

# Interim report

July – September 2013

Press release, November 8, 2013

Doro AB | Corporate reg. No. 556161-9429

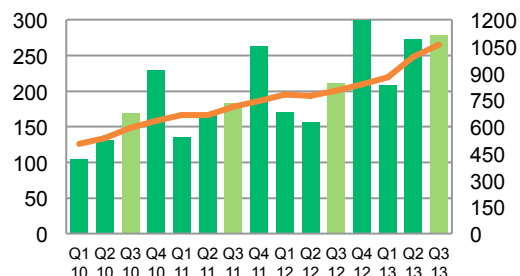


## Order intake up 51 percent – confirms momentum

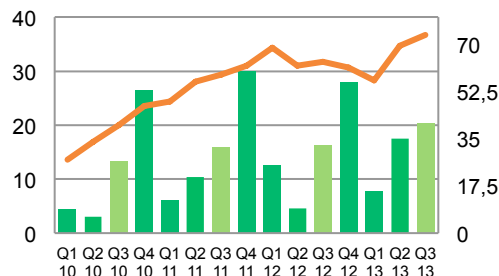
### Highlights of the third quarter, 2013:

- Order intake increased to SEK 365 m (242), an increase of 51 percent. Adjusted for acquisitions the increase was 26 percent.
- Net sales amounted to SEK 279.4 m (210.8), an increase of 33 percent. Adjusted for acquisitions and exchange rates effects the growth was 9 percent compared to previous year.
- Operating profit (EBIT) increased to SEK 20.3 m (16.2). EBIT margin was 7.3 percent (7.7).
- Profit after tax for the period amounted to SEK 15.0 m (25.7).
- Earnings per share after tax amounted to SEK 0.77 (1.33).
- Cash flow from current activities amounted to SEK -19.3 m (13.1).
- Doro acquired its French software partner Isidor SAS.
- Directed share issue of 1,457.000 new shares to the sellers of IVS.
- Full-year outlook for 2013 remains.

Sales per quarter and rolling 12 months, SEKm



EBIT per quarter and rolling 12 months, SEKm



DORO GROUP (SEK m)	2013	2012	2013	2012	Rolling	2012
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	12 months	Full Year
<b>Net sales</b>	<b>279.4</b>	210.8	<b>761.3</b>	537.7	1061.1	837.5
<i>Net sales growth, %</i>	<b>32.5</b>	15.9	<b>41.6</b>	11.6	32.4	12.4
<b>EBITDA</b>	<b>29.5</b>	21.6	<b>68.9</b>	48.4	103.6	83.1
<i>EBITDA margin, %</i>	<b>10.6</b>	10.2	<b>9.1</b>	9.0	9.8	9.9
<b>EBIT</b>	<b>20.3</b>	16.2	<b>45.4</b>	33.4	73.4	61.4
<i>EBIT margin, %</i>	<b>7.3</b>	7.7	<b>6.0</b>	6.2	6.9	7.3
<b>Profit after financial items</b>	<b>20.1</b>	11.8	<b>45.0</b>	21.3	73.2	49.5
<b>Profit after tax</b>	<b>15.0</b>	25.7	<b>34.4</b>	34.2	53.1	52.9
<b>Earnings per share after tax, SEK</b>	<b>0.77</b>	1.33	<b>1.78</b>	1.77	2.74	2.73
<i>Equity/assets ratio, %</i>	<b>39.4</b>	43.6	<b>39.4</b>	43.6	39.4	40.5



## CEO Jérôme Arnaud: Continued momentum and exciting launches

Our exceptional growth in the first two quarters of the year was followed up by a 51 percent order intake growth compared to last year in the third quarter, whereof half was organic. Our geographical expansion during the last few years is paying off with a steady sales increase, as the important markets alternate in driving revenues. Organic growth for the company amounted to 9 percent excluding the newly acquired IVS, which I'm pleased to report, further strengthens both revenue and profit. Including acquisitions growth amounted to 26 percent.

