluation SEK 2.3 m is accounted for in the operating result in other external costs. In the cash flow analysis it is accounted for as adjustments for other non–cash items. During 2012 and 2013 no contingent consideration has been paid.

NOTE 19

FINISHED GOODS AND GOODS FOR RESALE

The Group	2013	2012
Opening gross stock	**96.9**	**65.2**
Acquisition	50.0	0.0
Change in gross stock	–4.6	31.7
Internal profit in stock	–2.4	–
Exchange rate difference	1.3	–
Closing gross stock	**141.2**	**96.9**
Opening write–downs of stock	**–5.6**	**–5.0**
Acquisition	–5.0	0.0
Change in write–downs of stock	–0.2	–0.5
Exchange rate difference	–0.1	–
Closing write–downs of stock *	**–10.9**	**–5.6**
Net stock in balance sheet	**130.3**	**91.3**

* Acquisition value for the inventory that write-downs of stock of SEK 10.9 m (5.6) relates to is based on inventory book value of SEK 30.4 m (26.6).

Parent company	2013	2012
Opening gross stock	**96.9**	**65.2**
Change in gross stock	–4.0	31.7
Closing gross stock	**92.9**	**96.9**
Opening write-downs of stock	**–5.6**	**–5.0**
Change in write-downs of stock	0.3	–0.5
Closing write-downs of stock*	**–5.3**	**–5.6**
Net stock in balance sheet	**87.6**	**91.3**

* Acquisition value for the inventory reserve of SEK 5.3 m (5.6) is based on inventory book value of SEK 20.9 m (26.6).

NOTE 20

	The Group		Parent Company	
Deferred tax asset	**2013**	**2012**	**2013**	**2012**
Opening balance	**27.5**	**23.9**	**27.5**	**23.9**
Acquisition	6.9	0.0	0.0	0.0
Amount released	–39.3	–31.9	–39.3	–31.9
New allocations	45.8	35.5	45.5	35.5
Exchangeratedifference	0.2	0.0	–	–
Closing balance	**41.1**	**27.5**	**33.7**	**27.5**

NOTE 21

PENSION ALLOCATIONS

The Group	2012	2012
Opening balance	1.5	1.1
Amount released	0.0	0.0
New allocations	0.2	0.4
Closing balance	**1.7**	**1.5**

NOTE 22

ALLOCATIONS FOR GUARANTEES

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Opening balance	**67.9**	**57.9**	**67.9**	**57.3**
Acquisitions	14.3	0.0	0.0	0.0
Amount released	0.0	–5.0	0.0	–5.0
New allocations	4.0	21.2	2.8	21.2
Unutilized amount cancelled	–19.6	–6.2	–19.6	–5.6
Reclassification	1.2	0.0	1.2	0.0
Exchangeratedifference	0.4	0.0	–	–
Closing balance	**68.2**	**67.9**	**52.3**	**67.9**

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Additional costs	**68.0**	**66.6**	**52.3**	**66.6**
Other allocations	0.2	1.3	0.0	1.3
Closing balance	**68.2**	**67.9**	**52.3**	**67.9**

Additional costs

Additional costs include costs that are known but that have not been debited at the time of invoicing and those that are unknown but expected at the time of invoicing. The provision for additional costs is charged against costs for goods sold to obtain correct allocation by period of the gross margin.

NOTE 23

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The Board of Directors of Doro has adopted a treasury policy that regulates how financial risks are to be identified and managed. Risk management aims to reduce or eliminate risks. The main objective is to achieve a low risk profile.

Doro AB (parent company) has the overall responsibility for the Group's financial risk management including currency risk management, liquidity management and cash management. Centralisation and coordination enable substantial economies of scale with respect to the terms obtained for financial transactions and financing. The risks to which Doro is exposed are described below.

