

# Q3

## Interim Report July – September 2014



Doro AB  
Corporate Identity Number 556161-9429

# 18.2%

Net sales growth

# 8.9%

EBIT margin

## Growth in all markets and improved margins

### July – September 2014

- Net sales amounted to SEK 330.3m (279.4), an increase of 18.2 percent.
- Order intake amounted to SEK 423.7m (365.2), an increase of 16.0 percent.
- Operating profit (EBIT) totaled SEK 29.3m (20.3). The operating margin was 8.9 percent (7.3).
- Profit after tax for the period amounted to SEK 24.4m (15.0).
- Earnings per share after tax amounted to SEK 1.15 (0.77).
- Cash flow from current activities amounted to SEK 14.1m (-19.3).

### January – September 2014

- Net sales amounted to SEK 840.2m (761.3), an increase of 10.4 percent.
- Operating profit (EBIT) totaled SEK 48.7m (45.4). The operating margin was 5.8 percent (6.0).
- Profit after tax for the period amounted to SEK 35.8m (34.4).
- Earnings per share after tax amounted to SEK 1.70 (1.78).
- Cash flow from current activities amounted to SEK 32.3m (39.5).

### Outlook

Doro's outlook is unchanged; Doro expects growth in 2014, mainly during the second half of the year.

### DORO GROUP

(SEK m)	2014 July- Sept	2013 July- Sept	Change, %	2014 Jan- Sept	2013 Jan- Sept	Change, %	Rolling 12 months	2013 Full Year
Net sales	330.3	279.4	18	840.2	761.3	10	1,221.4	1,142.5
EBITDA	40.0	29.5	36	81.3	68.9	18	126.1	113.7
EBITDA margin, %	12.1	10.6	-	9.7	9.1	-	10.3	10.0
EBIT	29.3	20.3	44	48.7	45.4	7	82.2	78.9
EBIT margin, %	8.9	7.3	-	5.8	6.0	-	6.7	6.9
Profit after tax	24.4	15.0	63	35.8	34.4	4	62.0	60.6
Earnings per share after tax, SEK	1.15	0.77	49	1.70	1.78	-4	2.96	3.07
Equity/assets ratio, %	41.1	39.4	-	41.1	39.4	-	41.1	38.3



**Clear improvement in sales, earnings and margins**

**Growth in all markets**

**Our focus is on seniors' needs**

**Overall leadership**

**Good opportunity for margin improvement**

**Outlook reiterated**

## CEO comment

I am pleased to report positive sales and order growth in all markets this quarter, as well as clear improvements in group profitability and cash flow. The sales improvement is primarily an effect of newly launched products, start-up of new partnerships and more favourable currencies.

Our gross margin improved significantly compared with the third quarter last year, which is partly an effect of regained growth in the Nordic region at higher gross margins.

An important reason for our sales growth in the quarter is the previously announced listings with Telekom Deutschland and Vodafone. This has significantly strengthened Doro's position on the German market. In German retail we are now three times bigger than our closest competitor. The product synergies extracted from our acquisition of IVS in 2013 is an important factor behind our progress. Also EMEA, France, Italy, UK, US and Canada saw good growth.

Our product development focuses more on seniors' needs than on technology, providing smart features in all our models. We also add more services in our offer. The recently launched Doro Liberto® 820, listed at multiple major European operators and distributors is a good example. This strategy will over time also boost the smart phones part of our range which represented 10 percent of our European mobile sales in the quarter.

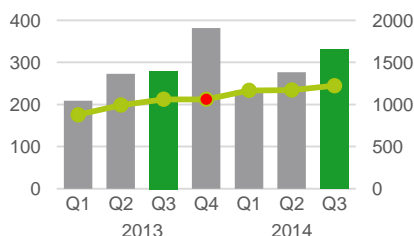
The senior mobile market is growing and we will continue to lead the market forward by upgrading our model range with smarter features, independently of whether based on feature or smart phones. We will also grow our offering for the care market, addressing the most fragile users, both organically and through acquisitions when suitable.