Strong order intake

Improved EBITDA and continued investments

I am satisfied with our further improved EBITDA and that we show a margin on the same level as last year. We continue to invest in marketing and a widened network of partners. Our ambitious product development strategy and the new acquisitions are key to our growth, but also drive our cost base. Still, we remain convinced that a high level of innovation and an updated product portfolio is required to stay competitive.

An acquisition that strengthens Doro's development team

With this in mind we acquired our French software design partner Isidor in July. The acquisition strengthens our development team and shortens time to market for our smartphones. Isidor also brings an attractive suite of applications for easy access to the Internet on tablets and computers.

Exciting launches of Doro Liberto® 810 and the Primo™ by Doro range

During the quarter we have had two exciting launches. The Doro Liberto® 810, our second smartphone, is a sleek and stylish handset that sets a new level for ease-of-use in smartphones. This device is now rolled out via our consumer channels right in time for Christmas. We also launched Primo™ by Doro - a supplemental range of easy-to-use mobile phones that covers the low price segment in selected countries, still keeping an attractive set of core features.

A strong demand for our range of 3G phones

In addition to the smartphones, demand for our range of 3G feature phones remains strong as operators in our key markets upgrade their networks. A typical example is O2 that recently listed the Doro PhoneEasy® 621 across the UK and Ireland.

In spite of acquisitions and investments for further growth, our financial strength remains and we are well positioned to continue on our path – capturing opportunities in the Silver Economy

## Important events during and after the period

### *Product launches*

- September 6th, Doro introduced its second smartphone - the Doro Liberto® 810
- September 6th, Doro introduces a new product range in easy mobiles: Primo™ by Doro

### *Geographical and partner expansion*

- August 1st, Meteor introduced Doro PhoneEasy® 606 in Ireland
- August 20th, Doro increased market availability for the PhoneEasy® 612 in the UK by listings with O2, Argos and Carphone Warehouse
- On September 2nd, Doro signed Retail Agreements with Boots hearingcare and HearingDirect in the UK
- On September 9th, Doro entered a partnership with Withings – strengthening the launch of the Doro Liberto® 810
- On September 10th, Doro entered a strategic and exclusive partnership with Tellybean for a unified video calling service via TV in Europe

## Group, third quarter 2013

### **Net sales and earnings**

Doro's net sales for the third quarter amounted to SEK 279.4 m (210.8), an increase of 33 percent compared with the third quarter of 2012 and 34 percent currency adjusted. The Group sales, excluding the acquisition of IVS that was consolidated from mid May and exchange rate effects, amounted to SEK 226.8 m, resulting in an organic growth of 9 percent. The increase in net sales was this time achieved via good growth in EMEA, DACH and UK.

EBITDA in the third quarter amounted to SEK 29.5 m (21.6) and EBIT for the quarter was SEK 20.3 m (16.2). The EBIT margin was 7.3 percent (7.7). Transaction costs, related to acquisitions, had a negative effect of SEK 1.1 m (0). Exchange rate effects had a negative impact on EBIT of SEK 1.7 m compared to previous year. On the positive side Doro had lower direct costs related to technology as provisions were released.

Net financial items for the third quarter were SEK -0.2 m (-4.4). Group tax for the quarter amounted to SEK -5.1 m (13.9). During the third quarter last year taxes were extraordinarily positive due to the recognition of a temporary difference related to provisions. The net profit for the quarter amounted to SEK 15.0 m (25.7).

### **Cash flow, investments and financial position**

Cash flow from current activities in the third quarter amounted to SEK -19.3 m (13.1). Change in working capital was SEK -46.6 m (-7.6) following normal fluctuations. Change in liquid funds amounted to SEK -43.4 m (6.9). Acquisition related cash flow, including consideration for the Isidor acquisition amounted to SEK -17.7 m. Cash and cash equivalents at the end of the third quarter amounted to SEK 67.8 m (114.0).

The equity/assets ratio was 39.4 percent (43.6) at the end of the reporting period and the net cash balance was SEK 23.3 m (112.2). At the end of September, Doro had unutilized overdraft facilities of SEK 35.8 m (32.0).