CREDIT AND COUNTEPARTY RISK

The Group is primarily exposed to credit risk associated with financial investments and in accounts receivable, as well as counterparty risk associated with futures hedging. Credit and counterparty risks are managed centrally by the parent company of Doro AB and and regulated by the treasury policy. Financial instruments may only be done with counterparties/issuers within the categories government, municipalities and banks. At 31 December 2013, current investments in municipalities and government amounted to SEK 0.0 m (70.0).

The value of accounts receivable amounted to SEK 248.6 m (165.9). In recent years Doro has experienced very low credit losses (less than 0.5 percent of sales) due to the fact that the main customer group is large businesses with regular trade. The single largest customer accounts for 14.8 percent (9.7) of Group sales. In most countries Doro operates without credit insurance.

Age analysis of accounts receivable	Group 2013	Group 2012
Not yet due	224.0	126.7
Due for payment < 60 days	21.4	34.9
Due for payment > 60 days	3.2	4.3
Total accounts receivable	**248.6**	**165.9**
Expected bad debt losses	–5.1	–4.9
Accounts receivable in the financial statements	**243.5**	**161.0**

Impaired accounts receivable	Group 2013	Group 2012
Opening balance	–4.9	–3.8
Expected bad debt losses	–0.9	–1.5
Confirmed bad debt losses	–0.1	0.0
Amount reversed	0.8	0.4
Closing balance	**–5.1**	**–4.9**

Other receivables

Other receivables are not yet due.

LIQUIDITY RISK

At 31 December 2013, the Group had SEK 45.2 m (1.6) in interest-bearing liabilities, of which SEK 0.9 m (0.8) falls due within twelve months. In connection with Doro obtaining a new loan, previous overdraft facilities were cancelled.

At 31 December 2013, Group liquidity amounted to SEK 123.9 m (141.1), which includes financial investments and bank balances.

FOREIGN EXCHANGE RISK

Doro is exposed to foreign exchange risks caused by unfavourable exchange rate fluctuations that may affect sales, earnings and equity. Risks and risk management are described below, broken down into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure arises when sales and purchases take place in foreign currencies. Doro has income and expenses in different currencies. Goods are primarily purchased in USD, while sales are commonly in EUR, GBP and the Nordic currencies. In accordance with the treasury policy, forecast net flows are hedged on a quarterly basis for periods for which the price list is set at between 75 and 100 percent. The hedge horizon can thus vary between three and six months. Foreign exchange management is centralised at the finance department of Doro AB, which buys and sells currencies under the treasury policy.

Effective from 1 January 2013, Doro applies hedge accounting in accordance with IFRS. Doro's overarching hedging strategy remains in place in accordance with the adopted treasury policy. The change on 1 January 2013 only pertained to the method of recognising currency hedges entered. (see accounting principles for further information).

Transaction volumes Outstanding exposure (SEK m)
(Before and after hedging)

	Before hedging 2013	After hedging 2013	Before hedging 2012	After hedging 2012
CAD	15	8	22	2
NOK	16	8	25	4
EUR	109	2	105	6
GBP	66	11	44	–2
USD	–152	–2	–163	–56

The table shows outstanding transaction exposure at year-end for the hedged period. The hedged period as per the end of December refers to flows through the end of May.

Translation exposure

Translation exposure arises when foreign assets and liabilities, as well as the income statements of foreign subsidiaries, are translated into SEK upon consolidation. Doro does not hedge the translation exposure.

At year-end the value of foreign net assets was SEK 110 m (49). The breakdown by currency is shown in the table below.