As we now go forward, I see good opportunities to improve our profit margin as our product investments start paying off in growing sales volume and as operating expenses as a percentage of revenue are expected to decrease.

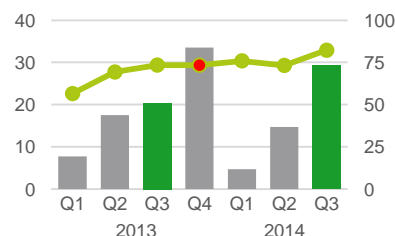
Doro's outlook is unchanged; Doro expects growth in 2014, mainly during the second half of the year.

**Jérôme Arnaud, President & CEO**

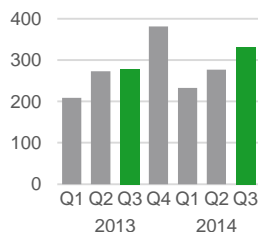
**Net sales per quarter and R12m, SEKm**



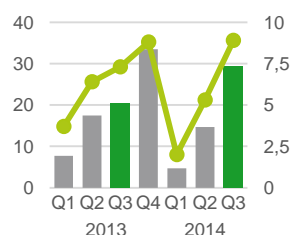
**EBIT per quarter and R12m, SEKm**



### Net sales per quarter, SEKm



### EBIT and EBIT margin per quarter, SEKm and in %



## Financial overview, Group third quarter 2014

### Sales

Doro's net sales for the third quarter amounted to SEK 330.3m (279.4), an increase of 18.2 percent compared with the third quarter of 2013. The increase in net sales as compared to same quarter a year ago is an effect of increased market activities, successful product launches and positive currency effects. Growth was positive in all regions. DACH was the major contributor to growth, supported by an increased market share in the German market. Sales in the Nordic region increased due to well received market activities during the quarter. Currency compared to same quarter last year meant a positive effect on growth of 4.4 percentage points. Organic growth, adjusted for currency effects as compared to same quarter last year, amounted to 13.8 percent.

Order intake for the third quarter increased by 16 percent supported by a significant increase in DACH, as a consequence of the agreements with Telekom Deutschland and Vodafone, and market activities in the Nordic region.

### Result

Gross margin improved to 42.7 percent (37.7) as an effect of a more favorable product and regional mix and positive currency effect as compared to same quarter last year. As a result, EBITDA for the quarter improved to SEK 40.0m (29.5), with an EBITDA margin of 12.1 percent (10.6). Included in EBITDA is an estimated customer loss for one specific customer case of SEK -3.2m. This is rare as Doro has not had any significant customer losses for several years. The result also includes a revaluation of deferred consideration for the acquisition of Isidor of SEK 4.6m, which is non-operational to its nature. EBIT in the third quarter was SEK 29.3m (20.3), with an EBIT margin of 8.9 percent (7.3).

Net financial items for the quarter were SEK 0.6m (-0.2). Group tax for the quarter amounted to SEK -5.5m (-5.1). Profit for the period amounted to SEK 24.4m (15.0).

### Cash flow, investments and financial position

Cash flow from current activities in the quarter improved to SEK 14.1m (-19.3), mainly as an effect of an improved working capital. Cash flow from change in working capital amounted to SEK -8.4m (-46.6). Cash and cash equivalents at the end of the quarter amounted to SEK 96.4m (67.8).

The equity/asset ratio was 41.1 percent (39.4) at the end of the period. The net cash balance was SEK 50.0m (23.3).

## **Significant events during the period**

### **Product launches**

In September, Doro released the Doro Liberto® 820, which is the best smartphone in Doro's range.

### **Geographical expansion and partner expansion**

In July, Doro announced an extended retail partnership with Optus, the second largest telecom operator in Australia, with the Doro PhoneEasy® 623 available at Optus retail stores nationwide.

In July, Doro entered the Italian market by establishing a new entity.

August 1, 2014, Doro acquired the French company Aldebaran with one employee. The company has a shop with a good location in Paris and will be the first Doro flagship store.

### **Extraordinary General Meeting concerning new warrant programme**

An Extraordinary General Meeting was held on August 21, 2014. The board's proposal regarding a directed issue of new warrants and transfer of warrants was approved.