EBIT margin on par with same period last year considering changes in exchange rates

Cash flow affected by normal working capital fluctuations

## Geographical regions

### ***Nordic region***

Sales in the Nordic region during the third quarter amounted to SEK 65.0 m (70.7), a decrease of 8 percent compared with the strong corresponding quarter in 2012. The sales development in the region is still up 8 percent year-to-date 2013 and our position remains strong in the region as a result of the solid distribution network in retail, high brand awareness, an attractive product mix and with a smartphone launch.

Sales in Nordic region reduced in the quarter but up 8 percent year-to-date

### ***DACH (Germany, Austria and Switzerland)***

The DACH region benefitted from higher market share as an effect of the acquisition of German distributor IVS. The integration of IVS develops according to plan and the launch of Primo™ by Doro product range is a direct result of the acquisition. Sales, including IVS, totalled SEK 63.6 m (15.2) in the quarter, an increase with 318 percent.

Integration of IVS develops according to plan

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

Sales in the EMEA region amounted to SEK 73.6 m (58.3) during the third quarter, up 26.2 percent compared to last year. The increase in sales is mainly attributable to a renewed product range in France.

Renewed product range in France had positive effect

### ***United Kingdom***

The UK region showed sales of SEK 40.0 m (26.6) in the third quarter, amounting to a growth of 50.4 percent, an effect of both Doro's broadened network of partners and success with current partners with new listings of products, resulting in a significantly increased market share.

The UK region improved through new and current partners

### ***US and Canada***

Sales in US and Canada amounted to SEK 34.6 m (30.8), an increase of 12.3 percent. The exceptional sales in the first half of the year, driven by an updated product line with larger orders from our partners, lead to a more modest sales growth in the third quarter.

Growth continues in US and Canada

### ***Other regions***

For the quarter, sales in Other regions were not material for the group.

**Personnel**

At the end of the period, the headcount was 146 (76). Of these, 33 (30) are based in Sweden, 31 (28) in France, 10 (8) in the UK, 8 (7) in Hong Kong, 3 (3) in Norway, and 61 (0) in Germany, whereof 60 from the IVS acquisition.

**Parent Company**

The Parent Company's net sales for the year's third quarter amounted to SEK 225.5 m (209.9). The profit before tax amounted to SEK 11.9 m (8.7).

**Events after the close of the period**

Doro have appointed Christian Lindholm as Group Chief Financial Officer (CFO) as from 2 December 2013. Christian is coming from a CFO position at TFS International AB (TFS), the parent company of the TFS Group.

**Full-year outlook for 2013 unchanged**

For 2013 it is expected that both sales growth and operating result (EBIT) will increase compared to last year despite pressure on gross margin. This outlook excludes the effects of the announced acquisition of IVS, which is expected to contribute positively to Doro's earning per share in 2013.

**The Doro share**

Doro's shares are quoted on the Nasdaq OMX Nordic Exchange Stockholm, Small Cap – Telecom/IT list. As per September 30, 2013, Doro's market capitalization was SEK 1019.5 m, which can be compared with SEK 443.1 m on September 30, 2012. During the period July 1, 2013 to September 30, 2013, the share price increased from SEK 34.1 to SEK 49. This is equivalent to an increase of 43.7 percent, which can be compared with the increase of 9.0 percent in the OMX Stockholm PI over the same period.

As per September 30, 2013, there were 7,925 shareholders (6,875).

On September 30, 2013, the largest shareholders were:

Shareholder	Number of shares	Proportion of shares and votes, %
Försäkringsaktiebolaget Avanza Pension	1,857,244	8.9
Clearstream Banking S.A., W8IMY	1,540,833	7.4
Nordea Investment Funds	1,257,428	6.0
Originat AB	760,000	3.6
Catella Fondförvaltning	475,449	2.3
CLIENTS ACCOUNT	465,000	2.2
FCP Objectif Investissement, Microcaps	442,000	2.1
Hajskäret Invest AB	426,768	2.0
Kastensson Holding AB	400,000	1.9
Nordnet Pensionsförsäkring AB	373,909	1.8

Source: Euroclear Sweden AB and Doro AB.