Value of foreign assets	2013	2012
USD	2	1
NOK	2	3
EUR	89	31
GBP	12	10
HKD	5	5
Total	**110**	**49**

Financial instruments – fair value

Group 2013	Derivatives held for trade	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				243.5		243.5	243.5
Other receivables				4.9		4.9	4.9
Currency futures	0.1	0.3				0.4	0.4
Current investments						0.0	0.0
Bank balances			123.9			123.9	123.9
Assets	**0.1**	**0.3**	**123.9**	**248.4**	**0.0**	**372.6**	**372.6**
Currency futures		4.1				4.1	4.1
Liabilities to credit institutions					45.2	45.2	45.2
Accounts payable					165.4	165.4	165.4
Other liabilities					121.2	121.2	121.2
Liabilities	**0.0**	**4.1**	**0.0**	**0.0**	**331.8**	**335.9**	**335.9**
Group 2012							
Accounts receivable				161.0		161.0	161.0
Other receivables				0.4		0.4	0.4
Currency futures						0.0	0.0
Current investments			70.0			70.0	70.0
Bank balances			71.1			71.1	71.1
Assets	**0.0**	**0.0**	**141.1**	**161.4**	**0.0**	**302.5**	**302.5**
Currency futures	3.0					3.0	3.0
Liabilities to credit institutions					1.6	1.6	1.6
Accounts payable					122.5	122.5	122.5
Other liabilities					76.6	76.6	76.6
Liabilities	**3.0**	**0.0**	**0.0**	**0.0**	**200.7**	**203.7**	**203.7**

Parent Company 2013	Derivatives held for trade	Derivatives subject to hedge accounting	Saleable assets	Accounts receivable and loans receivable	Other financial liabilities	Carrying amount	Fair value
Accounts receivable				189.1		189.1	189.1
Receivables from Group companies				113.2		113.2	113.2
Other receivables				1.1		1.1	1.1
Currency futures	0.1	0.3				0.4	0.4
Current investments						0.0	0.0
Bank balances			94.9			95.0	95.0
Assets	**0.1**	**0.3**	**94.9**	**303.4**	**0.0**	**398.7**	**398.7**
Currency futures		4.1				4.1	4.1
Liabilities to credit institutions					44.3	44.3	44.3
Accounts payable					140.6	140.6	140.6
Receivables from Group companies					20.1	20.1	20.1
Other liabilities					71.2	71.2	71.2
Liabilities	**0.0**	**4.1**	**0.0**	**0.0**	**276.2**	**280.3**	**280.3**
Parent company 2012							
Accounts receivable				160.0		160.0	160.0
Receivables from Group companies				0.1		0.1	0.1
Other receivables				0.3		0.3	0.3
Currency futures						0.0	0.0
Current investments			70.0			70.0	70.0
Bank balances			68.6			68.6	68.6
Assets	**0.0**	**0.0**	**138.6**	**160.4**	**0.0**	**299.0**	**299.0**
Currency futures	3.0					3.0	3.0
Liabilities to credit institutions						0.0	0.0
Accounts payable					119.5	119.5	119.5
Receivables from Group companies					41.3	41.3	41.3
Other liabilities					69.5	69.5	69.5
Liabilities	**3.0**	**0.0**	**0.0**	**0.0**	**230.3**	**233.3**	**233.3**

The breakdown of fair value determination is performed at the following three levels:
Level 1: According to quoted prices on an active market for the same instrument.
Level 2: Based on directly or indirectly observable market data not included in Level 1.
Level 3: Based on input date not observable on the market.
All financial instruments measured at fair value in the table above have been measured according to Level 2.

NOTE 24

LONG TERM LIABILITIES

During the year, Doro AB raised a loan of EUR 5.0 million. The first installment takes place 2015-03-31 and thereafter quarterly. The interest rate is determined quarterly and the maturity date is 2016-12-31. All financial covenants are met by 2013-12-31.

	The Group		Parent Company	
Long term liabilities	**2013**	**2012**	**2013**	**2012**
Amounts that fall due in 1–5 years	44.3	0.0	44.3	0.0
Amounts that fall due later than 5 years	0.0	0.0	0.0	0.0
Total	**44.3**	**0.0**	**44.3**	**0.0**

NOTE 25

RELATED PARTY TRANSACTIONS

In 2013, the Chairman Bo Kastensson and the board member Jonas Mårtensson billed consulting services to Doro AB. The compensation has been made on market terms and refer to advisory services in the IVS acquisition process. Bo Kastensson has through his company Kasing Advisor AB billed SEK 350 000, plus VAT. Jonas Mårtensson has through his company JNM Invest billed SEK 150 000, plus VAT.