In accordance with the decision by the Extra General Meeting, 26 of Doro's employees have been offered warrants granting them the right to acquire shares at the target price of SEK 42 between May 22 and June 21 2017.

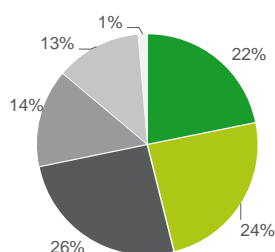
17 employees have subscribed for 502,500 warrants, including the CEO who has subscribed for the full 200,000 warrants allocated to him. Doro Incentive AB has subscribed for 255,000 warrants, enabling the Company to potentially sell these at market prices to new employees following the close of the subscription period.

## **Significant events after the period**

In October, Doro announced that Doro's American partner Consumer Cellular expanded its physical distribution in the US market. The Doro Phone Easy® 626 has been launched at this occasion.

In October, Doro signed an agreement with Vodafone which will enable Doro to sell its handsets to Vodafone in Germany, Italy, the UK and Ireland. The selection of products differs by country but includes Doro PhoneEasy® 508, 613 and 632.

## Total sales per region



- Nordic
- Europe, Middle East and Africa
- Dach (Germany, Austria, Switzerland)
- United Kingdom
- USA and Canada
- Other regions

## Sales per region July – September 2014

### SALES PER REGION

Doro Group (SEK m)	2014 July–Sept	2013 July–Sept	2014 Jan–Sept	2013 Jan–Sept
Nordic	74.0	64.4	178.8	190.5
Europe, Middle East and Africa	82.3	72.9	210.5	198.0
Dach (Germany, Austria, Switzerland)	87.1	63.5	220.9	103.9
United Kingdom	48.6	39.5	133.1	115.4
USA and Canada	42.5	34.1	95.6	146.3
Other regions	4.6	2.6	9.1	3.4
Central	-8.8	2.4	-7.8	3.8
<b>Totalt</b>	<b>330.3</b>	<b>279.4</b>	<b>840.2</b>	<b>761.3</b>

### The Nordic region

Net sales in the Nordic region amounted to SEK 74.0m (64.4) in the quarter. As a result of increased market activities, the Nordic region returned to positive growth after some quarters of contraction.

### DACH (Germany, Austria and Switzerland)

Net sales in the DACH region amounted to SEK 87.1m (63.5) in the quarter. With the acquisition of IVS in May 2013, Doro has a solid platform and market share in the region. The listing with Telekom Deutschland in the second quarter strengthened Doro's position in the German market in the third quarter.

### EMEA (Europe, Middle East and Africa)

Net sales in the EMEA region amounted to SEK 82.3m (72.9) in the quarter. EMEA has benefited from continued improvements in sales of a broad range of phone models.

### United Kingdom

Net sales in the United Kingdom amounted to SEK 48.6m (39.5) in the quarter. The United Kingdom continued to grow primarily as a result of launch of new phone models.

### US and Canada

Net sales in US and Canada amounted to SEK 42.5m (34.1) in the quarter. The increase in sales is primarily explained by re-launch of phone models already established in the market.

### Other regions

Net sales for Other regions amounted to SEK 4.6m (2.6).

### Group overhead

For the quarter, income and income adjustments not related to any specific region amounted to -8.8m (2.4). The amount is related to exchange rate fluctuations.

**Shareholders' equity and the Doro share**

Doro's shares are listed on the Nasdaq OMX Nordic Exchange Stockholm, Small Cap – Telecom/IT list. As per September 30, 2014, the total number of undiluted shares outstanding were 21,204,483 and the total number of diluted shares were 21,204,483. Shareholders' equity were SEK 315.9m (258.2).

**Transactions with related parties**

No transactions took place between Doro and related parties that had a material impact on the Company's financial position and results during the period.

**Employees**

Doro had 167 (146) employees as of September 30 2014. Of these, 44 (33) are based in Sweden, 39 (31) in France, 10 (10) in the UK, 8 (8) in Hong Kong, 3 (3) in Norway 1 (0) in Italy, and 62 (61) in Germany.