### Related-party transactions

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

### Risks

Risks and instability factors are mainly related to supplier disruption, product adaptation and certification, customer relations, exchange rate fluctuations and loan financing. Acquisitions involve risks, such as integration of businesses. Sales may be adversely affected, cost of integration may be higher than anticipated and synergies lower than expected. Apart from these risks and the instability factors described on pages 25-26 of the 2012 Annual Report, no other risks of any significance have been identified during the most recent period.

### 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. No new or revised IFRS, that came into force in 2013, have any significant impact on the Group.

### Change to hedge accounting in accordance with IFRS

Doro's overall hedging strategy continues to comply with the established treasury policy in terms of purpose, amount, maturities and currencies. What was changed on January 1, 2013 is the way that entered forward exchange contracts are reported. Until December 31, 2012, all revaluations of outstanding foreign exchange contracts have been reported among financial items. On maturity, accumulated changes in value were transferred from financial items to operating result, leading to fluctuations in operating result and financial net. From January 1, 2013, the changes in the value of forward exchange contracts classified as cash flow hedges are recognized under Other Comprehensive Income when the underlying sale/purchase has not yet been made. For those contracts that the sales/purchases have been made and thus affected sales/purchase ledger, the unrealized value of the corresponding cash flow hedge is reported either as an adjustment to the sales amount or to the cost of good sold. For more information see Doro's Annual Report 2012, p. 58-59.

The year-end report will be presented on February 14<sup>th</sup>, 2014

#### Financial calendar 2013-2014

The Board has set the following dates for the publication of Doro's Reports:

Year-end report 2013: February 14, 2014

#### Doro AB's Nomination Committee for the 2014 Annual General Meeting

In accordance with the decision by Doro's Annual General Meeting (AGM) on 14 May, 2013, the chairman of the board, Bo Kastensson, have been appointed member of the nomination committee for the 2014 AGM, and have after consultation with the electorally major shareholders of the company as per 1 September, appointed two additional members of the Nomination Committee. The Nomination Committee's comprises the following members; Tedde Jeansson (chairman), Orginat AB, Arne Bernroth, Nordea Investment Funds and Bo Kastensson, Chairman of Doro AB. The Nomination Committee will prepare proposals for the AGM in 2014, including proposals for the Chairman of the AGM, Board members, Chairman of the Board, remuneration for Board members, auditors, fees to the auditors, and to the extent deemed necessary, the tasks and composition of the Nomination Committee for the AGM in 2015.

#### For further information, please contact:

President & CEO, Jérôme Arnaud, +46 (0)46 280 50 05

Interim CFO, Bernt Ingman, +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 09:00 a.m. CET on November 8, 2013. Doro's President and CEO Jérôme Arnaud will hold the presentation and take questions. Approximately 1 hour before the start of the presentation, the materials will be made available on the Company's website.

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)170 722 026

United Kingdom: +44 (0)20336 453 74

United States: + 1 855 7532 230

Lund, Sweden, November 8, 2013

#### Board of Directors

Doro AB (publ) | Company registration number 556161-9429

Doro AB (publ)

Magistratsvägen 10

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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.

This interim report has been reviewed by the Company's auditors.

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#### 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 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. Revenues of SEK 837.5 million were reported for 2012. [www.doro.com](http://www.doro.com)

## THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

### Review report

Doro AB (publ), org. nr 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, 2013 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 Swedish Standard on Review Engagements, SÖG 2410 *Review of Interim Reports Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material 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 8, 2013  
Ernst & Young AB

