

+9.3%

Net sales

6.5%

EBIT margin

Acquisition driven growth and improved profitability**July - September 2018**

- Net sales were SEK 508.5 million (465.3), an increase of 9.3 percent.
- Net sales for the category Products were SEK 426.4 million (416.5), an increase of 2.4 percent. Net sales for the category Services were SEK 82.1 million (48.8), an increase of 68.2 percent.
- The gross margin increased to 31.5% (29.4%). For Products, the gross margin increased to 28.4 percent (27.8) and for Services the gross margin increased to 47.3 percent (42.3).
- The operating profit (EBIT) was SEK 33.3 million (21.5), which corresponds to an operating margin of 6.5 percent (4.6). The operating profit includes restructuring costs of SEK 4.3 million (1.3).
- Profit after tax for the period was SEK 26.5 million (15.7).
- Earnings per share were SEK 1.12 (0.66).
- Free cash flow before acquisitions was SEK 31.4 million (6.4).

January – September 2018

- Net sales were SEK 1,352.3 million (1,363.6), a decrease of 0.8 percent.
- Net sales for the category Products were SEK 1,153.1 million (1,222.2), a decrease of 5.7 percent. Net sales for the category Services were SEK 199.2 million (141.4), an increase of 40.9 percent.
- The gross margin increased to 33.8% (29.9%). For Products, the gross margin increased to 31.6 percent (28.9) and for Services the gross margin increased to 46.4 percent (38.9).
- The operating profit (EBIT) was SEK 84.3 million (57.9), which corresponds to an operating margin of 6.2 percent (4.2). The operating profit includes restructuring costs of SEK 4.3 million (3.5).
- Profit after tax for the period was SEK 65.9 million (44.0).
- Earnings per share were SEK 2.79 (1.88).
- Free cash flow before acquisitions was SEK 86.4 million (31.5).

THE DORO GROUP (SEK million)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales	508.5	465.3	1,352.3	1,363.6	1,924.0
Sales growth, %	9.3	-1.7	-0.8	0.3	-1.8
EBITDA	54.3	38.0	136.9	103.1	156.2
EBITDA margin, %	10.7	8.2	10.1	7.6	8.1
EBITA	37.2	22.6	90.8	61.5	97.2
EBITA margin, %	7.3	4.9	6.7	4.5	5.1
EBIT	33.3	21.5	84.3	57.9	92.0
EBIT margin, %	6.5	4.6	6.2	4.2	4.8
Profit after tax	26.5	15.7	65.9	44.0	66.5
Earnings per share	1.12	0.66	2.79	1.88	2.83
Equity ratio, %	46.7	46.1	46.7	46.1	49.6



Message from the CEO

During the quarter, Doro's net sales increased by 9.3 percent and the gross margin rose by 2.1 percentage points compared with the same quarter last year. Net sales increased by 68.2 percent in our Services category. Developments are stable in all markets, and the integration of the British telecare company Welbeing is going as planned. During the period we also took part in a number of tenders in the Nordics with positive results. Despite a continued declining market trend for mobile phones, especially in Europe, sales in the Products business category increased by 2.4 percent. It is in the USA in particular that we are seeing increased growth, mainly due to a successful sell in of our new smart feature phone, the Doro 7050. Together with the launch of the equivalent model for the European market, the Doro 7060, we hope to be able to win additional market shares and strengthen our position as a leader in the senior segment.

Our market is evolving as digitalisation continues. Connected and smart homes are becoming increasingly common, and our seniors are naturally exposed to new technology. We are continuously mapping out and measuring our market. Doro recently conducted a broad-based European study that measured the attitude of seniors towards digital technology in everyday life. It clearly showed that our target group has a large and growing interest in smart solutions that can facilitate communication and provide greater safety in the home. The result confirms that Doro's strategic focus, which is based on offering complete service-related solutions for seniors, is meeting the market's needs.

During the period we have taken several strategic initiatives that are in line with our stated plan. Group management has been reinforced with three new members and the business is now divided into two focus areas - private and public customers. This new classification means that each focus area will be responsible for both products and services aimed at each customer group. We are also continuing to develop our service business in the markets where the Doro brand already has a strong position in the senior target group. Response by Doro, our service linked to alarm monitoring centres, is ready for launch during the fourth quarter. As a further step in our strategic direction, we have moved our head office to Malmö. Having new, bigger premises means that we have been able to merge a number of offices that deal with both products and services. We can now work from a bigger, shared platform, which provides the conditions to be able to drive our transformation at a faster pace.