**Risks**

Risks and instability factors are mainly related to supplier disruption, product adaptation and certification, customer relations, exchange rate fluctuations and loan financing. Apart from these risks and the instability factors described on pages 12-13 of the 2013 Annual Report, no other risks of any significance have been identified during the period.

**Parent Company**

The Parent Company's net sales for the third quarter amounted to SEK 261.5m (225.5). The profit before tax amounted to SEK 16.9m (11.9).

**The Year End report  
will be presented on  
February 12, 2015**

**The report will be  
presented via an  
audiocast on  
November 7,  
at 9.00 CET**

### **Accounting principles**

This Interim Report has been prepared on behalf of the Group according to IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting of legal entities. Deferred tax assets are considered to the extent the company believes that this can be utilized in the foreseeable future, which the Company considers to be 3-4 years. The accounting principles and calculation methods applied are consistent with those that were applied when drawing up the previous year's accounts.

### **Seasonality**

Doro's sales are subject to seasonal changes. Sales in the first and second quarters are normally the lowest in the year. Sales in the third quarter is normally stronger than in the first two quarters of the year. Sales in the fourth quarter is normally the strongest in the year.

### **Outlook**

Our outlook for 2014 is unchanged; Doro expects growth, mainly during the second half of the year.

### **Reporting dates**

The Board has set the following dates for the publication of Doro's Reports:  
Year-end report January-December 2014: February 12, 2015  
Annual General Meeting 2015: April 27, 2015

### **For further information, please contact:**

Jérôme Arnaud, President and CEO, +46 (0)46 280 50 05  
Christian Lindholm, CFO, +46 (0) 46 280 50 06

### **Doro's report to be presented via audiocast**

Analysts, investors and the media are welcome to attend a presentation via [www.doro.com](http://www.doro.com) or by telephone from 9.00 am CET on November 7, 2014. Doro's President and CEO Jérôme Arnaud will hold the presentation and answer questions. Before the start of the presentation, the material will be made available on [www.doro.com](http://www.doro.com).

Please call about five minutes before the advertised starting time to access the telephone conference.

#### **Call-in details:**

Sweden: + 46 (0)8 505 564 74  
France: +33 (0)170 722 195  
United Kingdom: +44 (0)20336 453 74  
United States: + 1 855 7532 230

#### **About Doro**

Doro AB is a Swedish public company formed in 1974. It released its pioneering 'easy-to-use' mobile phone in 2007 and today is the global market-leader within the category. Doro products and solutions are available in more than thirty countries spanning five continents. These include; mobile phones and smart devices, applications and software, fixed line telephony, telecare and mobile health solutions. Doro removes barriers to adoption of new technologies and holds numerous international awards in recognition of its product designs and innovations. Doro shares are quoted on the Nasdaq OMX Stockholm exchange, Nordic List, Small Companies. Net sales of SEK 1,142.5 million (EUR 128.9 million) were reported for 2013. [www.doro.com](http://www.doro.com)

## Financial Reports

### INCOME STATEMENT

Doro Group (SEK m)	Note	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Income/Net sales		330.3	279.4	840.2	761.3	1,142.5
Operating cost	1	-290.3	-249.9	-758.9	-692.4	-1,028.8
Operating profit/loss before depreciation and write-downs, EBITDA		40.0	29.5	81.3	68.9	113.7
Depreciation according to plan		-10.7	-9.2	-32.6	-23.5	-34.8
Operating profit/loss after depreciation and write-downs, EBIT		29.3	20.3	48.7	45.4	78.9
Net financial items	1	0.6	-0.2	-2.7	-0.4	-0.7
Profit/loss after financial items		29.9	20.1	46.0	45.0	78.2
Taxes		-5.5	-5.1	-10.2	-10.6	-17.6
<b>Profit/loss for the period</b>		<b>24.4</b>	<b>15.0</b>	<b>35.8</b>	<b>34.4</b>	<b>60.6</b>
Average number of shares, thousands		21,204	19,437	21,011	19,380	19,740
Average number of shares after dilution, thousands*		21,204	19,531	21,011	19,413	19,772
Earnings per share before tax, SEK		1.41	1.03	2.19	2.32	3.96
Earnings per share before tax, after dilution, SEK*		1.41	1.03	2.19	2.32	3.96
Earnings per share after tax, SEK		1.15	0.77	1.70	1.78	3.07
Earnings per share after tax, after dilution, SEK*		1.15	0.77	1.70	1.77	3.06

\* The effect of dilution is considered only when earnings are positive.