Göran Neckmar  
Authorized Public Accountant



# Financial Reports

INCOME STATEMENT (SEK m)	2013	2012	2013	2012	2012
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full Year
<b>Doro Group</b>					
Income/net sales	279.4	210.8	761.3	537.7	837.5
Operating cost	-249.9	-189.2	-692.4	-489.3	-754.4
Operating profit/loss before depreciation and write-downs, EBITDA	29.5	21.6	68.9	48.4	83.1
Depreciation according to plan	-9.2	-5.4	-23.5	-15.0	-21.7
Operating profit/loss after depreciation and write-downs, EBIT	20.3	16.2	45.4	33.4	61.4
Net financial items	-0.2	-4.4	-0.4	-12.1	-11.9
Profit/loss after financial items	20.1	11.8	45.0	21.3	49.5
Taxes	-5.1	13.9	-10.6	12.9	3.4
<b>Profit/loss for the period</b>	<b>15.0</b>	<b>25.7</b>	<b>34.4</b>	<b>34.2</b>	<b>52.9</b>
Average number of shares, thousands	19 437	19 349	19 380	19 349	19 349
Average number of shares after dilution*, thousands	19 531	19 349	19 413	19 349	19 349
Earnings per share before tax, SEK	1.03	0.61	2.32	1.10	2.56
Earnings per share before tax, after dilution*, SEK	1.03	0.61	2.32	1.10	2.56
Earnings per share after tax, SEK	0.77	1.33	1.78	1.77	2.73
Earnings per share after tax, after dilution*, SEK	0.77	1.33	1.77	1.77	2.73

\*The effect of dilution is considered only when the effect on earnings per share is negative.

STATEMENT OF COMPREHENSIVE INCOME (SEK m)	2013	2012	2013	2012	2012
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full Year
<b>Doro Group</b>					
Profit/loss for the period	15.0	25.7	34.4	34.2	52.9
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Translation differences	-0.2	-1.7	0.0	-2.3	-1.9
Effects from cash flow hedges	-0.7	-	-2.0	-	-
Deferred tax	0.1	-	0.4	-	0.0
<b>Total result</b>	<b>14.2</b>	<b>24.0</b>	<b>32.8</b>	<b>31.9</b>	<b>51.0</b>

(Related to Parent Company's shareholders)

<b>STATEMENT OF FINANCIAL POSITION (SEK m) Note 2</b>			
<b>Doro Group</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Sept 30</b>	<b>Sept 30</b>	<b>Dec 31</b>
Intangible assets	207.6	57.5	59.2
Tangible assets	8.8	13.7	12.5
Financial assets	0.5	0.5	0.5
Deferred tax asset	13.2	31.5	21.0
Inventories	133.3	82.8	91.3
Current receivables	223.9	135.9	190.8
Cash and cash equivalents	67.8	114.0	141.1
<b>Total assets</b>	<b>655.1</b>	<b>435.9</b>	<b>516.4</b>
Shareholders' equity	258.2	190.2	209.0
Long-term liabilities	Note 1	172.7	98.7
Current liabilities	Note 1	224.2	147.0
<b>Total shareholders' equity and liabilities</b>	<b>655.1</b>	<b>435.9</b>	<b>516.4</b>

<b>Financial instruments recognized at fair value in the balance sheet</b>			
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Sept 30</b>	<b>Sept 30</b>	<b>Dec 31</b>
Exchange rate contracts recorded as current liability	5.1	2.7	3.0
Exchange rate contracts recorded as current receivable	0.0	0.0	0.0

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

<b>STATEMENT OF CASH FLOWS (SEK m)</b>					
<b>Doro Group</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>July-Sept</b>	<b>July-Sept</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Full Year</b>
Operating profit/loss after depreciation and write-downs, EBIT	20.3	16.2	45.4	33.4	61.4
Depreciation according to plan	9.2	5.4	23.5	15.0	21.7
Net Financial items	-0.7	0.3	-0.7	1.1	1.5
Unrealized exchange rate differences in cash flow hedges	0.7	-	2.0	-	-
Revaluation deferred consideration	-0.8	0.0	-0.8	0.0	-2.0
Taxes paid	-1.4	-1.2	-4.1	-3.1	-4.3
Changes in working capital	-46.6	-7.6	-25.8	-40.1	-38.1
Cash flow from current activities	-19.3	13.1	39.5	6.3	40.2
Acquisitions	-17.7	-0.4	-103.7	-0.4	-0.4
Investments	-5.7	-5.3	-27.5	-20.3	-26.9
Cash flow from investment activities	-23.4	-5.7	-131.2	-20.7	-27.3
Amortisation of debt	-0.3	-0.4	-0.7	-0.6	-0.8
New loans	-0.3	0.0	43.3	0.0	0.0
Dividend	0.0	0.0	-24.2	-19.3	-19.3
Cash flow from financial activities	-0.6	-0.4	18.4	-19.9	-20.1
Exchange rate differences in cash and cash equivalents	-0.1	-0.1	0.0	-0.1	-0.1
<b>Change in liquid funds</b>	<b>-43.4</b>	<b>6.9</b>	<b>-73.3</b>	<b>-34.4</b>	<b>-7.3</b>
<b>Net cash</b>	<b>23.3</b>	<b>112.2</b>	<b>23.3</b>	<b>112.2</b>	<b>139.5</b>