We are at the same time working to improve our cost base. During the quarter, we started to centralise warehouse operations. Having previously used eight warehouse centres in Europe, we will now have just one large warehouse in the Czech Republic. The Swedish inventory has already moved and the others will be following in the next few months. The previously announced transformation programme for the organisation is proceeding according to plan. We are working to accelerate the development of our service business, which will require new skills and resources.

Robert Puskaric, President and CEO

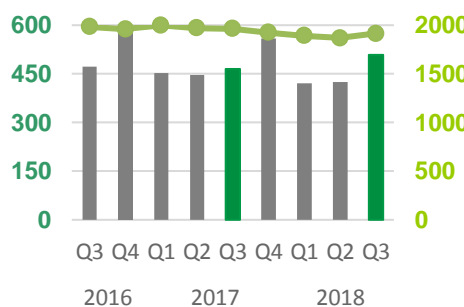
Sales growth in primarily Services

Launch of our smart feature phone in Europe and the USA

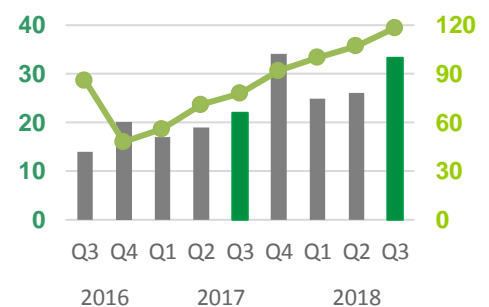
Reinforced management team increases focus on our service business and our transformation

Positive sales trend in Services contributed to improved earnings in the quarter

Sales per quarter and R12m, SEK million



EBIT per quarter and R12m, SEK million



Group financial summary, third quarter 2018

**Net sales increased
by 9.3%**

**Positive sales trend
driven by Services**

**Sales growth in all
our major regions
except Central and
Eastern Europe**

**The gross margin
increased to 31.5%
and the operating
margin to 6.5%**

Sales

Doro's net sales for the third quarter were SEK 508.5 million (465.3), an increase of 9.3 percent compared with the third quarter of 2017. Excluding the acquisition of Welbeing, the increase was 4.0 percent. Adjusted for currency effects, the increase was 1.6 percent including the acquisition of Welbeing.

New orders during the third quarter increased by 2.6 percent to SEK 576.2 million (561.4). At the end of the quarter, the value of the order book was SEK 410.0 million (374.7).

Sales in the Products category increased by 2.4 percent, while sales in the Services category increased by 68.2 percent compared with the third quarter of 2017.

Sales of smartphones remained weak during the third quarter, accounting for around 14 percent of our total mobile phone sales. Our latest smartphone, the Doro 8035, has still not been launched in all channels due to delayed acceptance tests, which has had a negative impact on sales during the quarter.

Sales in the Nordics increased by 3.4 percent compared with the third quarter of 2017. Sales increased by 4.5 percent in the West and South Europe and Africa region. In Central and Eastern Europe, sales decreased by 6.5 percent. Sales in the UK and Ireland increased 41.9 percent, while sales in North America increased by 115.8 percent, a strong percentage increase that was partly due to a weak third quarter in 2017.

Earnings

The gross margin increased compared with the third quarter of 2017 and totalled 31.5 percent (29.4). The stronger gross margin is mainly the result of an increased share of sales coming from Services.

EBITDA for the third quarter increased by 42.9 percent to SEK 54.3 million (38.0), which corresponds to an EBITDA margin of 10.7 percent (8.2). The increase in EBITDA was largely due to the improved gross margin.

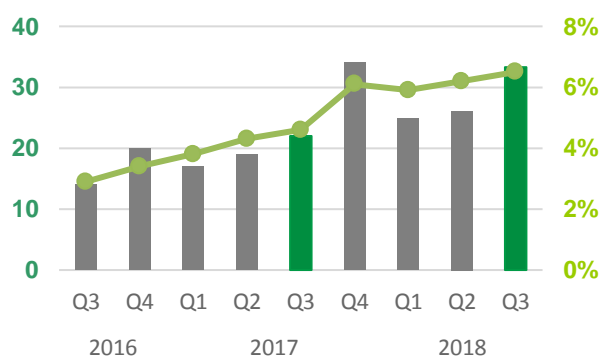
EBITA improved to SEK 37.2 million (22.6). Planned depreciation of intangible assets from company acquisition was SEK -3.9 million (-1.1) during the quarter, which resulted in an operating profit (EBIT) of SEK 33.3 million (21.5) and an EBIT margin of 6.5 percent (4.6). Restructuring costs of SEK 4.3 m (1.3) were charged to the quarter.