### STATEMENT OF COMPREHENSIVE INCOME

Doro Group (SEK m)	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Profit/loss for the period	24.4	15.0	35.8	34.4	60.6
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Translation differences	1.0	-0.2	5.3	0.0	2.5
Effects from cash flow hedges	2.1	-0.7	6.1	-2.0	-1.7
Deferred tax	-0.4	0.1	-1.3	0.4	0.4
<b>Total Result</b>	<b>27.1</b>	<b>14.2</b>	<b>45.9</b>	<b>32.8</b>	<b>61.8</b>

(Related to Parent Company's shareholders)

### STATEMENT OF FINANCIAL POSITION

Doro Group (SEK m)	Note	2014 30 Sept	2013 30 Sept	2013 31 Dec
Intangible assets	2	201.2	207.6	199.6
Tangible assets		5.5	8.8	7.0
Financial assets		0.6	0.5	0.5
Deferred tax asset		18.7	13.2	20.7
Inventories		188.5	133.3	130.3
Current receivables		258.5	223.9	266.9
Cash and cash equivalents		96.4	67.8	123.9
<b>Total assets</b>		<b>769.4</b>	<b>655.1</b>	<b>748.9</b>
Shareholders' equity, related to Parent Company's shareholders		315.9	258.2	287.0
Long term liabilities	1	66.4	135.5	138.3
Current liabilities	1, 2	387.1	261.4	323.6
<b>Total shareholders' equity and liabilities</b>		<b>769.4</b>	<b>655.1</b>	<b>748.9</b>
<b>Financial instruments recognized at fair value in the Balance Sheet</b>		<b>2014 30 Sept</b>	<b>2013 30 Sept</b>	<b>2013 31 Dec</b>
Exchange rate contracts recorded as current liability		1.7	5.1	4.1
Exchange rate contracts recorded as current receivable		12.5	0.0	0.4

Financial instruments recognized at fair value consist of currency forward contracts and are used primarily for hedging purposes and are measured at level 2.



## STATEMENT CASH FLOWS

Doro Group (SEK m)	Note	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Operating profit/loss after depreciation and write-downs, EBIT		29.3	20.3	48.7	45.4	78.9
Depreciation according to plan		10.7	9.2	32.6	23.5	34.8
Net Financial items		-0.4	-0.7	-1.1	-0.7	-0.6
Unrealized exchange rate differences in cash flow hedges		-7.2	0.7	-8.5	2.0	1.7
Revaluation deferred consideration	1	-4.6	-0.8	-4.6	-0.8	-3.6
Taxes paid		-5.3	-1.4	-11.4	-4.1	-5.6
Changes in working capital		-8.4	-46.6	-23.4	-25.8	4.9
Cash flow from current activities		14.1	-19.3	32.3	39.5	110.5
Acquisitions	2	-2.4	-17.7	-20.6	-103.7	-110.2
Investments		-5.3	-5.7	-23.5	-27.5	-36.5
Cash flow from investment activities		-7.7	-23.4	-44.1	-131.2	-146.7
Amortisation of debt		-0.1	-0.3	-0.5	-0.7	-0.8
New loans		0.0	-0.3	0.0	43.3	44.1
Dividend		0.0	0.0	-31.7	-24.2	-24.2
New share issue		0.0	0.0	14.1	0.0	0.0
Warrant program, buy back		0.6	0.0	0.6	0.0	-0.2
Cash flow from financial activities		0.5	-0.6	-17.5	18.4	18.9
Exchange rate differences in cash and cash equivalents		0.4	-0.1	1.8	0.0	0.1
<b>Change in liquid funds</b>		<b>7.3</b>	<b>-43.4</b>	<b>-27.5</b>	<b>-73.3</b>	<b>-17.2</b>
<b>Net Cash</b>		<b>50.0</b>	<b>23.3</b>	<b>50.0</b>	<b>23.3</b>	<b>78.7</b>