<b>STATEMENT OF CHANGES IN EQUITY (SEK m)</b>			
<b>Doro Group</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Sept 30</b>	<b>Sept 30</b>	<b>Dec 31</b>
<b>Opening balance</b>	<b>209.0</b>	<b>177.3</b>	<b>177.3</b>
Total result for the period	32.8	31.9	51.0
Dividend	-24.2	-19.3	-19.3
Share issue in kind	40.6	0.0	0.0
Effects of warrant program	-	0.3	-
<b>Closing balance</b>	<b>258.2</b>	<b>190.2</b>	<b>209.0</b>

<b>OTHER KEY FIGURES</b>	<b>2013</b>	2012	2012
<b>Doro Group</b>	<b>Sept 30</b>	Sept 30	Dec 31
Order book at the end of the period, SEK m	138.7	134.2	96.7
Order intake, SEK m	365.2	241.8	213.4
Gross margin %	37.5	38.6	38.1
Equity/assets ratio, %	39.4	43.6	40.5
Number of shares at the end of the period, thousands	20 806	19 349	19 349
Number of shares at the end of the period after dilution*, thousands	20 986	19 349	19 349
Equity per share, SEK	12.41	9.83	10.80
Equity per share, after dilution*, SEK	12.30	9.83	10.80
Earnings per share after taxes paid, SEK	2.11	0.94	2.34
Earnings per share after taxes paid, after dilution*, SEK	2.11	0.94	2.34
Return on average share holders' equity, %	23.7	30.5	27.4
Return on average capital employed, %	68.0	106.5	94.5
Share price at period's end, SEK	49.00	22.90	24.50
Market value, SEK m	1019.5	443.1	474.1

\*The effect of dilution is considered only when the effect on earnings per share is negative.

<b>SALES PER REGION (SEK m)</b>	<b>2013</b>	2012	<b>2013</b>	2012	2012
<b>Doro Group</b>	<b>July-Sept</b>	July-Sept	<b>Jan-Sept</b>	Jan-Sept	Full Year
Nordic	65.0	70.7	191.6	177.8	274.4
Europe, Middle East and Africa	73.6	58.3	199.1	164.7	231.3
DACH (Germany, Austria, Switzerland)	63.6	15.2	104.1	35.4	55.5
United Kingdom	40.0	26.6	116.0	75.7	130.9
USA and Canada	34.6	30.8	147.1	69.1	125.2
Other regions	2.6	9.2	3.4	15.0	20.2
<b>Total</b>	<b>279.4</b>	<b>210.8</b>	<b>761.3</b>	<b>537.7</b>	<b>837.5</b>