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

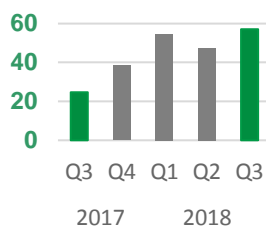
Group tax for the quarter was SEK -6.7 million (-5.7).

Profit after tax for the period was SEK 26.5 million (15.7).

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



Cash flow from operating activities, SEK million



Cash flow, investments and financial position

Cash flow from operating activities during the third quarter was SEK 57.1 million (24.7). The increase was mainly due to a higher operating profit and a change in working capital. Free cash flow, after investments but before operating acquisitions, totalled SEK 31.4 million (-6.4).

Cash and cash equivalents totalled SEK 98.8 million at the end of the third quarter (64.4). At the same time, the equity ratio was 46.7 percent (46.1).

The net debt totalled SEK 141.2 million at the end of the third quarter, compared with SEK 174.6 million at the end of the previous quarter and SEK 120.6 million at the end of the third quarter of 2017.

Significant events during the period

Doro launched three new phones during the quarter. A new smart feature phone was introduced in the USA, adapted for 4G, the 7050. The equivalent model was launched in Europe, the 7060. In Germany, the feature phone Doro 1370 was launched in partnership with Deutsche Telecom.

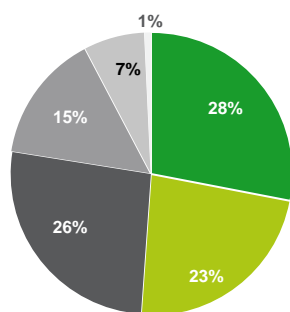
A new organisational structure was announced at the end of the quarter. According to this, the business will be divided into two focus areas - private and public customers. The new classification creates better conditions for marketing and selling both products and services to each customer group. At the same time, group management was reinforced with the addition of three new members.

In accordance with the decision at the Annual General Meeting on 27 April 2018, an option programme was implemented during the period. In total, selected employees have subscribed to 679,932 warrants.

Significant events after the period

There are no such events to report.

Sales by market, R12, October 2017 - September 2018



- Nordics
- West and South Europe and Africa
- Central and Eastern Europe
- United Kingdom and Ireland
- North America
- Rest of the world

Net sales by market third quarter 2018

NET SALES BY MARKET*)

Doro Group (SEK million)	2018 Jul-Sep	Sales growth, %	2017 Jul-Sep restated	2018 Jan-Sep	2017 Jan-Sep restated	2017 Jan-Dec restated
Nordics	141.3	3.4%	136.6	402.2	415.0	556.2
West and South Europe and Africa	114.7	4.5%	109.7	316.2	312.5	444.0
Central and Eastern Europe	113.6	-6.5%	121.5	323.8	369.4	557.0
United Kingdom and Ireland	97.6	41.9%	68.8	212.3	176.0	250.2
North America	42.5	115.8%	19.7	106.7	67.7	96.1
Rest of the world	1.1	-77.1%	4.6	5.5	14.9	23.7
Other	-2.2		4.4	-14.3	8.1	-3.2
Total	508.5	9.3%	465.3	1,352.3	1,363.6	1,924.0

*) Note 1

Nordics

Sales in the Nordics increased by 3.4 percent compared with the third quarter of 2017. The region is reporting growth again after a couple of weak quarters. In Services, a number of important contracts have been extended and new ones have also been added. In Products, sales are decreasing slightly and the market remains challenging. Several retailers have included the new feature phone 7070 in their product range, which is positive.

West and South Europe and Africa

Sales increased by 4.5 percent in the West and South Europe and Africa region. It is mainly France that is reporting growth. Southern Europe had a weaker quarter due to a conversion of the product range at major customer. Sales in Africa remain unchanged compared with the third quarter of 2017.

Central and Eastern Europe

The region's sales decreased by -6.5 percent. Retailers had a weak period, and the German market remains challenging with strong competition. Sales in Eastern Europe increased slightly, albeit from lower levels. During the period Doro took part in the major IFA trade fair in Berlin. Feedback from customers was positive, and the feature phone 1370 has now been launched in Germany in partnership with Deutsche Telecom.

United Kingdom and Ireland

The UK and Ireland reported growth of 41.9 percent. Excluding the recently acquired company Welbeing, growth was 6.3 percent. Overall, Doro has maintained previous sales levels in mobile phones despite a declining market, which means that the group has increased its market share and consolidated its leading position in the senior segment.