Compensations is included in acquisition costs for IVS. They are enabled by the Parent company and booked among Other external costs in the Group. In 2012, there were no related party transactions.

The undersigned hereby pledge that the consolidated accounts and the annual report have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and according to good accounting practices and give a true picture of the Group´s and company´s position and earnings, and the consolidated directors´report and directors´report give a true overview of developments in the Group´s and company´s business, position and earnings and describes significant risks and uncertainty factors faced by Group companies.<<<

Lund, April 10, 2014

Bo Kastensson
Chairman of the Board

Charlotta Falvin	Fredrik Hedlund	Karin Moberg	Jonas Mårtensson	Jérôme Arnaud
Board member	*Board member*	*Board member*	*Board member*	*CEO*

My auditor´s report was submitted on April 11, 2014.

Ernst & Young AB

Göran Neckmar
Authorized Public Accountant

Auditors' report

To the annual meeting of the shareholders Doro AB (publ), corporate identity number 556161-9429

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Doro AB (publ) for the year 2013, except for the corporate governance statement on pages 16–21. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 9–48.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 16–21. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Doro AB (publ) for the year 2013. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 16–21 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Malmö, April 11, 2014
Ernst & Young AB

Göran Neckmar
Authorized Public Accountant

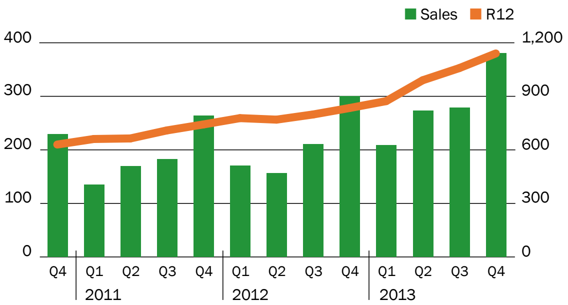
Quarterly summary

SEK m	2013				2012			
QUARTERLY EARNINGS	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	**209**	**273**	**279**	**381**	**170**	**156**	**211**	**300**
Operating expenses	–195	–248	–250	–336	–153	–147	–189	–265
Operating profit before depreciation/amortisation	**14**	**25**	**29**	**45**	**17**	**9**	**22**	**35**
Scheduled depreciation/amortisation and impairment	–7	–8	–9	–12	–5	–4	–6	–7
Operating profit after depreciation/amortisation	**8**	**17**	**20**	**33**	**12**	**5**	**16**	**28**
Net financial income/expense	0	0	0	0	–9	2	–4	0
Profit after financial income/expense	**8**	**17**	**20**	**33**	**3**	**7**	**12**	**28**
Tax on profit for the period	–1	–4	–5	–7	0	–1	14	–10
Net profit	**7**	**13**	**15**	**26**	**3**	**6**	**26**	**18**

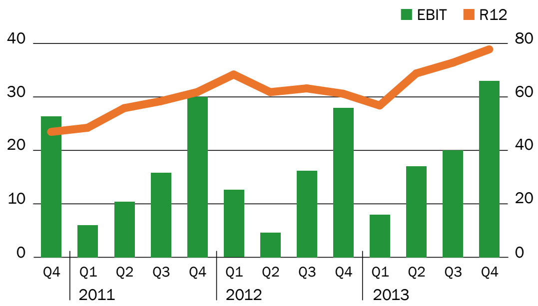
QUARTERLY CONSOLIDATED BALANCE SHEET	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Intangible fixed assets	67	172	208	199	60	64	57	59
Property, plant and equipment	11	11	9	7	8	8	14	12
Financial assets	1	1	1	1	1	1	1	1
Deferred tax assets	21	15	13	21	17	17	31	21
Inventory	87	132	133	130	67	67	83	91
Current receivables	133	233	224	267	118	108	136	191
Cash and bank balances	145	111	68	124	89	107	114	141
Total assets	**465**	**674**	**655**	**749**	**360**	**372**	**436**	**516**
Shareholders' equity	217	203	258	287	160	166	190	209
Non-current liabilities	66	129	136	138	64	63	76	73
Current liabilities	182	342	261	324	136	143	170	234
Total equity and liabilities	**465**	**674**	**655**	**749**	**360**	**372**	**436**	**516**