## STATEMENT OF CHANGES IN EQUITY

Doro Group (SEK m)	2014 30 Sept	2013 30 Sept	2013 31 Dec
<b>Opening balance</b>	<b>287.0</b>	<b>209.0</b>	<b>209.0</b>
Total result for the period	45.9	32.8	61.8
Dividend	-31.7	-24.2	-24.2
Warrants	0.6	0.0	-0.2
New share issue	14.1	0.0	0
Share issue in kind	0.0	40.6	40.6
<b>Closing balance</b>	<b>315.9</b>	<b>258.2</b>	<b>287.0</b>

## OTHER KEY FIGURES

Doro Group	2014 30 Sept	2013 30 Sept	2013 31 Dec
Orderbook at the end of the period, SEK m	157.2	138.7	60.0
Order intake Q , SEK m	423.7	365.2	316.3
Gross margin %, Q1-Q3	41.1	37.5	37.5
Gross margin %, Q3	42.7	37.7	nm
Equity/assets ratio, %	41.1	39.4	38.3
Number of shares at the end of the period, thousands	21,204	20,806	20,806
Number of shares at the end of the period after dilution, thousands *	21,204	20,986	20,930
Equity per share, SEK	14.90	12.41	13.79
Equity per share, after dilution SEK *	14.90	12.30	13.71
Earnings per share after taxes paid, SEK	1.65	2.11	3.68
Earnings per share after taxes paid, after dilution, SEK *	1.65	2.11	3.67
Return on average share holders' equity, %	21.6	23.7	24.4
Return on average capital employed, %	32.4	68.0	52.2
Share price at period's end, SEK	29.40	49.00	44.00
Market value, SEK m	623.4	1 019.5	915.5

\* The effect of dilution is considered only when earnings are positive.

## SALES PER REGION

Doro Group (SEK m)	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Nordic	74.0	64.4	178.8	190.5	271.5
Europe, Middle East and Africa	82.3	72.9	210.5	198.0	277.2
Dach (Germany, Austria, Switzerland)	87.1	63.5	220.9	103.9	201.3
United Kingdom	48.6	39.5	133.1	115.4	182.2
USA and Canada	42.5	34.1	95.6	146.3	204.4
Other regions	4.6	2.6	9.1	3.4	5.9
Central	-8.8	2.4	-7.8	3.8	0.0
<b>Total</b>	<b>330.3</b>	<b>279.4</b>	<b>840.2</b>	<b>761.3</b>	<b>1,142.5</b>

## OPERATING PROFIT AFTER DEPRECIATION, EBIT, PER GEOGRAPHICAL REGION

Doro Group (SEK m)	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Nordic	23.4	20.8	52.7	64.0	89.5
Operating Margin %	31.6	32.3	29.5	33.6	33.0
Europe, Middle East and Africa	20.2	17.1	49.5	39.6	57.9
Operating Margin %	24.5	23.5	23.5	20.0	20.9
Dach (Germany, Austria and Switzerland)	5.0	7.2	18.9	9.7	18.4
Operating Margin %	5.7	11.3	8.6	9.3	9.1
United Kingdom	9.1	7.3	31.9	18.6	32.7
Operating Margin %	18.7	18.5	24.0	16.1	17.9
USA och Canada	9.3	5.2	20.5	28.3	39.0
Operating Margin %	21.9	15.2	21.4	19.3	19.1
Other regions	0.7	0.3	0.9	-0.1	-0.8
Operating Margin %	15.2	11.5	9.9	-2.9	-13.6
Central	-38.4	-37.6	-125.7	-114.7	-157.8
Operating Margin %	-	-	-	-	-
<b>Operating profit/loss after depreciation</b>	<b>29.3</b>	<b>20.3</b>	<b>48.7</b>	<b>45.4</b>	<b>78.9</b>
<b>Operating Margin %</b>	<b>8.9</b>	<b>7.3</b>	<b>5.8</b>	<b>6.0</b>	<b>6.9</b>