North America

North America had a strong quarter with growth of 115.8 percent. The sell in of Doro's new 4G feature phone, the 7050, is one factor having a positive impact on sales. Percentage growth is partly due to a weak third quarter last year.

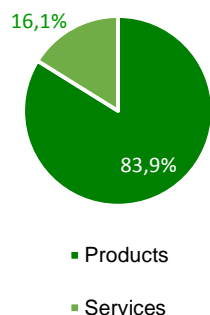
Rest of the world

Net sales in the rest of the world totalled SEK 1.1 million (4.6).

Other

During the third quarter, income and income adjustments that were not connected to any specific region totalled SEK -2.2 million (4.4).

Sales by category July - September 2018



Net sales and gross margin by category third quarter 2018

NET SALES BY CATEGORY^{*)}

Doro Group (SEK million)	2018 Jul-Sep	Sales growth, %	2017 Jul-Sep restated	2018 Jan-Sep	2017 Jan-Sep restated	2017 Jan-Dec restated
Products	426.4	2.4%	416.5	1,153.1	1,222.2	1,731.3
<i>Gross margin</i>	28.4%		27.8%	31.6%	28.9%	29.0%
Services	82.1	68.2%	48.8	199.2	141.4	192.7
<i>Gross margin</i>	47.3%		42.3%	46.4%	38.9%	41.7%
Total	508.5	9.3%	465.3	1,352.3	1,363.6	1,924.0
<i>Gross margin</i>	31.5%		29.4%	33.8%	29.9%	30.3%

^{*)} Note 2

Products

Sales in the Products category increased by 2.4 percent compared with the third quarter of 2017, mainly due to positive developments in North America during the quarter. The weak market trend continued in Central and Eastern Europe, which also had a negative impact on sales. The gross margin for the category increased to 28.4 percent (27.8).

Services

Sales in the Services category increased by 68.2 percent, partly due to the acquisition of the British telecare company Welbeing, which was consolidated with effect from 1 June 2018, and also the positive development of sales in the Nordics. Including Welbeing, the number of subscriptions in Doro Care totalled approximately 199,000 (125,000), of which Welbeing contributed approximately 76,000 subscriptions. The gross margin for the category increased to 47.3 percent (42.3), mainly due to the streamlining of service deliveries in Doro Care.

Equity and the Doro share

Doro's share is listed on Nasdaq Stockholm, Small Cap, in the Telecom/IT segment. On 30 September 2018, the number of issued shares was 24,204,568 of which Doro AB holds 439,030 Doro shares. Total equity amounted to SEK 665.9 million (557.0).

Related party transactions

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

Personnel

On 30 September 2018, Doro had 670 (444) employees, corresponding to 544 (372) full-time equivalents. Of these, 360 (334) are based in the Nordics, 55 (59) in Central and Eastern Europe, 25 (26) in West and South Europe and Africa, 221 (16) in the United Kingdom and Ireland and 9 (9) in the rest of the world.

Risks

Risks and uncertainty factors are primarily related to the challenge of continuously developing competitive products, disturbances to deliveries, customer relations, exchange rate fluctuations, loan financing and the public procurement process in Doro Care. Other than these risks, which are described in more detail on pages 35 and 36 of the annual report, no other significant risks have been identified during the period.

Parent company

The parent company's net sales during the third quarter totalled SEK 384.6 million (368.2). Profit after tax was SEK -7.5 (8.4).

Accounting principles

This interim report has been created for the group in accordance with IAS 34, "Interim Financial Reporting" and for the parent company in accordance with Annual Reports Act and the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for legal entities". The accounting principles and calculation methods used correspond with those that were used to create the latest annual report, except that the group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018. The transition has had no significant effect on the financial reports.

The evaluation of the potential accounting effect of the new accounting standards IFRS 16 Leasing to be implemented on 1 January 2019, is on-going.

Seasonal variations

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

Outlook

Unchanged outlook: Our expectations for 2018 are sales in the range SEK 1.9 – 2.0 billion and an operating profit (EBIT) in the range SEK 105 – 135 million, including Welbeing but excluding any further acquisitions and restructuring costs.