QUARTERLY CASH FLOW	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating profit after financial income/expense	8	17	20	33	3	7	12	28
Scheduled depreciation/amortisation	7	8	9	11	5	4	6	7
Other items not affecting cash flow	–1	2	0	–3	10	–1	4	–2
Tax	0	–3	–1	–2	0	–2	–1	–1
Change in working capital	5	16	–47	31	–51	18	–8	2
Cash flow from operating activities	**18**	**40**	**–19**	**71**	**–33**	**26**	**13**	**34**
Investments	–14	–94	–23	–16	–7	–8	–5	–7
Cash flow from investing activities	**–14**	**–94**	**–23**	**–16**	**–7**	**–8**	**–5**	**–7**
Dividend/premium for warrants programme	0	–24	0	0	–19	0	0	0
Change in interest-bearing liabilities	0	44	–1	1	0	0	–1	0
Cash flow from financing activities	**0**	**20**	**–1**	**1**	**–19**	**0**	**–1**	**0**
Translation differences and other	0	0	0	0	0	0	0	0
Cash flow (change in cash and cash equivalents)	**4**	**–34**	**–43**	**56**	**–59**	**18**	**7**	**27**

SALES PER QUARTER AND ROLLING 12 MONTH
MSEK



EBIT PER QUARTER AND ROLLING 12 MONTH
MSEK



Five-year summary

SEK m	2013	2012	2011	2010	2009
Income statement					
Revenue	1,142.5	837.5	745.4	632.8	492.6
Operating profit before depreciation/amortisation and impairment, EBITDA	113.7	83.1	75.6	63.1	38.1
Operating profit after depreciation/amortisation and impairment, EBIT	78.9	61.4	62.0	47.0	26.7
Net financial income/expense	–0.7	–11.9	10.9	–0.6	–1.7
Profit after financial income/expense	78.2	49.5	72.9	46.4	25.0
Balance sheet					
Non-current assets	227.8	93.2	86.1	60.8	41.9
Current assets	397.2	282.1	214.3	186.8	150.0
Cash and bank balances	123.9	141.1	148.4	89.5	40.4
Equity	287.0	209.0	177.3	121.3	67.6
Non-current liabilities	138.3	73.1	88.7	46.0	21.4
Current liabilities	323.6	234.3	182.8	169.8	143.3
Balance sheet total	748.9	516.4	448.8	337.1	232.3

KEY RATIOS *((See page 53 for definitions)*	2013	2012	2011	2010	2009
Return ratios					
Return on average capital employed, %	52.2	94.5	116.1	80.1	52.0
Return on average shareholders' equity, %	24.4	27.4	38.8	60.4	46.7
Earnings per share after taxes paid	3.68	2.34	3.62	2.04	–
Cash conversion rate	140	65	169	171	–
Margins					
EBITDA margin, %	10.0	9.9	10.1	10.0	7.7
EBIT margin, %	6.9	7.3	8.3	7.4	5.4
Net margin, %	6.8	5.9	9.8	7.3	5.1
Capital turnover					
Capital turnover rate, x	1.8	1.7	1.9	2.2	2.4
Financial data					
Equity/assets ratio, %	38.3	40.5	39.5	36.0	29.1
Cash flow from operating activities	110.5	40.2	104.9	80.4	64.4
No. employees	149.0	81.0	77.0	61.0	60.0
Cash and cash equivalents (inc. unutilised credit)	123.9	172.6	177.5	121.5	51.6
Investments (inc. company acquisitions 2011 and 2013)	146.7	27.3	40.8	20.6	17.5