<b>OPERATING PROFIT AFTER DEPRECIATION, EBIT, PER GEOGRAPHICAL REGION (SEK m)</b>	<b>2013</b>	2012	<b>2013</b>	2012	2012
<b>Doro Group</b>	<b>July-Sept</b>	July-Sept	<b>Jan-Sept</b>	Jan-Sept	Full Year
Nordic	10.1	13.3	32.6	29.8	48.1
<i>Operating margin, %</i>	15.5	18.8	17.0	16.8	17.5
Europe, Middle East and Africa	4.9	1.4	6.8	1.0	3.3
<i>Operating margin, %</i>	6.7	2.4	3.4	0.6	1.4
DACH (Germany, Austria, Switzerland)	5.3	-0.4	3.6	-3.8	-5.5
<i>Operating margin, %</i>	8.3	-2.6	3.5	-10.7	-9.9
United Kingdom	0.8	-1.7	-0.8	-0.6	5.2
<i>Operating margin, %</i>	2.0	-6.4	-0.7	-0.8	4.0
USA and Canada	-0.7	3.2	3.9	7.8	12.4
<i>Operating margin, %</i>	-2.0	10.4	2.7	11.3	9.9
Other regions	-0.1	0.4	-0.7	-0.8	-2.1
<i>Operating margin, %</i>	-3.8	4.3	-20.6	-5.3	-10.4
<b>Operating profit/loss after depreciation</b>	<b>20.3</b>	<b>16.2</b>	<b>45.4</b>	<b>33.4</b>	<b>61.4</b>
<b><i>Operating margin, %</i></b>	<b>7.3</b>	<b>7.7</b>	<b>6.0</b>	<b>6.2</b>	<b>7.3</b>

<b>INCOME STATEMENT (SEK m)</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>Parent Company</b>	<b>July-Sept</b>	<b>July-Sept</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Full Year</b>
Income/net sales	225.5	209.9	691.2	533.8	831.6
Operating cost	-205.6	-189.3	-636.7	-489.1	-757.6
Operating profit/loss before depreciation and write-downs, EBITDA	19.9	20.6	54.5	44.7	74.0
Depreciation according to plan	-8.3	-7.3	-22.8	-20.4	-28.8
Operating profit/loss after depreciation and write-downs, EBIT	11.6	13.3	31.7	24.3	45.2
Net financial items	0.3	-4.6	0.3	-12.4	-12.4
Profit/loss after financial items	11.9	8.7	32.0	11.9	32.8
Taxes	-2.8	14.4	-6.6	14.4	4.2
<b>Profit/loss for the period</b>	<b>9.1</b>	<b>23.1</b>	<b>25.4</b>	<b>26.3</b>	<b>37.0</b>

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>Parent Company</b>	<b>July-Sept</b>	<b>July-Sept</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Full Year</b>
Profit/loss for the period	9.1	23.1	25.4	26.3	37.0
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Effects from cash flow hedges	-0.7	-	-2.0	-	-
Deferred tax	0.1	-	0.4	-	-
<b>Total result</b>	<b>8.5</b>	<b>23.1</b>	<b>23.8</b>	<b>26.3</b>	<b>37.0</b>

<b>SUMMARY OF BALANCE SHEET (SEK m)</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>Parent Company</b>	<b>Sept 30</b>	<b>Sept 30</b>	<b>Dec 31</b>
Intangible assets	46.9	38.5	37.8
Tangible assets	5.9	12.5	11.0
Financial assets	Note 2	86.3	52.3
Inventories	85.3	82.8	91.3
Current receivables	241.5	130.6	183.5
Cash and cash equivalents	58.1	111.3	138.6
<b>Total assets</b>	<b>524.0</b>	<b>428.0</b>	<b>504.3</b>
Shareholders' equity	215.2	164.5	174.9
Long-term liabilities	122.1	91.0	95.4
Current liabilities	186.7	172.5	234.0
<b>Total shareholders' equity and liabilities</b>	<b>524.0</b>	<b>428.0</b>	<b>504.3</b>

# Notes

## Note 1 – Contingent consideration

In 2011 Doro acquired the two French companies Prylos SAS and Birdy Technology SAS. The acquisition included conditions for possible contingent consideration that in both cases are based on the companies' sales performances. As per December 31st 2012 and per June 30th, Prylos SAS have an estimated contingent consideration of SEK 1.4 m. At the time of the acquisition, the equivalent estimation was SEK 1.8 m. The maximum contingent consideration amounts to EUR 800 K. For Birdy Technology SAS, the estimated contingent consideration per 30 September amounts to SEK 1.5 m. AS per December 31st 2012 the estimation amounted to SEK 2.3 m. At the time of the acquisition, the equivalent estimation was SEK 4.0 m. The maximum contingent consideration amounts to EUR 600 K. During 2012 and 2013, no contingent consideration has been paid.