The report for the fourth quarter of 2018 will be published on 14 February 2019

This report is presented via an audiocast on 19 October at 09.00 CET

Report dates

Q4 report, October-December 2018: 14 February 2019
Q1 report, January-March 2019: 3 May 2019

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Doro's report is presented via an audiocast

Analysts, investors and the media are welcome to join the presentation via <https://edge.media-server.com/m6/p/mw3yr7ht> or telephone at 09.00 CET on 19 October 2018. Doro's President and CEO Robert Puskaric and CFO Carl-Johan Zetterberg Boudrie will give the presentation and answer questions. The presentation is available in advance on <https://corporate.doro.com/sv/investerare/rapporter-och-presentationer/presentationer/>.

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About Doro

Doro AB develops telecom products and services for seniors, so that they can live a full, rich life. As well as being global market leaders in the category of telecom for seniors, Doro also offers a wide portfolio of products and services for safety and care solutions. These smart solutions are tailored to the specific needs of seniors and the disabled and also help to digitally connect generations and create a safe and independent environment in people's own homes. Doro is a Swedish publicly traded company and its share is listed on Nasdaq OMX Stockholm, Nordic List, Small Cap. Net sales in 2017 amounted to SEK 1,924 million (EUR 200 million).

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

Financial reports

INCOME STATEMENT

Doro Group (SEK million)

	Note 3	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales		508.5	465.3	1,352.3	1,363.6	1,924.0
Cost of goods and services sold		-348.5	-328.8	-895.6	-955.1	-1,341.9
Gross profit		160.0	136.5	456.7	408.5	582.1
Selling, distribution and marketing expenses		-70.8	-64.4	-201.3	-192.3	-277.4
Research and development expenses		-26.2	-23.9	-75.5	-74.8	-103.0
Administrative expenses		-30.2	-27.9	-97.6	-89.4	-116.6
Other income and expenses		0.5	1.2	2.0	5.9	6.9
Total operating expenses		-126.7	-115.0	-372.4	-350.6	-490.1
whereof depreciation and amortisation of intangible and tangible fixed assets		-21.0	-16.5	-52.6	-45.2	-64.2
Operating profit/loss before depreciation and amortisation (EBITDA)		54.3	38.0	136.9	103.1	156.2
Operating profit/loss after depreciation and amortisation (EBIT)		33.3	21.5	84.3	57.9	92.0
Net financial items		-0.1	-0.1	3.5	0.5	-0.3
Profit/loss before taxes		33.2	21.4	87.8	58.4	91.7
Taxes		-6.7	-5.7	-21.9	-14.4	-25.2
Profit/loss for the period		26.5	15.7	65.9	44.0	66.5
Average number of shares, thousands		23,766	23,755	23,644	23,462	23,536
Average number of shares after dilution, thousands*		23,766	23,755	23,644	23,535	23,591
Earnings per share, SEK		1.12	0.66	2.79	1.88	2.83
Earnings per share, after dilution, SEK*		1.12	0.66	2.79	1.87	2.82

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

STATEMENT OF COMPREHENSIVE INCOME

Doro Group (SEK million)

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Profit/loss for the period	26.5	15.7	65.9	44.0	66.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Translation differences	-6.2	-1.0	11.7	-2.7	1.1
Effects from cash flow hedges	0.3	1.9	2.4	-3.6	-3.1
Deferred tax	-0.1	-0.4	-0.5	0.8	0.7
Total Result related to Parent company's shareholders	20.5	16.2	79.5	38.5	65.2

BALANCE SHEET

Doro Group (SEK million)

	2018 30 Sep	2017 30 Sep	2017 31 Dec
Non-current assets			
Intangible assets	609.1	463.7	466.5
Property, plant and equipment	42.0	17.9	19.0
Financial assets	7.9	7.1	7.8
Deferred tax asset	3.8	12.0	9.5
Current assets			
Inventories	267.7	258.8	196.9
Current receivables	395.4	383.1	420.5
Cash and cash equivalents	98.8	64.4	57.1
Total assets	1,424.7	1,207.0	1,177.3
Shareholders' equity attributable to Parent company's shareholders	665.9	557.0	583.7
Long-term liabilities	281.7	164.8	119.2
Current liabilities	477.1	485.2	474.4
Total shareholders' equity and liabilities	1,424.7	1,207.0	1,177.3

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

	2018 30 Sep	2017 30 Sep	2017 31 Dec
Exchange rate contracts recorded as current liability	2.9	12.8	8.1
Exchange rate contracts recorded as current receivable	6.0	5.6	4.0

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

CASH FLOW ANALYSIS

Doro Group (SEK million)