Keep in touch with Doro

Press releases 2013

9 DECEMBER
Tunisie Telecom launches a Doro campaign.

14 NOVEMBER
Doro enters two Eastern European mobile markets through the Primo™ by Doro product range.

12 NOVEMBER
Doro launches the simplest smartphone on the market with an insightful Christmas campaign.

29 OCTOBER
Doro launches the simplest smartphone on the market – Doro Liberto® 810.

29 OCTOBER
Doro releases its third-quarter report through audiocast and telephone conference.

14 OCTOBER
Nominating procedure for Doro AB ahead of the 2014 AGM.

30 SEPTEMBER
Post-issue number of shares and votes in Doro AB.

11 SEPTEMBER
Bulletin from Doro AB's 2013 EGM.

10 SEPTEMBER
Doro in a strategic and exclusive collaboration with Tellybean – a platform-independent video calling service via TV in Europe.

9 SEPTEMBER
Doro collaborates with Withings, bolstering the launch of its latest smartphone and Care offering.

6 SEPTEMBER
Doro introduces a new product series of easy-to-use mobile phones: Primo™ by Doro.

6 SEPTEMBER
Doro launches its second smartphone – Doro Liberto® 810.

2 SEPTEMBER
Doro enters a retailing agreement with Boots Hearingcare and Hearing-Direct in the UK.

20 AUGUST
Doro broadens availability of Phone Easy® 612 among UK operators.

19 AUGUST
Notification of the 2013 EGM.

12 AUGUST
Doro releases its second-quarter report through audiocast and telephone conference.

1 AUGUST
Meteor launches Doro PhoneEasy® 606 in Ireland.

30 JULY
Argos launches two new Doro phones in its stores.

16 JULY
Doro appoints Bernt Ingman as new acting CFO.

5 JULY
Doro is awarded a prestigious Spanish innovation prize.

3 JULY
Doro acquires software company Isidor.

27 JUNE
Doro and Swedish icon Lill-Babs welcome the summer in a musical campaign.

25 JUNE
Rogers launches two new Doro phones in Canada.

20 JUNE
Doro reaches the milestone of four million phones sold.

17 JUNE
Phones 4u launches a second Doro phone.

15 MAY
Bulletin from Doro AB's 2013 AGM.

14 MAY
Doro bolsters its position on the German market through the acquisition of its German distributor, IVS.

6 MAY
Doro releases its first-quarter report through audiocast and telephone conference.

16 APRIL
Doro publishes its 2012 annual report.

16 APRIL
Doro appoints Håkan Tjärnemo as CFO.

15 APRIL
Notice of the 2013 AGM.

10 APRIL
ALLTRON is a new distribution partner for Doro in Switzerland.

27 FEBRUARY
Doro launches two new senior phones at the Mobile World Congress in Barcelona and confirms its smartphone strategy.

25 FEBRUARY
Connected and convenient with Doro PhoneEasy® 622.

25 FEBRUARY
Doro launches a new phone in the area of peace-of-mind telephony – Doro Secure® 681.

4 FEBRUARY 2013
Doro releases its fourth-quarter report through audiocast and telephone conference.

Financial definitions

AVERAGE NUMBER OF SHARES
Number of shares at the end of the month divided by the number of months.

AVERAGE NUMBER OF SHARES, DILUTED
Average number of shares adjusted for the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the redemption price and the assumed number of shares issued at the average share price for the period.

CAPITAL EMPLOYED
Total assets less non-interest-bearing liabilities.

CAPITAL TURNOVER RATE
Net sales for the year divided by the average balance sheet total.

CASH AND CASH EQUIVALENTS
Cash position plus granted unutilised credits from banks and current investments in interest-bearing certificates.

CASH CONVERSION RATE
Cash flow from operating activities divided by EBIT.

CASH FLOW
Cash flow from operating activities.

CASH FLOW PER SHARE
Cash flow from operating activities divided by the average number of shares.