## INCOME STATEMENT

Parent company (SEK m)	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Income/Net sales	261.5	225.5	655.1	691.2	993.8
Operating cost	-236.4	-205.6	-605.8	-636.7	-903.7
Operating profit/loss before depreciation and write-downs, EBITDA	25.1	19.9	49.3	54.5	90.1
Depreciation according to plan	-9.9	-8.3	-29.8	-22.8	-33.0
Operating profit/loss after depreciation and write-downs, EBIT	15.2	11.6	19.5	31.7	57.1
Net financial items	1.7	0.3	1.0	0.3	22.9
Profit/loss after financial items	16.9	11.9	20.5	32.0	80.0
Taxes	-3.6	-2.8	-4.8	-6.6	-10.5
<b>Profit/loss for the period</b>	<b>13.3</b>	<b>9.1</b>	<b>15.7</b>	<b>25.4</b>	<b>69.5</b>

## STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK m)	2014 July-Sept	2013 July-Sept	2014 Jan-Sept	2013 Jan-Sept	2013 Full Year
Profit/loss for the period	13.3	9.1	15.7	25.4	69.5
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Effects from cash flow hedges	2.1	-0.7	6.1	-2.0	-1.7
Deferred tax	-0.4	0.1	-1.3	0.4	0.4
<b>Total Result</b>	<b>15.0</b>	<b>8.5</b>	<b>20.5</b>	<b>23.8</b>	<b>68.2</b>

(Related to Parent Company's shareholders)

## SUMMARY OF BALANCE SHEET

Parent company (SEK m)	Note	2014 30 Sept	2013 30 Sept	2013 31 Dec
Intangible assets		42.0	46.9	46.9
Tangible assets		2.7	5.9	4.3
Financial assets	2	83.8	86.3	82.8
Inventories		131.9	85.3	88.5
Current receivables		341.1	241.5	315.5
Cash and cash equivalents		43.2	58.1	94.9
<b>Total assets</b>		<b>644.7</b>	<b>524.0</b>	<b>632.9</b>
Shareholders' equity		263.1	215.2	259.5
Provisions		71.9	78.7	86.0
Longterm liabilities		0.0	43.4	44.3
Current liabilities	2	309.7	186.7	243.1
<b>Total shareholders' equity and liabilities</b>		<b>644.7</b>	<b>524.0</b>	<b>632.9</b>

## Notes

### Note 1 - Contingent and deferred consideration for acquisitions 2013

#### *IVS GmbH*

During Q1 deferred consideration of EUR 2.0 m (SEK 17.9 m) has been paid. This deferred consideration was discounted to present value of EUR 1.914 m in the purchase price analysis. The difference of EUR 0,086m has been accounted for as a financial cost in the consolidated accounts. The contingent consideration of EUR 1.6m is fixed but conditioned to the company reaching a minimum result. Payment shall not be made before January 10, 2015. The contingent consideration is included in the current liabilities

#### *Isidor SAS*

On December 31, the contingent consideration was estimated to SEK 11.7 m whereof SEK 0.7 m was accounted for as a current liability and SEK 11.0 m as a long-term liability. The estimate for 2015 and 2016 is revised and the contingent consideration is estimated to SEK 7.4 m, whereof SEK 6.3 m is accounted for as a long-term liability and SEK 1.1 m is accounted for as a current liability. The current contingent consideration for 2013, SEK 0.3 m, has been paid in Q2 2014.

### Note 2 – Acquisitions 2014

#### *Acquisition of Aldebaran S.A.S*

On August 1, 2014 Doro acquired the French company Aldebaran S.A.S with one employee. The company has a shop with a good location in Paris and will be the first Doro flagship store. The turnover for 2013 was EUR 250 k. The turnover for 2014 until September was EUR 333 k whereof EUR 17 k applies to time after the acquisition. The result for 2014 until September was EUR 39 k whereof EUR -8 k applies to time after the acquisition. Goodwill is attributable to the increased sales that this form of product exposure will bring to Doro.