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Operating profit/loss after depreciation and write-downs, EBIT	33.3	21.5	84.3	57.9	92.0
Depreciation according to plan	21.0	16.5	52.6	45.2	64.2
Net paid financial items	-1.6	-1.2	-3.4	-3.8	-5.0
Unrealized exchange rate differences in cash flow hedges	2.1	0.5	-4.8	12.6	9.9
Taxes paid	-4.4	-1.2	-11.3	-12.3	-10.9
Changes in working capital (incl changes in provisions)	6.7	-11.4	41.5	-18.6	-30.7
Cash flow from current activities	57.1	24.7	158.9	81.0	119.5
Investments in intangible and tangible fixed assets	-25.7	-18.3	-72.5	-49.5	-70.2
Total Free Cash flow before acquisitions	31.4	6.4	86.4	31.5	49.3
Acquisitions	0.0	0.0	-110.7	0.0	0.0
Cash flow from investment activities	-25.7	-18.3	-183.2	-49.5	-70.2
Amortisation of debt	-25.0	0.0	-185.0	-50.5	-75.5
New loans/changes in bank overdraft facility	0.0	0.0	265.0	25.0	25.0
Dividend/buy-back shares	0.0	0.0	-18.9	-23.2	-23.2
New share issue	0.0	0.0	0.0	21.7	21.7
Warrant program, new/buy back	2.4	0.0	2.4	-1.2	-1.2
Cash flow from financial activities	-22.6	0.0	63.5	-28.2	-53.2
Exchange rate differences in cash and cash equivalents	-0.7	0.2	2.5	0.1	0.0
Change in liquid funds	8.1	6.6	41.7	3.4	-3.9
Net debt	141.2	120.6	141.2	120.6	102.9

EQUITY

Doro Group (SEK million)

	2018 30 Sep	2017 30 Sep	2017 31 Dec
Opening balance	583.7	520.0	520.0
Total Result related to Parent company's shareholders	79.5	38.5	65.2
Dividend/buy-back shares	-18.9	-23.2	-23.2
Warrants	2.4	0.0	0.0
New share issue	19.2	21.7	21.7
Opening balance	665.9	557.0	583.7

OTHER KEY FIGURES

Doro Group	2018 30 Sep	2017 30 Sep	2017 31 Dec
Order book at the end of the period, SEK m**	410.0	374.7	314.9
Order intake Q, SEKm**	576.2	561.4	500.6
Gross margin, %	33.8	29.9	30.3
Gross margin Q, %	31.5	29.4	-
EBITA, SEKm	90.8	61.5	97.2
Equity/assets ratio, %	46.7	46.1	49.6
Number of shares at the end of the period, thousands	23,766	23,755	23,755
Number of shares at the end of the period after dilution, thousands*	23,766	23,755	23,755
Equity per share, SEK	28.02	23.45	24.57
Equity per share, after dilution SEK*	28.02	23.45	24.57
Return on average share holders' equity, %	14.5	10.4	12.1
Return on average capital employed, %	16.1	11.4	13.5
Share price at period's end, SEK	40.75	52.50	43.70
Market value, SEKm	986.3	1,247.2	1,038.1

* Dilution effects are only taken into account where they would have a negative effect on profit per share. **) Note 5

NET SALES BY MARKET *)

Doro Group (SEK million)	2018 Jul-Sep	2017 Jul-Sep restated	2018 Jan-Sep	2017 Jan-Sep restated	2017 Jan-Dec restated
Nordics	141.3	136.6	402.2	415.0	556.2
West and South Europe and Africa	114.7	109.7	316.2	312.5	444.0
Central and Eastern Europe	113.6	121.5	323.8	369.4	557.0
United Kingdom and Ireland	97.6	68.8	212.3	176.0	250.2
North America	42.5	19.7	106.7	67.7	96.1
Rest of the World	1.1	4.6	5.5	14.9	23.7
Other	-2.2	4.4	-14.3	8.1	-3.2
Total	508.5	465.3	1,352.3	1,363.6	1,924.0

*) Note 1

NET SALES BY CATEGORY*)

Doro Group (SEK million)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Products	426.4	416.5	1,153.1	1,222.2	1,731.3
Gross margin, %	28.4%	27.8%	31.6%	28.9%	29.0%
Services	82.1	48.8	199.2	141.4	192.7
Gross margin, %	47.3%	42.3%	46.4%	38.9%	41.7%
Total	508.5	465.3	1,352.3	1,363.6	1,924.0
Gross margin, %	31.5%	29.4%	33.8%	29.9%	30.3%