EARNINGS PER SHARE AFTER TAX
Profit/loss after tax divided by the average number of shares for the period.

EARNINGS PER SHARE AFTER TAX, DILUTED
Profit/loss after financial income/expense divided by the average number of shares for the period, after dilution.

EARNINGS PER SHARE AFTER TAXES PAID
Profit/loss after taxes paid divided by the average number of shares for the period.

EARNINGS PER SHARE AFTER TAXES PAID, DILUTED
Profit/loss after taxes paid divided by the average number of shares for the period, after dilution.

EARNINGS PER SHARE BEFORE TAX
Profit/loss before tax divided by the average number of shares for the period.

EARNINGS PER SHARE BEFORE TAX, DILUTED
Profit/loss before tax divided by the average number of shares for the period, after dilution.

EBIT MARGIN
Operating profit/loss (after depreciation/amortisation) as a percentage of sales for the year.

EBITDA MARGIN
Profit/loss before depreciation/amortisation as a percentage of sales for the year.

EQUITY PER SHARE
Shareholders' equity at the end of the period divided by the number of shares at the end of the period.

EQUITY PER SHARE, DILUTED
Shareholders' equity at the end of the period divided by the number of shares at the end of the period, after dilution.

EQUITY/ASSETS RATIO
Shareholders' equity as a percentage of the balance sheet total.

INTEREST COVERAGE RATIO
Profit/loss after net financial income/expense plus interest expenses divided by financial expenses.

INVESTMENTS
Net investments including acquisitions.

MARKET CAPITALISATION, SEKM
Share price at the end of the period multiplied by the number of shares at the end of the period.

NET DEBT/EQUITY RATIO
Interest-bearing liabilities minus cash position as a percentage of shareholders' equity.

NET DEBT/NET CASH
Cash and bank balances less interest-bearing liabilities.

NET MARGIN
Profit/loss after financial income/expense as a percentage of sales for the year.

NUMBER OF EMPLOYEES
Average number of employees.

NUMBER OF SHARES AT END OF PERIOD
Number of shares at the close of the period.

NUMBER OF SHARES AT END OF PERIOD, DILUTED
The number of shares at the end of the period adjusted for the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the redemption price and the assumed number of shares issued at the average share price at the end of the period.

REPORTED EQUITY PER SHARE
Shareholders' equity divided by the number of shares at year-end.

RETURN ON AVERAGE CAPITAL EMPLOYED
Operating profit/loss divided by the quarterly average capital employed excluding cash and bank balances.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY
Profit/loss after financial income/expense and tax divided by average shareholders' equity.

SHARE PRICE AT PERIOD'S END, SEK
Closing price at the end of the period.

DORO AB
Magistratsvägen 10
226 43 Lund
Sweden
Tel +46 280 50 00
Fax +46 280 50 01

DORO UK LTD.
First Floor
Bridge House
Chiltern Hill
Chalfont St Peter
Bucks SL9 9UE
United Kingdom
Tel +44 1753 883 080
Fax +44 1753 883 081

DORO SAS
10 Rue de Châteaudun
75009 Paris
France
Tel +33 1 47 03 61 80
Fax + 33 1 42 96 24 30

DORO HONG KONG LTD.
Unit 222
No. 1 Science Park W. Avenue
Hong Kong Science Park Shatin
New Territories
Hongkong
Tel +852 2730 2777
Fax +852 2730 2433

DORO SAS
BP 446
78055 Saint Quentin en Yvelines Cdx
France
Tel +33 1 30 07 17 00
Fax +33 1 30 07 17 85

DORO A/S
Kråkerøyveien 2
NO-1671 Kråkerøy
Norway
Tel +47 69 35 86 00
Fax +47 69 35 86 69

DORO INC.
c/o Duane Morris LLP
1540 Broadway
New York
NY 10036
USA
Tel +1 212 692 1067
Fax +1 212 208 2514

doro®

Annual Report

2013