## Note 2 – Acquisitions

### IVS GmbH

On May 13th, 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 and the opportunity to grow faster in other German-speaking countries as well as expansion into the growing Eastern European market.

IVS operations generated sales of EUR 33 m in 2012 with an EBIT profit of EUR 3.6 m and has in 2013 until June generated sales of EUR 15 m. On the acquisition date, the headcount was 64. During Q2, acquisition costs of SEK 6.0 m were 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		33.5
Fixed assets		1.6
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		-27.0
Other current debts		-11.0
Deferred tax liability		-2.4
<b>Acquired net assets</b>		<b>84.0</b>
Goodwill		67.2
<b>Total purchase consideration</b>		<b>151.2</b>
Share issue in kind		-40.6
Deferred payment		-17.4
Contingent consideration		-13.8
Net debt in acquired company		6.6
<b>Change in the Group's cash flow resulting from the acquisition</b>		<b>86.0</b>

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 reaching a minimum result. Payment shall not be made before January 10 2015.

## Isidor SAS

Doro acquired on 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 introduction time of smartphones for seniors and programs for easy access to the Internet for tablets and computers. The acquisition is expected to support the rapid launch of Doro's new products, which will contribute positively to the Group's profit for 2013. The purchase price for Isidor amounts to EUR 2.8 m in cash, on a cash and debt free basis, with a maximum additional payment up to EUR 2.2 m based on achieved sales results during this year and the two following years. The Group's surplus value arising from the acquisition has not been finally established or allocated. In Q3, acquisition costs of SEK 1.1 m was accounted for in the profit and loss. Annual revenues were at the time of the acquisition SEK 1.0 m and headcount seven. The personell will be integrated in Doro's development team.

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

<b>Fair value</b>	<b>SEK(m)</b>
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
<b>Acquired net assets</b>	<b>0.9</b>
Goodwill	36,8
<b>Total purchase consideration</b>	<b>37.7</b>
Deferred payment	-6.5
Contingent consideration	-13.0
Net cash in acquired company	-0.5
<b>Change in the Group's cash flow resulting from the acquisition</b>	<b>17.7</b>

Deferred payment is accounted for as a short-term liability. On September 30, the contingent consideration was estimated to SEK13.0m whereof 0.9 is accounted for as a short-term liability and SEK 12.1 m as a long-term liability.

# Financial Definitions

**Gross Margin:** Net sales – merchandise costs.

**Gross Margin, %:** Gross Margin in percentage of Net sales.

**Average number of shares:** Number of shares at the end of each period divided with number of periods.

**Average number of shares after dilution:** 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.

**Earnings per share before tax:** Profit/loss after financial items divided by the average number of shares for the period.

**Earnings per share before tax, after dilution:** Profit/loss after financial items divided by the average number of shares for the period after dilution.

**Earnings per share after tax:** Profit/loss after financial items minus tax divided by average number of shares for the period.

**Earnings per share after tax, after dilution:** Profit/loss after financial items minus tax divided by the average number of shares for the period after dilution.

**Number of shares at the end of the period:** Actual number of shares at the end of the period.

**Number of shares at the end of the period, after dilution:** 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.

**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, after dilution:** Shareholders' equity at the end of the period divided by the number of shares at the end of the period, after dilution.

**Earnings per share after taxes paid:** Profit/loss after taxes paid divided by average number of shares for the period.

**Earnings per share after taxes paid, after dilution:** Profit/loss after taxes paid divided by the average number of shares for the period after dilution.

**Net Debt/Net Cash:** Cash and bank balances reduced with interest bearing liabilities.

**Equity/assets ratio, %:** Shareholders' equity as a percentage of the balance sheet total.

**Return on average shareholders' equity, %:** Profit/Loss rolling twelve months after financial items and tax divided by average shareholders' equity.

**Capital employed:** Total assets reduced with non-interest bearing debt.

**Return on average capital employed, %:** Operating profit/loss rolling twelve months, divided by the quarterly average capital employed excluding cash and bank balances.

**Share price at period's end:** Closing market price at the end of the period.

**Market value, SEK m:** Share price at period's end times the number of shares at the end of the period.