*) Note 2

INCOME STATEMENT

Parent company (SEK million)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales	384.6	368.2	1,045.6	1,071.4	1,531.8
Cost of goods and services sold	-292.3	-252.9	-711.8	-743.7	-1,070.3
Gross profit	92.3	115.3	333.8	327.7	461.5
Operating expenses	-102.8	-105.5	-307.3	-313.0	-415.4
Operating profit/loss (EBIT)	-10.5	9.8	26.5	14.7	46.1
Net financial items	1.1	0.9	7.2	1.6	2.4
Profit/loss after financial items	-9.4	10.7	33.7	16.3	48.5
Group contribution	0.0	0.0	0.0	0.0	1.4
Taxes	1.9	-2.3	-9.9	-4.0	-13.1
Profit/loss for the period	-7.5	8.4	23.8	12.3	36.8

STATEMENT OF COMPREHENSIVE INCOME

Parent company (SEK million)

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Profit/loss for the period	-7.5	8.4	23.8	12.3	36.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Effects from cash flow hedges	0.3	1.9	2.4	-3.6	-3.1
Deferred tax	-0.1	-0.4	-0.5	0.8	0.7
Total Result related to Parent company's shareholders	-7.3	9.9	25.7	9.5	34.4

SUMMARY BALANCE SHEET

Parent company (SEK million)

	2018 30 Sep	2017 30 Sep	2017 31 Dec
Non-current assets			
Intangible assets	291.5	279.8	282.9
Property, plant and equipment	16.5	11.9	14.0
Financial assets	267.8	124.2	119.6
Current assets			
Inventories	213.6	193.0	139.3
Current receivables	504.4	457.5	521.0
Cash and cash equivalents	69.7	53.1	41.5
Total assets	1,363.5	1,119.5	1,118.3
Shareholders' equity attributable to Parent company's shareholders	439.6	386.5	411.3
Provisions	76.2	63.0	58.6
Long-term liabilities	240.0	130.0	100.0
Current liabilities	607.7	540.0	548.4
Total shareholders' equity and liabilities	1,363.5	1,119.5	1,118.3

Notes

Note 1 – Net sales by market

With effect from 1 January 2018, Doro has changed its reporting of sales by market so that this follows the geographical markets. This means that Doro Care is no longer reported as a separate region. Comparison figures for 2017 have been recalculated according to the new way of reporting. With effect from 1 January 2018, Doro has changed the names of several of the geographical markets so as to show more clearly which region is referred to. The region that was previously called EMEA has changed name to West and South Europe and Africa (WSEA), DACH has changed name to Central and Eastern Europe (CEE), the United Kingdom has changed name to the United Kingdom and Ireland and the USA and Canada region has changed name to North America.

Net sales by market

Doro Group (SEK million)

	2017 Jan-Mar restated	2017 Apr-Jun restated	2017 Jul-Sep restated	2017 Oct-Dec restated	2017 Full year restated
Nordics	146.5	131.9	136.6	141.2	556.2
West and South Europe and Africa	103.6	99.2	109.7	131.5	444.0
Central and Eastern Europe	119.6	128.3	121.5	187.6	557.0
United Kingdom and Ireland	49.7	57.5	68.8	74.2	250.2
North America	22.5	25.5	19.7	28.4	96.1
Rest of the world	5.6	4.7	4.6	8.8	23.7
Other	4.8	-1.1	4.4	-11.3	-3.2
Total	452.3	446.0	465.3	560.4	1,924.0

Note 2 – Net sales by category

With effect from 1 January 2018, Doro reports net sales and gross margin by the categories Products and Services. Products consists of sales of primarily telephones and alarm devices where each transaction is a separate deal. Services normally offers a packaged solution over an agreed period including, for example, alarm device, alarm receipt, alarm call-out and communication between alarm device and alarm centre. Doro previously reported recurring revenue i.e. the period's income from agreed subscriptions. Recurring revenue represents the majority of net sales for the Services category. Comparison figures for 2017 have been recalculated according to the new way of reporting.

Net sales by category

Doro Group (SEK million)

	2017 Jan-Mar restated	2017 Apr-Jun restated	2017 Jul-Sep restated	2017 Oct-Dec restated	2017 Jan-Dec restated
Products	405.2	400.5	416.5	509.1	1,731.3
Gross margin, %	28.6%	30.2%	27.8%	29.3%	29.0%
Services	47.1	45.5	48.8	51.3	192.7
Gross margin, %	36.2%	38.0%	42.3%	49.4%	41.7%
Total	452.3	446.0	465.3	560.4	1,924.0
Gross margin, %	29.3%	31.1%	29.4%	31.0%	30.3%

Note 3 – Subdivision of income statement by function

With effect from 1 January 2018, Doro is changing from subdivision of income statement by cost type to subdivision of income statement by function. The reason for the change is that Doro is governed on the basis of a functional organisation, so that a subdivision of income statement by function gives clearer information about the group's development. In connection with this change, the definition of gross profit has changed so that costs of services performed and guarantee costs etc. are now included in the cost of goods and services sold.