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

	SEK m
Intangible Assets	1.8
Fixed Assets	0.4
Stock	0.2
Other receivables	0.1
Cash and bank	1.3
Accounts payable trade	-0.2
Other current debts	-0.3
	<b>3.2</b>
Goodwill	1.4
<b>Total purchase consideration</b>	<b>4.7</b>
Deferred payment (paid in October)	-1.0
Cash in acquired company	-1.3
<b>Change in the Group's cash flow resulting from the acquisition</b>	<b>2.4</b>

## Definitions

<b>Gross Margin</b>	Net sales - Merchandise costs
<b>Gross Margin %</b>	Gross Margin in percentage of Net sales.
<b>Average number of shares</b>	Number of shares at the end of each period divided with number of periods.
<b>Average number of shares after dilution</b>	Average number of shares adjusted with the dilution effect from warrants is calculated as the difference between the assumed number of shares issued at the exercise price and the assumed number of shares issued at average market price for the period.
<b>Earnings per share before tax</b>	Profit/loss after financial items divided by the average number of shares for the period.
<b>Earnings per share before tax, after dilution</b>	Profit/loss after financial items divided by the average number of shares for the period after dilution.
<b>Earnings per share after tax</b>	Profit/loss after financial items minus tax divided by average number of shares for the period.
<b>Earnings per share after tax, after dilution</b>	Profit/loss after financial items minus tax divided by the average number of shares for the period after dilution.
<b>Number of shares at the end of the period</b>	Actual number of shares at the end of the period.
<b>Number of shares at the end of the period, after dilution</b>	The number of shares at the end of the period adjusted with the dilution effect from warrants is calculated as the difference between assumed number of shares issued at the exercise price and the assumed number of shares issued at the closing market price at the end of the period.
<b>Equity per share</b>	Shareholders' equity at the end of the period divided by the number of shares at the end of the period.
<b>Equity per share, after dilution</b>	Shareholders' equity at the end of the period divided by the number of shares at the end of the period, after dilution.
<b>Earnings per share after taxes paid</b>	Profit/loss after taxes paid divided by average number of shares for the period.
<b>Earnings per share after taxes paid, after dilution</b>	Profit/loss after taxes paid divided by the average number of shares for the period after dilution.
<b>Net Debt/Net Cash</b>	Cash and bank balances reduced with interest bearing liabilities.
<b>Equity/assets ratio %</b>	Shareholders' equity as a percentage of the balance sheet total.
<b>Return on average shareholders' equity, %</b>	Profit/Loss rolling twelve months after financial items and tax divided by average shareholders' equity.
<b>Capital employed</b>	Total assets reduced with non-interest-bearing debt and cash and bank balances.
<b>Return on average capital employed, %</b>	Operating profit/loss rolling twelve months, divided by the quarterly average capital employed excluding cash and bank balances.
<b>Share price at period's end</b>	Closing market price at the end of the period.
<b>Market value, SEK m</b>	Share price at period's end times the number of shares at the end of the period.

### **Board Assurance**

The Board of Directors and CEO confirm that this Q3 Report provides a fair overview of the Company's and Group's business, position and results and describes the significant risks and uncertainties faced by the Company and its subsidiaries.

Lund, Sweden, November 7, 2014

Bo Kastensson  
Chairman of the Board

Jérôme Arnaud  
President and CEO

Charlotta Falvin  
Board Member

Fredrik Hedlund  
Board Member

Karin Moberg  
Board Member

Jonas Mårtensson  
Board Member

Doro AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for public release on Friday, November 7, 2014, at 07:30 a.m. CET.

## **Review report\***

Doro AB (publ), corporate identity number 556161-9429

To the Board of Directors of Doro AB (publ)

### **Introduction**

We have reviewed the condensed interim report for Doro AB (publ) as at September 30, 2014 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of review**

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

### **Conclusion**

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

Malmö, November 7, 2014

Ernst & Young AB

Stefan Engdahl  
Authorized Public Accountant

\*This is a translation from the Swedish original