INCOME STATEMENT

Doro Group (SEK million)

	2017 Jan-Mar restated	2017 Apr-Jun restated	2017 Jul-Sep restated	2017 Oct-Dec restated	2017 Jan-Dec restated
Net sales	452.3	446.0	465.3	560.4	1,924.0
Cost of goods and services sold	-319.5	-306.8	-328.8	-386.8	-1,341.9
Gross profit	132.8	139.2	136.6	173.5	582.1
Selling, distribution and marketing expenses	-60.5	-67.4	-64.4	-85.1	-277.4
Research and development expenses	-26.2	-24.7	-23.9	-28.2	-103.0
Administrative expenses	-32.1	-29.4	-27.9	-27.2	-116.6
Other income and expense	3.3	1.4	1.2	1.0	6.9
Total operating expenses	-115.5	-120.1	-115.0	-139.5	-490.1
whereof depreciation and amortisation of intangible and tangible fixed assets	-14.0	-14.7	-16.5	-19.0	-64.2
Operating profit/loss before depreciation and amortisation (EBITDA)	31.3	33.8	38.0	53.1	156.2
Operating profit/loss after depreciation and amortisation (EBIT)	17.3	19.1	21.5	34.1	92.0
Net financial items	0.4	0.2	-0.1	-0.8	-0.3
Profit/loss before taxes	17.7	19.3	21.4	33.3	91.7
Taxes	-4.7	-4.0	-5.7	-10.8	-25.2
Profit/loss for the period	13.0	15.3	15.7	22.5	66.5

Note 4 – Acquisitions

On 1 June 2018, Doro acquired the British telecare company Welbeing by purchasing all shares in the parent company of the Welbeing group, Greencoat House Limited. Acquisition expenses had a negative effect on the first three quarter profit of SEK 4.8 million. The purchase price was paid partly in cash, SEK 128.9 million, of which SEK 15.2 million related to payment of liabilities to the previous owner, and partly through a directed placement of 449,313 shares, valued at SEK 19.2 million. Goodwill is linked to the strengthened position in the Care area in the United Kingdom, which Welbeing's sales channels provide, and increased know-how in the Care area. At the time of acquisition the company had about 180 employees. In the last full financial year, Welbeing had annual sales of GBP 7.6 million.

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

Intangible assets	34.6
Tangible fixed assets	15.5
Inventory	0.5
Current receivables	27.1
Cash and bank	18.3
Deferred tax liabilities	-6.6
Long-term liabilities	-0.3
Current liabilities	-28.3
Acquired net assets	60.8
Goodwill	87.3
Total purchase price	148.1
Directed placement	19.1
Cash in acquired company	18.3
Effect of the acquisition on Group cash flow	110.7

Note 5 – Order book and order intake

Order book and order intake for the third quarter of 2018 are reported including the order book and order intake for Welbeing, which was acquired on 1 June 2018.

Financial definitions

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

Use of non-IFRS results measurement

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

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

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

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

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Currency adjusted sales growth (SEK million)					
Currency adjusted sales growth	7.4	-3.8			
Currency effect	35.8	-4.1			
Reported sales growth	43.2	-7.9			
Capital employed					
Total assets			1,424.7	1,207.0	1,177.3
-non interest bearing liabilities			518.8	462.6	428.6
-cash and cash equivalents			98.8	64.4	57.1
Reported capital employed			807.1	680.0	691.6

Confirmation by the Board

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

Malmö, Sweden, 19 October 2018

Johan Andsjö
Chair of the Board

Henri Österlund
Deputy chair of the Board

Lena Hofsberger
Board member

Niklas Savander
Board member

Jonas Mårtensson
Board member

Josephine Salenstedt
Board member

Mona Kristensson
Employee board member

Robert Puskaric
CEO

This information is information that Doro AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons on page 8, on October 19 2018, at 08.00 CET.

Auditor's report

DORO AB (publ). reg. no. 556161-9429

Introduction

We have reviewed the condensed interim financial information (interim report) of DORO AB as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Malmö, 19 October 2018

PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant
Auditor in charge

Johan Rönnbäck
Authorized Public Accountant